

Famsun Denmark Research & Development Center ApS

Kokholm 3B, 6000 Kolding
CVR no. 35 52 58 90

Annual report for 2017

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 12.04.18

Hans Ludvig Westh
Dirigent

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The company

Famsun Denmark Research & Development Center ApS
Kokholm 3B
6000 Kolding
Danmark
Tel.: 72 17 01 20
Website: www.famsun.dk
Registered office: Kolding
CVR no.: 35 52 58 90
Financial year: 01.01 - 31.12

Executive Board

Hans Ludvig Westh

Board Of Directors

Fan Tianming, chairman
Chen Zhengjun
Liu Guangdao

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Statement of the Board of Directors and Executive Board on the annual report

We have on this day presented the annual report for the financial year 01.01.17 - 31.12.17 for Famsun Denmark Research & Development Center ApS.

The annual report is presented in accordance with Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the the company's assets, liabilities and financial position as at 31.12.17 and of the results of the the company's activities for the financial year 01.01.17 - 31.12.17.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Kolding, February 20, 2018

Executive Board

Hans Ludvig Westh

Board Of Directors

Fan Tianming
Chairman

Chen Zhengjun

Liu Guangdao

To the capital owner of Famsun Denmark Research & Development Center ApS

STATEMENT ON EXTENDED REVIEW OF FINANCIAL STATEMENTS

We have performed an extended review of the financial statements of Famsun Denmark Research & Development Center ApS for the financial year 01.01.17 - 31.12.17. The financial statements comprising income statement, balance sheet, statement of changes in equity and notes, inclusive of accounting policies are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the Danish Financial Statements Act. Furthermore, the management is responsible for the internal control deemed necessary by the management for preparing financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the financial statements. We conducted our extended review in accordance with the Danish Business Authority's assurance standard for small businesses and FSR – Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act.

This requires that we comply with the Danish Act on Approved Auditors and Audit Firms (Revisorloven) and the code of ethics of FRS – Danish Auditors and plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and in addition perform specifically required supplementary procedures with a view to obtaining additional assurance of our conclusion.

An extended review comprises procedures primarily consisting in enquiries to the management and, if appropriate, other company employees, analytical procedures, the specifically required supplementary procedures as well as an assessment of the evidence obtained.

The scope of procedures performed in an extended review is not as extensive as for an audit. Consequently, we do not express any opinion on the financial statements.

Opinion

Based on the work performed, we believe that the financial statements provide a fair presentation of the company's assets, equity and liabilities and financial position as at 31.12.17 and of the company's operations for the financial year 01.01.17 - 31.12.17 in accordance with the Danish Financial Statements Act.

STATEMENT REGARDING THE 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 Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not identify any material misstatement of management's review.

Kolding, February 20, 2018

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Marianne Christoffersen
State Authorized Public Accountant
MNE-no. mne34133

Primary activities

The company's objective is to carry on researching and developing technology to produce feed machinery, biomass machinery, feed processing technology, animal farming equipment and related business primarily for the parent company.

Development in activities and financial affairs

The income statement for the period 01.01.17 - 31.12.17 shows a profit/loss of DKK 272,921 against DKK 508,460 for the period 01.01.16 - 31.12.16. The balance sheet shows equity of DKK 3,597,492.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note	2017 DKK	2016 DKK
	3.651.034	8.309.537
Gross profit		
1 Staff costs	-3.259.515	-7.370.823
	391.519	938.714
Profit/loss before depreciation, amortisation, write-downs and impairment losses		
Depreciation, amortisation, impairment losses and write-downs of property, plant and equipment	-35.291	-282.578
	356.228	656.136
Profit/loss before net financials		
Financial income	-2.642	3.630
Financial expenses	-3.451	-6.551
	350.135	653.215
Profit/loss before tax		
Tax on profit or loss for the year	-77.214	-144.755
	272.921	508.460
Profit/loss for the year		
Proposed appropriation account		
Retained earnings	272.921	508.460
	272.921	508.460
Total		

Balance sheet

	31.12.17	31.12.16
Note	DKK	DKK
ASSETS		
Acquired rights	0	2.919
Total intangible assets	0	2.919
Other fixtures and fittings, tools and equipment	0	32.372
Total property, plant and equipment	0	32.372
Total non-current assets	0	35.291
Receivables from group enterprises	0	2.618.183
Deferred tax asset	24.461	24.851
Income tax receivable	19.176	0
Other receivables	197.911	264.027
Prepayments	35.053	41.375
Total receivables	276.601	2.948.436
Cash	3.921.540	1.023.463
Total current assets	4.198.141	3.971.899
Total assets	4.198.141	4.007.190

Balance sheet

EQUITY AND LIABILITIES		31.12.17	31.12.16
		DKK	DKK
Note			
	Share capital	80.000	80.000
	Retained earnings	3.517.492	3.244.571
	Total equity	3.597.492	3.324.571
	Trade payables	63.493	96.462
	Payables to group enterprises	161.659	0
	Income taxes	0	11.464
	Other payables	375.497	572.693
	Deferred income	0	2.000
	Total short-term payables	600.649	682.619
	Total payables	600.649	682.619
	Total equity and liabilities	4.198.141	4.007.190

2 Contingent liabilities

3 Charges and security

Statement of changes in equity

Figures in DKK	Share capital	Retained earnings
Statement of changes in equity for 01.01.17 - 31.12.17		
Balance as at 01.01.17	80.000	3.244.571
Net profit/loss for the year	0	272.921
Balance as at 31.12.17	80.000	3.517.492

	2017 DKK	2016 DKK
1. Staff costs		
Wages and salaries	2.866.662	6.837.225
Pensions	279.474	366.507
Other social security costs	9.089	15.933
Other staff costs	104.290	151.158
Total	3.259.515	7.370.823
Average number of employees during the year	4	7

2. Contingent liabilities

Lease commitments

The company has concluded lease agreements with terms to maturity of 33 months and average lease payments yearly of t.DKK 240, a total of t.DKK 660.

3. Charges and security

The company has not provided any other security over assets.

4. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

4. Accounting policies - continued -

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

INCOME STATEMENT

Gross profit

Gross profit comprises revenue and other external expenses.

Revenue

Income from the sale of services is recognised as delivery takes place. Revenue is measured

4. Accounting policies - continued -

at the selling value of the agreed consideration exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Costs of raw materials and consumables**Other external expenses**

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Acquired rights	3	0
Other plant, fixtures and fittings, tools and equipment	3	0

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

4. Accounting policies - continued -

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

BALANCE SHEET

Intangible assets

Acquired rights

Acquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

4. Accounting policies - continued -

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank accounts as well as operating cash.

4. Accounting policies - continued -

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

Deferred income

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.