

Thornico Holding A/S

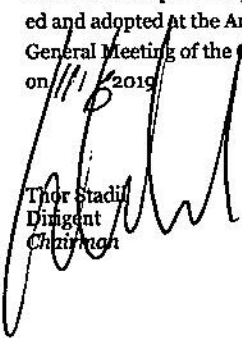
Havnegade 36, DK-5000 Odense

Annual Report for 2018

CVR No 35 25 80 00

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 11/16 2019

Thor Stadil
Diligent
Chairman



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Management's Statement on the Annual Report

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Thornico Holding A/S for the financial year 1 January – 31 December 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and the Group and of the results of the Company and Group operations and cash flows for 2018.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Odense, 11/6 2019

Executive Board

Christian Nicholas
Rosenkrantz Stadil

Supervisory Board

Thor Stadil

Kirsten Malling Stadil

Christian Nicholas
Rosenkrantz Stadil

Independent Auditor's Report

To the Shareholders of Thornico Holding A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2018, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Thornico Holding A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our

opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Odense, *11. juni 2019*

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR-nr. 33 77 12 31

Line Hedam

State Authorised Public Accountant

mne27768

Company Information

The Company

Thornico Holding A/S
Havnegade 36
DK-5000 Odense C

Telephone: +45 65 48 02 00

CVR No: 35 25 80 00

Financial period: 1 January - 31 December

Financial year: 6th financial year

Municipality of reg. office: Odense

Supervisory Board

Thor Stadil
Christian Nicholas Rosenkrantz Stadil
Kirsten Malling Stadil

Executive Board

Christian Nicholas Rosenkrantz Stadil

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Group Chart



THORNICO THE THORNICO GROUP STRUCTURE



* Approx. 50-70% ownership

Financial Highlights of the Group

	2018 DKK '000	2017 DKK '000	2016 DKK '000	2015 DKK '000	2014 DKK '000
Profit/loss					
Revenue	8.393.614	7.556.329	7.457.410	6.362.792	5.873.522
Gross profit	1.799.341	1.731.492	1.767.184	1.950.969	1.515.896
EBITDA	658.580	609.940	644.853	776.381	510.115
Profit/loss before financial income and expenses	344.248	461.571	245.123	449.639	344.676
Net financials	-28.276	-137.456	-139.368	-153.583	-38.179
Net profit/loss for the year	239.421	252.372	33.820	182.193	216.332
Balance sheet					
Balance sheet total	6.706.297	6.341.199	6.494.971	6.111.455	5.349.432
Equity	2.104.126	2.072.998	1.957.816	2.026.518	1.913.752
Investment in property, plant and equipment	372.759	310.595	824.700	384.130	669.603
Cash flows					
Cash flows from:					
- operating activities	356.668	181.804	492.425	-7.594	400.057
- investing activities	-352.041	-85.368	-680.136	-342.250	-606.372
- financing activities	9.740	-195.473	242.213	444.108	257.903
Changes for the year in cash and cash equivalents	14.367	-99.037	54.502	94.264	69.967
Number of employees	3.929	3.907	3.820	3.468	3.170

Financial Highlights of the Group

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Ratios					
Gross margin	21,4%	22,9%	23,7%	30,7%	25,8%
Profit margin	4,1%	6,1%	3,3%	7,1%	5,9%
Return on assets	5,1%	7,3%	3,8%	7,4%	6,4%
Solvency ratio	31,4%	32,7%	30,1%	33,2%	35,8%
Return on equity	11,4%	12,2%	1,7%	9,0%	11,3%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Review

Main activity

The Parent company's activity comprises investments in other companies primarily wholly owned subsidiaries within the food industry, sport and fashion, real estate and ships/shipping.

Development in activities and financial circumstances

The Annual Report for the Group shows consolidated sales of DKK 8,393,614k. Consolidated EBITDA is DKK 658,580k compared to DKK 609,940k in 2017, an increase of DKK 48,640k. This is considered satisfactory, however, the Group's target is even better profits.

In the Parent Company the shares in Brødrene Hartmann A/S have been valued at share price, which means that the Parent Company shows an added value of DKK 666,661k compared to the consolidated financial statements using book value figures.

Record first quarter in 2019

Increased profit is expected in 2019, a year that has started positively with the first quarter showing an all time historical earnings record for the Group.

Significant turnover growth from 2017 to 2018

The Group has seen a substantial turnover increase from 2017 to 2018 of DKK 837,285k. Some of this comes though from outgoing business for which reason the number will be normalized in 2019.

Capital resources

Via its positive earnings and development the Group has sound and adequate capital resources available for new investments and growth.

Special risks

The Group faces no special risks other than ordinary commercial risks. Part of the Group's loan facilities are in foreign currency. No material negative deviations are expected in this connection.

Strategy and objectives

The spreading of the Group's investments seems well balanced between the different main areas, see our comments in the above paragraph Main activity. The Group's intention is to improve its market position in the individual areas. The Group is market leading in several areas within foods, and the Group intends to achieve a more dominant role in other areas within the respective industries.

Review

Research and development

The Group incurs material expenses for both research and development to create a basis for the future positive financial development. The Group still recruits and retains competent employees, who currently receive in-house training.

Environment

Efforts are being made to diminish the Group's impact on both the internal and external environment through environmental counter measures.

Subsequent events

In Management's opinion no events materially affecting the Group's operations for 2018 have occurred during the period 31 December 2018 and up to date.

The past year and follow-up on development expectations from last year

In the Annual Report for 2017 Management expected improved results for 2018 compared to 2017. This expectation has been met with an increase in EBITDA for the Group of DKK 48,640k.

Report on Corporate Social Responsibility, cf. Section 99 a of the Danish Financial Statements Act and Report on the Gender Composition in Management, cf. Section 99 b of the Danish Financial Statements Act

Reference is made to the following link to the Group's CSR report including the Group's policy on gender equality at:

<http://www.thornico.com/Company-Karma/Company-Karma-Report>

Accounting Policies

Basis of Preparation

The Annual Report of Thornico Holding A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies remain unchanged and are in accordance with the accounting policies applied in previous years. The Consolidated Financial Statements for 2018 are presented in DKK thousands whereas the Parent Company Financial Statements are presented in DKK.

Recognition and measurement

The Annual Report has been prepared under the historical cost method.

Revenues are recognised in the income statement as earned including value adjustments of financial assets and liabilities. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised costs are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Danish kroner are used as the measurement currency. All other currencies are regarded as foreign currencies.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Thornico Holding A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities have been adjusted to fair value (the purchase method). Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straight-line basis over its estimated useful life. Any remaining negative differences are immediately recognised in the income statement.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

In the consolidated financial statements amortisation of goodwill is allocated to the functions to which goodwill is related.

Minority interests

Minority interests form part of the consolidated equity. In the proposed distribution of profit, the net profit or loss of the year is allocated to minority interests and to equity belonging to the parent company.

Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests, where the Group retains a controlling interest in the subsidiary, the purchase price is recognised directly on equity.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company. The remaining lease obligation is capitalised

and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Income Statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Segment information is given on the basis of business areas. The segment allocation is in accordance with the company's internal reporting and areas of responsibility. Revenues have been reported for the following business areas: Food & food technology, packaging, real estate, sport & fashion, and shipping. These business areas constitute the company's main activities.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for administration, sale, distribution, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Income from investments in associates

The item "Income from investments in associates" in the income statement includes the proportionate share of the profit for the year less goodwill amortisation as regards associates that are not listed on the stock exchange.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Danish subsidiaries. The Danish tax is allocated to the jointly taxed Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 20 years, determined on the basis of Management's experience with the individual business areas. The amortisation period is usually 20 years for strategically acquired companies with a strong market position.

Other intangible assets

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover production, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 3 years.

Patents, licences and trademarks are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Patents, licences and trademarks are amortised over the remaining patent period or a shorter useful life. The periods of amortisation are 3-20 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Land and buildings	10-50 years
Ships	25 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-8 years

Investment property

Investment properties are initially measured at cost. Subsequently, investment properties are measured to fair value. Fair value adjustments are measured in income statement.

Fair value is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates.

In Management's opinion it has not been possible this year to determine fair value through market information, and, consequently, valuation has been determined by using a return-based model.

The fair value of investment properties has been determined at 31 December 2018 for each property by using a return-based model. The calculations are based on property budgets for the upcoming year, adjusted for movements, which are caused by isolated events.

The expected cash flow is multiplied with an individually determined rate of return. The value thus calculated is adjusted for any non-operating assets such as cash and cash equivalents, deposits, etc if they are not shown separately in the balance sheet, by which the fair value emerge.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount. This impairment test is performed on an annual basis for development projects in progress irrespective of any indication of impairment.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Investments in group enterprises and associates

Investments in group enterprises and associates are measured at fair value through equity if the investments are held as part of the Company's investment portfolio. Other investments held with a view to operating the enterprises in question as part of the Company's business object are measured at net asset value.

The items "Investments in group enterprises" and "Investments in associates" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated under the accounting policies of the Parent Company with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

Associates and group enterprises with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

The total net revaluation of investments in associates and group enterprises is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity.

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition.

Other fixed asset investments

Other fixed asset investments consist of long term receivables, etc.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value. The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

The cost of goods for resale, raw materials and consumables equals landed cost.

Receivables

Receivables are measured in the balance sheet at the nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts

Fixed-interest loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment and fixed asset investments as well as dividend received from non-consolidated subsidiaries and associates.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

Explanation of financial ratios

Gross margin	=	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	=	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	=	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	=	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$
Return on equity	=	$\frac{\text{Net profit for the year} \times 100}{\text{Equity at year end}}$

Consolidated Income Statement 1 January-31 December

	Note	2018 DKK '000	2017 DKK '000
Revenue	1	8.393.614	7.556.329
Other operating income		9.938	0
Expenses for raw materials and consumables		-4.344.975	-3.870.877
Other external expenses		-2.259.236	-1.953.960
Gross profit		1.799.341	1.731.492
Staff expenses	2	-1.140.761	-1.121.552
EBITDA		658.580	609.940
Fair value evaluation of investment property	9	1.012	5.885
Amortisation, depreciation and impairment of property, plant and equipment and intangible assets	3	-315.344	-136.279
Other operational expenses		0	-17.975
Profit/loss before financial income and expenses		344.248	461.571
Income from investments in associates after tax	4	7.658	4.237
Financial income	5	151.341	78.057
Financial expenses	6	-187.275	-219.750
Profit/loss before tax		315.972	324.115
Tax on profit/loss for the year	7	-76.551	-71.743
Net profit/loss for the year		239.421	252.372

Consolidated Balance Sheet at 31 December

Assets

	Note	2018 DKK '000	2017 DKK '000
Goodwill	8	188.235	195.649
Other intangible assets	8	86.842	53.636
Intangible assets		275.077	249.285
Land and buildings	9	654.567	566.326
Plant and machinery	9	781.398	793.788
Other fixtures, fittings, tools and equipment	9	92.861	91.722
Investment Property	9	872.731	869.339
Ships	9	518.582	584.806
Property, plant and equipment in progress	9	74.286	61.217
Property, plant and equipment		2.994.425	2.967.198
Investments in associates	10	57.098	53.244
Other fixed asset investments	11	38.816	22.862
Fixed asset investments		95.914	76.106
Fixed assets		3.365.416	3.292.589

Consolidated Balance Sheet at 31 December

Assets

	<u>Note</u>	<u>2018</u> DKK '000	<u>2017</u> DKK '000
Inventories		1.091.813	1.044.357
Trade receivables		1.413.589	1.327.740
Receivables from associates		4.110	126
Receivable corporation tax		1.405	52.491
Deferred tax asset	12	110.450	70.454
Other receivables		381.381	229.676
Receivables		1.910.935	1.680.487
Cash at bank and in hand		338.133	323.766
Current assets		3.340.881	3.048.610
Assets		6.706.297	6.341.199

Consolidated Balance Sheet at 31 December

Liabilities and equity

	<u>Note</u>	<u>2018</u> DKK '000	<u>2017</u> DKK '000
Share capital		5.000	5.000
Retained earnings		1.904.696	1.896.386
Proposed dividend for the year		20.000	20.000
		<hr/>	<hr/>
Equity excl. minority interests		1.929.696	1.921.386
Minority interests		174.430	151.612
		<hr/>	<hr/>
Equity		2.104.126	2.072.998
Provision for deferred tax	12	167.984	159.644
Other provisions	13	73.770	100.774
		<hr/>	<hr/>
Provisions		241.754	260.418

Consolidated Balance Sheet at 31 December

Liabilities and equity

	Note	2018 DKK '000	2017 DKK '000
Mortgage debt	15	206.928	231.345
Credit institutions	16	1.007.020	1.428.842
Other payables	17	120.472	27.063
Long-term debt	14	1.334.420	1.687.250
Mortgage debt	15	14.843	24.152
Credit institutions	16	1.269.024	877.145
Trade payables		1.133.871	781.599
Payables to associates		9.644	6.115
Corporation tax		74.077	0
Other payables	17	524.538	631.522
Short-term debt		3.025.997	2.320.533
Debt		4.360.417	4.007.783
Liabilities and equity		6.706.297	6.341.199
Proposed distribution of profit	19		
Contingent liabilities and other financial obligations	20		

Statement of changes in consolidated Equity

	Share capital	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 January 2018	5.000	1.896.386	20.000	1.921.386	151.612	2.072.998
Correction previous years		-5.264		-5.264	-5.057	-10.321
Adjusted equity at 1 January 2018	5.000	1.891.122	20.000	1.916.122	146.555	2.062.677
Dividends	0	0	-20.000	-20.000	0	-20.000
Other equity movements	0	-162.957	0	-162.957	81.742	-81.215
Tax on other equity movements	0	8.868	0	8.868	0	8.868
Exchange adjustments, foreign enterprises	0	-68.823	0	-68.823	-36.802	-105.625
Net profit/loss for the year	0	236.486	20.000	256.486	-17.065	239.421
Equity at 31 December 2018	5.000	1.904.696	20.000	1.929.696	174.430	2.104.126

Consolidated Cash Flow Statement

	<u>Note</u>	<u>2018</u> DKK '000	<u>2017</u> DKK '000
Net profit/loss for the year		239.421	252.372
Adjustments	21	398.372	298.372
Change in working capital	22	-264.342	-227.247
Cash flows from operating activities before financial income and expenses		373.451	323.497
Financial income		151.341	78.057
Financial expenses		-187.275	-219.750
Income taxes received		19.151	0
Cash flows from operating activities		356.668	181.804
Purchase of intangible assets		-60.303	-19.705
Purchase of property, plant and equipment		-372.759	-310.595
Purchase of financial assets		-12.455	-29.457
Sale of property, plant and equipment		93.476	99.492
Exchange adjustment fixed assets		0	174.897
Cash flows from investing activities		-352.041	-85.368

Consolidated Cash Flow Statement

	<u>Note</u>	<u>2018</u> DKK '000	<u>2017</u> DKK '000
Raising/repayment of mortgage loans		-33.726	108.260
Raising/repayment og loans from credit institutions		63.466	-283.733
Dividends paid		-20.000	-20.000
Cash flows from financing activities		9.740	-195.473
Changes in cash and cash equivalents		14.367	-99.037
Cash and cash equivalents at 1 January		323.766	422.803
Cash and cash equivalents at 31 December		338.133	323.766
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		338.133	323.766
Cash and cash equivalents at 31 December		338.133	323.766

Notes to the Consolidated Annual Report

	<u>2018</u>	<u>2017</u>
	DKK '000	DKK '000
1 Revenue		
Food & food technology	2.266.710	1.999.543
Packaging	2.249.922	2.243.255
Real estate	43.681	48.128
Sport & fashion	1.256.813	1.305.951
Shipping	2.576.488	1.959.452
	<u>8.393.614</u>	<u>7.556.329</u>
2 Staff expenses		
Salaries	-993.501	-959.126
Pensions	-76.696	-88.929
Other social security expenses	-70.564	-73.497
	<u>-1.140.761</u>	<u>-1.121.552</u>
Including remuneration to Executive and Supervisory Boards	<u>-1.790</u>	<u>-1.751</u>
Average number of employees	<u>3.929</u>	<u>3.907</u>

Notes to the Consolidated Annual Report

	<u>2018</u> DKK '000	<u>2017</u> DKK '000
3		
Amortisation, depreciation and impairment of property, plant and equipment and intangible assets		
Patents, goodwill and finished development projects	-25.611	-15.932
Buildings	-35.159	-34.082
Ships	-95.182	-87.122
Impairment ships, reversed	0	162.537
Plant and machinery	-136.354	-136.087
Other fixtures, fittings, tools and equipment	-23.038	-25.593
	<u>-315.344</u>	<u>-136.279</u>
4		
Income from investments in associates before tax		
Share of profit in associates	7.658	4.237
	<u>7.658</u>	<u>4.237</u>
5		
Financial income		
Exchange adjustmens	44.359	17.337
Value adjustments, current asset investments	9.213	45
Other financial income	97.769	60.675
	<u>151.341</u>	<u>78.057</u>

Notes to the Consolidated Annual Report

	<u>2018</u>	<u>2017</u>
	DKK '000	DKK '000
6 Financial expenses		
Exchange adjustments	-87.568	-62.689
Other financial expenses	-99.707	-157.061
	<u>-187.275</u>	<u>-219.750</u>
7 Tax on profit/loss for the year		
Current tax for the year	-108.979	-22.025
Deferred tax for the year	28.145	-70.242
Adjustment concerning previous years	4.283	20.524
	<u>-76.551</u>	<u>-71.743</u>

Notes to the Consolidated Annual Report

	Goodwill	Other intangible assts
	<u>DKK 'ooo</u>	<u>DKK 'ooo</u>
8 Intangible assets		
Cost at 1 January	261.256	166.322
Exchange adjustment, beginning of year	-6.000	2.200
Additions for the year	14.836	45.467
Disposals for the year	-3.724	-206
Cost at 31 December	<u>266.368</u>	<u>213.783</u>
Impairment losses and amortisation at 1 January	-65.607	-112.686
Exchange adjustment, beginning of year	0	-1.027
Impairment losses and amortisation for the year	-12.526	-13.272
Impairment losses and amortisation on assets sold	0	44
Impairment losses and amortisation at 31 December	<u>-78.133</u>	<u>-126.941</u>
Carrying amount at 31 December	<u>188.235</u>	<u>86.842</u>
Amortised over	<u>20 years</u>	<u>3-20 years</u>

Management is of the opinion that the chosen depreciation period is in accordance with the value of the acquired companies in view of the profitability and expectations concerning the future development of each of these companies.

Notes to the Consolidated Annual Report

9 Property, plant and equipment

	Land and buildings	Plant and machinery	Oth. fixtures, fittings, tools and equipment	Property, plant and equipment in progress
	<u>DKK '000</u>	<u>DKK '000</u>	<u>DKK '000</u>	<u>DKK '000</u>
Cost at 1 January 2018	1.097.017	2.761.506	320.669	61.217
Exchange adjustment, beg.	-2.391	-22.899	-7.537	0
Additions during the year	127.019	130.138	39.719	74.286
Disposals during the year	-33.241	-218.386	-30.345	-61.217
	<u>1.188.404</u>	<u>2.650.359</u>	<u>322.506</u>	<u>74.286</u>
Cost at 31 December 2018				
Revaluation at 1 January 2018	3.013	0	0	0
Disposals during the year	-578	0	0	0
	<u>2.435</u>	<u>0</u>	<u>0</u>	<u>0</u>
Revaluation at 31. December 2018				

Notes to the Consolidated Annual Report

9 Property, plant and equipment (continued)

	Land and buildings	Plant and machinery	Oth. fixtures, fittings, tools and equipment	Property, plant and equipment in progress
	<u>DKK '000</u>	<u>DKK '000</u>	<u>DKK '000</u>	<u>DKK '000</u>
Impairment losses and depreciation at 1 January 2018	-533.704	-1.967.718	-228.947	0
Exchange adjustment, beg.	3.471	28.495	6.364	0
Depreciation for the year	-35.159	-136.354	-23.518	0
Impairment losses and depreciation on assets sold	29.120	206.616	16.456	0
Impairment losses and depreciation at 31. december 2018	<u>-536.272</u>	<u>-1.868.961</u>	<u>-229.645</u>	<u>0</u>
Carrying amount at 31. december 2018	<u>654.567</u>	<u>781.398</u>	<u>92.861</u>	<u>74.286</u>
Depreciated over	<u>10-50 years</u>	<u>5-10 years</u>	<u>3-8 years</u>	

Notes to the Consolidated Annual Report

9 Property, plant and equipment (continued)

	<u>Investment property</u> DKK '000
Cost at 1 January 2018	437.348
Exchange adjustment, beg.	1.345
Reclassification	20.072
Additions during the year	429
	<hr/>
Cost at 31 December 2018	459.194
	<hr/>
Fair value evaluation at 1. Januar 2018	431.991
Exchange adjustment, beg.	606
Reclassification	-20.072
Fair value evaluation for the year	1.012
	<hr/>
Fair value evaluation at 31. December 2018	413.537
	<hr/>
Carrying amount at 31 December	872.731

Notes to the Consolidated Annual Report

9 Property, plant and equipment (continued)

Sensitivity in determination of fair value of investment properties

In assessing the fair market value at 31 December, 2018 the required rate of return has been determined individually for each property. The main properties in the Group include properties in the Netherlands, these properties have been valued on the basis of a required rate of return of 4.6%. Other properties are located in Denmark and include both residential and business properties which are valued on the basis of a required rate of return in the range of 4.6-8.3%. Market and rental income have been taken into account in connection with the valuation of the Group's properties.

The average required rate of return is determined at 4.94%.

Changes in estimated required rate of return for investment properties will affect the value of investment properties recognised in the balance sheet as well as value adjustments carried in the income statement.

Changes in average required rate of return	-0,50%	Basis	0,50%
Rate of return	4,44%	4,94%	5,44%
Fair value	954.000	872.731	778.741
Change in fair value	81.259	0	-93.990

Notes to the Consolidated Annual Report

9 Property, plant and equipment (continued)

	<u>Ships</u> DKK '000
Cost at 1 January 2018	901.749
Exchange adjustment, beg.	39.426
Reclassification	-116.562
Additions during the year	156
Disposals during the year	-562
	<hr/>
Cost at 31 December 2018	<u>824.207</u>
Impairment losses and depreciation at 1 January 2018	-316.943
Exchange adjustment, beg.	-12.609
Reclassification	116.562
Depreciation for the year	-95.182
Impairment losses and depreciation on assets sold	2.547
	<hr/>
Impairment losses and depreciation at 31 December 2018	<u>-305.625</u>
Carrying amount at 31. December 2018	<u>518.582</u>
Depreciated over	<hr/> 25 years

Notes to the Consolidated Annual Report

9 Property, plant and equipment (continued)

Management assesses annually the carrying value of the vessels in order to determine whether there are any indications of impairment in excess of the amount provided for by normal depreciations. If there is an indication that the carrying amount of an asset may exceed the expected future cash flows from the asset, an impairment test is conducted. The recoverable amount of the asset is determined as the higher of the net selling price and the value-in-use. The net selling price is determined based on independent broker valuations obtained by Management. In consequence of the current unusual market and competitive environment, broker valuations are, in Management's opinion, subject to a high level of uncertainty. Therefore, the calculation has been made of value-in-use stated as the present value of total expected cash flows in the remaining useful life of the vessels.

In the value-in-use calculation, Management's assessment of future freight and time charter rates are especially highly judgmental. As regards the earnings of the vessels, a rate based on average earnings in 2018 + 5% is applied for 2019; equal to approximately, the earnings realized up to date in 2019.

As of 2020 and for the remaining useful life of the vessels, an average of the historical earnings for the period 2008-2018 of the individual vessel types is used, which, in Management's opinion, constitutes a fair level of the long-term rate expectations for the MPP segment (normal rates). The historical average rates are close to the realized rates in 2019. As of 2020 and for the remaining useful life of the vessels, the expected rate earnings are added a percentage increase of 2.25% per year. Further, when calculating the present value of the expected cash flows, a discount rate of 8.4% has been applied. The operating costs of the vessels have been calculated on the basis of historical costs with an expected percentage increase of 2% per year.

Due to the major uncertainty relating to the market and, in particular, market expectations, the calculation is highly sensitive to even minor changes in the assumptions applied. However, as regards long-term earnings, it is Management's assessment that the developments in both net earnings, operating costs and residual value applied for calculation purposes are probable. Should it turn out that the market does not recover, it will be necessary to further impair the vessel values in the long term. Management is, however, convinced that the market will recover within a few years.

Due to the matters described above, the value of vessels is subject to considerable uncertainty. A sale within a short time frame must be expected to result in an accounting loss.

Notes to the Consolidated Annual Report

	2018 DKK '000	2017 DKK '000
10 Investments in associates		
Cost at 1 January	43.016	20.713
Exchange adjustment, beginning of year	26	0
Additions during the year	250	22.303
Disposals during the year	-18.753	0
Cost at 31 December	<u>24.539</u>	<u>43.016</u>
Valuation adjustments at 1 January	10.228	6.216
Exchange adjustment, beginning of year	-32	-225
Net profit/loss for the year	7.658	4.237
Impairment losses and depreciation, disposals	14.705	0
Revaluations at 31 December	<u>32.559</u>	<u>10.228</u>
Carrying amount at 31 December	<u>57.098</u>	<u>53.244</u>

Specification of investments in associates:

Name:	Registered office	Company capital DKK'000	Share of ownership and votes
K/S Generatorvej 4	Odense	1.900	40%
DanFiber A/S	Allerød	1.000	32%
Nikro s.r.o.	Slovakiet	25.754	50%
Shipping Company Groningen B.V.	Holland	149	20%

Notes to the Consolidated Annual Report

	2018 DKK '000	2017 DKK '000
11 Other fixed asset investments		
Cost at 1 January	8.565	8.565
Additions during the year	30.761	
Cost at 31 December	<u>39.326</u>	<u>8.565</u>
Valuation adjustments at 1 January	0	0
Net profit/loss for the year	-510	0
Revaluations at 31 December	<u>-510</u>	<u>0</u>
Carrying amount at 31 December	<u>38.816</u>	<u>8.565</u>
12 Provision for deferred tax		
Provision for deferred tax at 1 January	89.190	15.890
Amounts recognized in the income statement for the year	-28.145	70.242
Exchange adjustment	0	3.058
Amounts recognised in equity for the year	-3.511	0
Provision for deferred tax at 31 December	<u>57.534</u>	<u>89.190</u>
Deferred tax asset	-110.450	-70.454
Provision for deferred tax	167.984	159.644
Provision for deferred tax at 31 December	<u>57.534</u>	<u>89.190</u>

Provision for deferred tax consists mainly of temporary differences between the carrying amount and the tax base of tangible fixed assets, provisions and other items. Tax loss carry-forwards and other negative differences have been set off against provisions for deferred tax. Deferred tax assets have been set off against provisions in the same legal tax entity and jurisdiction.

Notes to the Consolidated Annual Report

	2018 DKK '000	2017 DKK '000
13 Other provisions		
Other provisions at 1 January	100.774	153.752
Amounts for the year	-27.004	-52.978
Other provisions at 31 December	73.770	100.774

Other provisions comprise pension obligations concerning defined benefit plans and warranty commitments.

14 Debt

Payments falling due within one year are stated under short-term debt.

Other debt is recognised in long-term debt.

	2018 DKK '000	2017 DKK '000
15 Mortgage loans		
After 5 years	95.861	98.805
Between 1 and 5 years	111.067	132.540
Long-term part	206.928	231.345
Within 1 year	14.843	24.152
	221.771	255.497

Notes to the Consolidated Annual Report

	<u>2018</u> DKK '000	<u>2017</u> DKK '000
16 Credit institutions		
After 5 years	0	1.014.663
Between 1 and 5 years	1.007.020	414.179
Long-term part	<u>1.007.020</u>	<u>1.428.842</u>
Within 1 year	1.269.024	877.145
	<u>2.276.044</u>	<u>2.305.987</u>
17 Other payables		
After 5 years	39.071	0
Between 1 and 5 years	81.401	27.063
Long-term part	<u>120.472</u>	<u>27.063</u>
Within 1 year	524.538	631.522
	<u>645.010</u>	<u>658.585</u>

Notes to the Consolidated Annual Report

	2018 DKK '000	2.017 DKK '000
18		
<i>Fee to shareholder appointed auditor</i>		
<i>Fee to PriceWaterhouseCoopers</i>		
<i>Statutory audit</i>	2.227	1.880
<i>Tax and VAT related services</i>	193	243
<i>Other services</i>	832	140
	3.252	2.263
<i>Fee to Deloitte</i>		
<i>Statutory audit</i>	4.785	4.264
<i>Tax and VAT related services</i>	189	629
<i>Other services</i>	1.716	1.076
	6.690	5.969
<i>Fee to other auditors</i>		
<i>Statutory audit</i>	2.192	2.618
<i>Tax and VAT related services</i>	144	126
<i>Other services</i>	462	318
	2.798	3.062
<i>Total fee to auditors</i>		
<i>Statutory audit</i>	9.204	8.762
<i>Tax and VAT related services</i>	526	998
<i>Other services</i>	3.010	1.534
	12.740	11.294

Notes to the Consolidated Annual Report

	<u>2018</u> DKK '000	<u>2.017</u> DKK '000
19 Proposed distribution of profit		
Proposed dividend for the year	20.000	20.000
Minority interests' share of net profit/loss of subsidiaries	-17.065	-64.721
Retained earnings	236.486	297.093
	<u>239.421</u>	<u>252.372</u>

20 Contingent liabilities and other financial obligations

Security

The following has been placed as security for foreign loans and other bank loans:
- Mortgage deed registered to the owner, DKK 1 million.

Mortgage loan in property in the Netherlands is secured by first-priority pledge of all rental income of the property, insurance revenues and shares of the borrower.

Mortgage in Danish and foreign properties has been registered as security for mortgage debt.

As part of its ordinary activities, the Group has issued guarantees concerning deliveries, refunds received, letter of credit obligations, current credits, etc.

Rental and lease obligations

Rental and lease obligations of the group amount to DKK 155 million.

Contingent liabilities

As part of its ordinary activities, the Group has entered into sponsorship contracts.

A subsidiary in the group is party to a dispute with district heating company Tønder Fjernvarme as to the pricing of district heating supplied by the subsidiary's combined heat and power plant. The matter concerns the years 2003-2015. The subsidiary believes that the case is very likely to be referred back once more to the Danish Energy Board of Appeal. In management's opinion, renewed consideration by the Danish Energy Board of Appeal is likely to result in an adjustment of the principle governing the fixing of heating prices. The subsidiary wrote down the receivable from Tønder Fjernvarme by 12 million in 2017. The subsidiary has estimated the related costs at about DKK 15 million and the cash flow effect at a positive DKK 24 million. Tønder Fjernvarme on its part has raised a claim of DKK 88 million, which the subsidiary has rejected.

Notes to the Consolidated Annual Report

20 Contingent liabilities and other financial obligations (continued)

Shipping Group

Securities mentioned in this section are contingent liabilities of the Shipping Group.

The Shipping Group partners as a joint owner of a ship in limited partnerships where the remaining liability in respect of non-paid-up equity amounts to approx. DKK 24 mio. (2017: DKK 31 mio.)

Vessels with a carrying amount of DKK 519 million (2017: 584 million) have been placed as security with bankers.

As part of its shipping activities the Shipping Group made purchase and guarantee commitments to banks, financial institutions and shipping companies which amount to approx. DKK 400 million. (2017: 437 million)

Lease obligations, Shipping Group

The Shipping Group have entered into an agreement on lease of vessels on a time charter basis for expiry in the financial year 2026. The total obligation amounts to DKK 688 million at 31 December 2018 (2017: DKK 1,605 million).

Contingent liabilities in relation to jointly taxed income.

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income etc.

Notes to the Consolidated Annual Report

	<u>2018</u>	<u>2017</u>
	DKK '000	DKK '000
21 Cash flow statement - adjustments		
Financial income	-151.341	-78.057
Financial expenses	187.275	219.750
Depreciation and impairment losses, incl. gain and loss on sale	315.344	136.279
Exchange adjustment fixed assets	-27.765	0
Fair value evaluation of investment property	-1.012	-5.885
Income on investments in associates	-7.658	-4.237
Other operating expenses	0	17.975
Income tax in income statement	83.529	12.547
	<u>398.372</u>	<u>298.372</u>
22 Cash flow statement - change of working capital		
Change in inventories	-47.456	41.236
Change in receivables	-241.538	-31.154
Change in other provisions	-27.004	-52.978
Exchange regulation, equity	-115.946	-124.792
Change in suppliers etc	248.817	-56.559
Fair value adjustment of hedging instruments in the year	-81.215	0
	<u>-264.342</u>	<u>-224.247</u>

Parent Company Income Statement 1 January - 31 December

	<u>Note</u>	<u>2018</u>	<u>2017</u>
Other external expenses		-64.924	15.646
Profit/loss before financial income and expenses		-64.924	15.646
Income from investments in group enterprises	1	231.396.897	342.494.319
Financial income	2	510.825	161.444
Financial expenses	3	-298.219	-202.049
Profit/loss before tax		231.544.579	342.469.360
Tax on profit/loss for the year, income	4	6.761.415	-897.359
Net profit/loss for the year		238.305.994	341.572.001

Parent Company Balance Sheet at 31 December

Assets

	<u>Note</u>	<u>2018</u>	<u>2017</u>
Investments in group enterprises	1	2.574.717.012	2.906.195.369
Fixed asset investments		<u>2.574.717.012</u>	<u>2.906.195.369</u>
Fixed assets		<u>2.574.717.012</u>	<u>2.906.195.369</u>
Receivables from group enterprises		41.389.223	22.703.465
Receivable corporation tax		10.346.097	17.073.491
Receivables		<u>51.735.320</u>	<u>39.776.956</u>
Cash at bank and in hand		<u>94.768</u>	<u>66.249</u>
Current assets		<u>51.830.088</u>	<u>39.843.205</u>
Assets		<u>2.626.547.100</u>	<u>2.946.038.574</u>

Parent Company Balance Sheet at 31 December

Liabilities and equity

	<u>Note</u>	<u>2018</u>	<u>2017</u>
Share capital		5.000.000	5.000.000
Reserve for revaluation under the equity method		1.134.542.721	1.688.017.581
Retained earnings		1.436.811.370	1.207.905.770
Proposed dividend for the year		20.000.000	20.000.000
Equity		<u>2.596.354.091</u>	<u>2.920.923.351</u>
Other payables		30.193.009	25.115.223
Short-term debt		<u>30.193.009</u>	<u>25.115.223</u>
Debt		<u>30.193.009</u>	<u>25.115.223</u>
Liabilities and equity		<u>2.626.547.100</u>	<u>2.946.038.574</u>
Proposed distribution of profit	5		
Security/Continent liabilities	6		
Related parties and ownership	7		

Statement of changes in Equity for Parent Company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January 2018	5.000.000	1.688.017.581	1.207.905.770	20.000.000	2.920.923.351
Dividends	0	0	0	-20.000.000	-20.000.000
Exchange regulations	0	-542.875.254		0	-542.875.254
Net profit/loss for the year	0	-10.599.606	228.905.600	20.000.000	238.305.994
Equity 31. December 2018	5.000.000	1.134.542.721	1.436.811.370	20.000.000	2.596.354.091

Notes to the Parent Company Annual Report

	<u>2018</u>	<u>2017</u>
1 Investments in group enterprises		
Cost at 1 January	1.218.177.788	1.218.177.788
Additions during the year	0	0
Cost at 31 December	<u>1.218.177.788</u>	<u>1.218.177.788</u>
Revaluation at 1 January	1.688.017.581	1.593.180.855
Revaluation for the year	-311.478.357	114.836.726
Dividend	-20.000.000	-20.000.000
Revaluation at 31 December	<u>1.356.539.224</u>	<u>1.688.017.581</u>
Carrying amount at 31 December	<u>2.574.717.012</u>	<u>2.906.195.369</u>

Notes to the Parent Company Annual Report

	<u>2018</u>	<u>2017</u>
1 Investments in group enterprises (continued)		
The carrying amount is specified as follows in the balance sheet:		
Fixed asset investments	2.574.717.012	2.906.195.369
	<u>2.574.717.012</u>	<u>2.906.195.369</u>
The carrying amount at 31 December is specified as follows:		
Carrying amount at 1 January	2.906.195.369	2.811.358.643
Net profit/loss for the year after tax	231.396.897	342.494.319
Distribution of dividend	-20.000.000	-20.000.000
Fair value adjustment of hedging	0	-26.953.000
Fair value adjustment, other		-113.011.346
Exchange adjustments	-542.875.254	-87.693.247
Carrying amount at 31 December	<u>2.574.717.012</u>	<u>2.906.195.369</u>

Specification of investments in associates:

Name:	Registered office	Company capital	Share of ownership and votes
Thornico A/S	Odense (DK)	1.000.000	100%
Mount Baldy A/S	Odense (DK)	500.000	100%

Notes to the Parent Company Annual Report

	<u>2018</u>	<u>2017</u>
2 Financial income		
Interest income, group enterprises	510.825	161.444
	<u>510.825</u>	<u>161.444</u>
3 Financial expenses		
Interest, others	-296.726	-200.121
Interest, bank	-449	-1.128
Interest, sundry	-1.044	-800
	<u>-298.219</u>	<u>-202.049</u>
4 Tax on profit/loss for the year		
Tax on profit/loss for the year is specified as follows:		
Adjustment conc. previous years, Parent	6.805.318	-902.850
Tax on taxable income, Parent	-43.903	5.491
	<u>6.761.415</u>	<u>-897.359</u>
No corporation tax has been paid in the financial year.		

Notes to the Parent Company Annual Report

	<u>2018</u>	<u>2017</u>
5 Proposed distribution of profit		
Proposed dividend for the year	20.000.000	20.000.000
Reserve for net revaluation under the equity method	-10.599.606	322.494.319
Retained earnings	228.905.600	-922.318
	<u>238.305.994</u>	<u>341.572.001</u>

6 Contingent liabilities in relation to jointly taxed income.

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income etc.

7 Related parties and ownership

	<u>Basis</u>
Controlling interest	
Christian Nicholas Rosenkrantz Stadil	Controlling shareholder
Other related parties	
Supervisory and Executive Boards	Management control