

Lantmännen Unibake Holding A/S

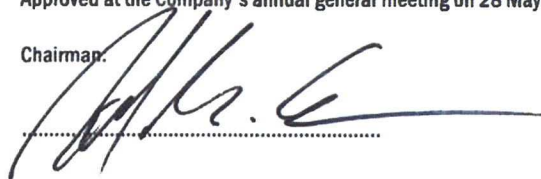
Oensvej 28-30 8700 Horsens

CVR no. 37 24 92 11

Annual report 2017

Approved at the Company's annual general meeting on 28 May 2018

Chairman.



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Management's review

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Lantmännene Unibake Holding A/S for the financial year 1 January – 31 December 2017.

The annual report has been prepared in accordance with the Danish Financial Statements Act.


In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2017 and of the results of its operations for the financial year 1 January – 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of its operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Horsens, 28 May 2018

Executive Board:



Erik Flemming Nielsen
CEO

Board of Directors:



Werner Devinck
Chairman



Morten Leth



Erik Flemming Nielsen

Independent auditor's report.

To the shareholder of Lantmännen Unibake Holding A/S

Opinion

We have audited the financial statements of Lantmännen Unibake Holding A/S for the financial year 1 January – 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the company at 31 December 2017, and of the results of the company operations for the financial year 1 January – 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements

Management's responsibility for the financial statements

Management is responsible for the preparation of 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 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 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 as to 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism 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.

Independent auditor's report

- 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view. •

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.

Statement on the Management's review

Management is responsible for the Management's review.

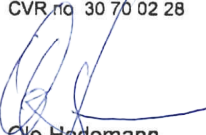
Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 28 May 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR.no. 30 70 02 28



Ole Hedemann
State Authorised
Public Accountant
MNE no.: mne14949



Anders Flymer-Dindler
State Authorised
Public Accountant
MNE no.: mne35423

Management's review

Financial highlights

In DKK millions, except for per share data	2017	2016	2015	2014	2013
Key figures					
Other operating income / Revenue	319	267	206	162	118
Gross profit	152	131	90	64	51
EBIT	33	15	-4	-16	-53
Profit/Loss for the year	17	-23	23	54	-30
Equity	1,140	1,123	1,696	1,673	1,620
Total assets	2,305	2,289	2,960	3,242	3,090
Investments in the year	21	38	16	21	10
Financial ratios					
Operating margin	10.3 %	5.6 %	-1.9%	-9.9%	-44.9%
Gross margin	47.7 %	49.1 %	43.7%	39.5%	43.2%
Current ratio	273 %	210 %	244.7%	208.3%	146.0%
Equity ratio	49.5 %	49.1 %	57.3%	51.6%	52.4%
Return on equity	1.50 %	-1.63 %	1.4%	3.2%	-1.8%
Average number of full-time employees	64	54	45	45	25

Financial ratios

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin	$\text{Operating profit (EBIT)} \times 100 / \text{Revenue}$
Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
Current ratio	$\text{Current assets} \times 100 / \text{Current liabilities}$
Equity ratio	$\text{Equity, year-end} \times 100 / \text{Total equity and liabilities, year-end}$
Return on equity	$\text{Profit or loss for the year} \times 100 / \text{Average equity}$

Management's review

Management commentary

Business/Financial review

Lantmännen Unibake Holding A/S is a holding company for parts of the Lantmännen Unibake Group with subsidiaries in Europe, Russia and US.

Lantmännen Unibake is a leading international bakery company with expertise in frozen and fresh bakery products. The company's mission is to make bread a profitable business for its customers through high quality products and superior solutions – always based on a sustainable mindset and behaviour as well as excellent food safety standards

The company's income statement for the year 2017 shows a net profit of MDKK 17 and an equity end of the year of MDKK 1,140. Gross profit shows a gain of MDKK 152 and the profit before net financials and tax (EBIT) a gain of MDKK 33. After net impact from financial items of MDKK -15, primarily from interest on internal loans, receivables and payables, the net profit before tax is MDKK 18 and after taxes MDKK 17. The result is considered satisfactory.

Special risks

Competition and price risk

The company's activities within production and sale of bread products are a highly competitive business. This has increased as more customers and producers have consolidated their businesses. The company seeks to respond to this increased competition with high customer service, quality and consistency of supply.

Pricing of the Group's product depends on supply, quality and demand. The Group strives to minimize the risk through customer agreements and optimization within procurement.

Quality risks

As a food manufacturer, the company is exposed to risks related to quality. The company has a strong focus on adherence to quality norms and is certified through HACCP and BRC.

Financial risks

Financing in the Group is primarily done with medium-long credit agreements with the Lantmännen Group and to a lesser extent short-term bank credits. The terms of interest are primarily variable and the earning is therefore exposed for changes in the interests in the short run. Buildings are only to a small extent financed via loans in the Danish mortgage provider institutions with fixed interest.

Currency risks

The reporting and functional currency is Danish Kroner, which is very closely related to the Euro. Sales in the Group are mainly carried out in Euros, British pounds and American dollars. The currency risk is therefore a material risk for the Group. This is controlled by hedging of key currencies.

Knowledge resources

The employees are a crucial asset for Lantmännen Unibake Holding A/S. It is the policy of the company to educate its employees in order to maintain a high competence level as well as a high service level to the customers.

Corporate Social Responsibility

Lantmännen Unibake Holding A/S refers to the annual report of the parent company for their statutory report on Corporate Social Responsibility according to §99a in the Danish financial statements act. This can be found on: <https://lantmannen.com/en/about-lantmannen/financial-information/annual-report-with-sustainability-report/>

Management's review

Management commentary

Corporate Social Responsibility (continued)

The company has implemented Lantmännen's 'Code of Conduct' which contains guidelines for implementation of internal routines and execution of social responsibility. Go to Code of Conduct published on: <https://lantmannen.com/en/press-and-publications/code-of-conduct/>.

Lantmännen's Code of Conduct is integrated in the company's quality control system and all employees are educated in the Code of Conduct.

Follow-up is carried out through quality systems, employee surveys, yearly appraisal dialogues and customer surveys.

Environmental aspects

The company works continuously on sustainability issues, including initiatives that reduce the company's effect on the environment. The company carries out work environment audits on an ongoing basis in order to improve the work environment for our employees.

Goals and policies for the underrepresented gender

The Board has set a target figure for the underrepresented gender in the Board of Directors of 33%, corresponding to 1 out of 3 members. The board aims to meet this target no later than 2020. At present all 3 board members are male, why the company has not yet fulfilled the target figure.

The company's policy is to maintain and develop a high level of competence of our employees, including a focus on female employees being able to hold managerial positions. The ambition of Lantmännen Unibake Holding A/S is to have a balanced representation of men and women in senior positions within the Group. In order to increase the level of women in senior positions, the company has among others implemented recruitments procedures assuring candidate short lists representing both genders.

At the company's other management levels are 24% female managers and 76% male managers.

Research and development activities

In order to secure future earnings and growth, the necessary funds needed to develop products and trademarks are used. Product development and innovation take place in the local production units and in cooperation with the parent company's innovation team.

Post balance sheet events

No events have occurred after the financial year-end, which could significantly affect the company's financial position.

Outlook

The company is expecting a result for 2018 on the same level as in 2017.

Financial statements 1 January – 31 December

Income statement

Note	DKK '000	2017	2016
2	Other operating income	319,909	267,163
	Other external expenses	-167,454	-136,182
	Gross profit	152,455	130,981
3	Staff costs	-78,478	-77,120
4	Amortisation, depreciation and impairment losses	-41,169	-38,858
	EBIT	32,808	15,003
	Result from investments in group enterprises	-167	2,348
5	Financial income	9,114	19,977
6	Financial expenses	-23,982	-62,038
	Profit/loss before tax	17,773	-24,710
7	Tax for the year	-650	1,682
	Profit/loss for the year	17,123	-23,028

18 Recommended appropriation of profit/loss

Financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	2017	2016
	ASSETS		
	Non-current assets		
	Software	60,096	72,612
8	Intangible assets	60,096	72,612
	Land and buildings	115,062	125,405
	Other fixtures and fittings, tools & equipment	1,010	1,983
9	Property, plant and equipment	116,072	127,388
10	Investments in subsidiaries	1,640,620	1,640,620
	Receivables from subsidiaries	311,943	316,832
11	Investments in associates	0	0
	Receivables from associates	0	1,112
	Other receivables	690	691
	Financial assets	1,953,253	1,959,255
	Total non-current assets	2,129,421	2,159,255
	Current assets		
	Trade receivables	14	805
	Receivables from related parties	149,155	110,820
	Other receivables	26,246	17,900
	Receivables	175,415	129,525
	Cash	0	2
	Total current assets	175,415	129,527
	TOTAL ASSETS	2,304,836	2,288,782

Financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	2017	2016
	EQUITY AND LIABILITIES		
12	Share capital	300,000	300,000
	Retained earnings	839,843	822,703
	Total equity	1,139,843	1,122,703
	Non-current liabilities		
13	Provision for deferred tax	19,272	20,627
14	Debt to mortgage credit institutions	6,921	8,353
14	Payables to related parties	1,074,528	1,074,637
	Total non-current liabilities	1,100,721	1,103,617
	Current liabilities		
	Debt to mortgage credit institutions	1,382	1,382
	Trade payables	11,443	12,370
	Payables to related parties	34,821	30,404
	Income taxes	824	0
	Other payables	15,802	18,306
	Total current liabilities	64,272	62,462
	Total liabilities	1,164,993	1,166,079
	TOTAL EQUITY AND LIABILITIES	2,304,836	2,288,782

- 1 Accounting policies
- 15 Contractual obligations and contingencies, etc.
- 16 Mortgages and collateral
- 17 Related parties
- 18 Appropriation of profit/loss

Financial statements 1 January – 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Dividend proposal	Total
	Equity at 1 January 2016	300,000	1,395,754	0	1,695,754
	Extraordinary Dividend distribution	0	-550,000	550,000	0
	Dividend payments			-550,000	-550,000
18	Transfer, see "Appropriation of profit/loss"	0	-23,028	0	-23,028
	Value adjustment, hedging of future cash flows	0	-23	0	-23
	Equity at 1 January 2017	300,000	822,703	0	1,122,703
18	Transfer, see "Appropriation of profit/loss"	0	17,123	0	17,123
	Value adjustment, hedging of future cash flows	0	17	0	17
	Equity at 31 December 2017	300,000	839,843	0	1,139,843

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Lantmännen Unibake Holding A/S for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The financial statements have been prepared in accordance with the same accounting policies as last year.

Consolidated financial statements

According to §112 of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statement of Lantmännen Unibake Holding A/S and subsidiaries are included in the consolidated financial statements for Lantmännen ek för.

Cash flow statement

According to §86 of the Danish Financial Statements Act, no cash flow statement is included in the annual report for Lantmännen Unibake Holding A/S. The cash flow statement for Lantmännen Unibake Holding A/S is included in the cash flow statement in the consolidated financial statements for Lantmännen ek för.

Fee to auditor

According to §96 of the Danish Financial Statements Act, the fee to the appointed auditor is not disclosed. The auditor's fee is included in the consolidated financial statements for Lantmännen ek för.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rate at the transaction date and the rate at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at closing rates. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with fair value adjustments of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on a current basis.

Income statement

Other operating income

Income from supply of services is recognised as other operating income with reference to the stage of completion. Licence, royalty income and rent is recognised when the underlying transaction is carried through.

Other external costs

Other external costs comprise costs for distribution, sale, advertising, administration, premises, bad debt losses, operating leases, etc.

Amortisation/depreciation and write-downs

The item includes amortisation/depreciation and write-downs of intangible assets and property, plant and equipment.

Amortisation/depreciation is provided using the straight-line method on the basis of the cost and the assessments of the useful life.

Income from investments in group enterprises and associates

Dividend from investments in subsidiaries is recognised in the income statement in the year of declaration. Distributions of dividend where the dividend exceeds the profit for the year or where the carrying amount of the Company's investments in the subsidiary exceeds the carrying amount of the subsidiary's net asset value will be evidence of impairment, meaning that an impairment test must be conducted.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Balance sheet

Intangible assets

On initial recognition, intangible assets are measured at cost.

Development costs comprise expenses, salaries and amortisation charges directly attributable to the Company's development activities.

Software is measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining term of the patent, and licences are amortised over the term of the licence, however not exceeding 7 years.

Gains and losses on the disposal of development projects, patents and licences are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Property, plant and equipment

Land and buildings, plant and equipment and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages and salaries as well as borrowing costs relating to specific and general borrowing directly attributable to the construction of the individual asset.

Interest expenses on loans to finance the construction of items of property, plant and equipment, and which relate to the construction period, are recognised in cost of the asset. All other borrowing costs are recognised in the income statement.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives of the assets are as follows:

Buildings	20-33 years
Fixtures and fittings, tools and equipment	3-15 years

The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the amortisation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Gains and losses on the disposal of items of property, plant and equipment are calculated as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Investments in subsidiaries and associates

Investments in subsidiaries are measured at cost. Cost includes the consideration measured at fair value plus direct purchase costs. In case of evidence of impairment, an impairment test must be conducted. Investments are written down to the lower of the carrying amount and the recoverable amount.

Impairment of non-current assets

The carrying amount of intangible assets, Investments in subsidiaries and property, plant and equipment is tested annually for evidence of impairment other than the decrease in value reflected by amortisation/depreciation.

Impairment tests are conducted on individual assets or groups of assets when there is evidence of impairment. Assets are written down to the lower of the carrying amount and the recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the net present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are assessed for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the country of domicile and credit ratings of the debtors in accordance with the Group's credit risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the net present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Equity

Dividend

Dividend proposed for the year is recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the financial year is presented as a separate line item under "Equity".

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Income tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes or on office premises and other items where temporary differences arise at the date of acquisition without affecting neither the profit/loss for the year nor the taxable income.

The parent and all Danish group enterprises are jointly taxed. The Danish income tax charge is allocated between profit-making and loss-making Danish enterprises in proportion to their taxable income (full allocation method).

Lantmännen Unibake Holding A/S acts as a management company for all the companies encompassed by the joint taxation arrangement meaning that the company is responsible for ensuring that taxes, etc. are paid to the Danish tax authorities.

Jointly taxed companies entitled to a tax refund are as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

Provisions

Provisions comprise anticipated costs related to warranty commitments, restructuring, etc. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realisable value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value which typically equals nominal value.

Financial statements 1 January – 31 December

Notes

DKK'000	2017	2016
2 Other operating income		
Income from royalty, license- and management fee from related parties	275,852	250,860
Rental income from related parties	12,247	12,337
Rental income from external parties	420	558
Other operating income	31,390	3,408
	<u>319,909</u>	<u>267,163</u>
3 Staff costs		
Wages and salaries	72,207	71,759
Pensions	5,933	4,916
Other social security costs	338	445
	<u>78,478</u>	<u>77,120</u>
Average number of full-time employees	<u>64</u>	<u>54</u>
According to section 98 (3 no. 2) of the Danish Financial Statements Act, no information is disclosed on wages and salaries to the Executive Board and Board of Directors.		
4 Amortisation/depreciation and impairment losses		
Software	29,224	26,683
Land and buildings	10,972	11,197
Other fixtures and fittings, tools & equipment	973	978
	<u>41,169</u>	<u>38,858</u>
5 Financial income		
Interest income from related parties	8,633	19,816
Other financial income	481	161
	<u>9,114</u>	<u>19,977</u>
6 Financial expenses		
Interest expense to related parties	22,540	23,535
Other financial expenses	1,442	38,503
	<u>23,982</u>	<u>62,038</u>
7 Tax for the year		
Current tax for the year	-1,649	667
Change in deferred tax	1,827	-4,281
Prior year adjustments	472	1,932
	<u>650</u>	<u>-1,682</u>
Analysed as follows:		
Tax for the year	208	-3,731
Prior year adjustments	472	1,932
Tax on changes in equity	-30	117
	<u>650</u>	<u>-1,682</u>

8 Intangible assets

DKK'000	<u>Software</u>
Cost at 1 January 2017	252,784
Additions	16,708
Transferred	0
Cost at 31 December 2017	<u>269,492</u>
Amortisation and impairment losses at 1 January 2017	180,172
Amortisation	29,224
Amortisation and impairment losses at 31 December 2017	<u>209,396</u>
Carrying amount at 31 December 2017	<u>60,096</u>
Amortised over	<u>7 years</u>

9 Property, plant and equipment

DKK'000	<u>Land and buildings</u>	<u>Other fixtures and fittings, tools and equipment</u>	<u>Total</u>
Cost at 1 January 2017	384,907	7,893	392,800
Additions	1,293	0	1,293
Transferred	0	0	0
Disposals	-22,883	0	-22,883
Cost at 31 December 2017	<u>363,317</u>	<u>7,893</u>	<u>371,210</u>
Depreciation and impairment losses at 1 January 2017	259,502	5,910	265,412
Impairment losses	0	0	0
Depreciation	10,972	973	11,945
Disposals	-22,219	0	-22,219
Depreciation and impairment losses at 31 December 2017	<u>248,255</u>	<u>6,883</u>	<u>255,138</u>
Carrying amount at 31 December 2017	<u>115,062</u>	<u>1,010</u>	<u>116,072</u>
Amortised over	<u>20-33 years</u>	<u>3-15 years</u>	

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DKK'000	2017	2016
10 Investments in subsidiaries		
Cost at 1 January	1,640,620	1,669,377
Additions	0	22,317
Disposals	0	0
Write down	0	-51,074
Cost at 31 December	1,640,620	1,640,620

Specification of directly owned subsidiaries in accordance with ARL §97a (profit/loss and equity per latest released financial statements per Local GAAP)

Name and registered office	Year	Currency	Voting rights and ownership	Profit/loss '000	Equity '000
Lantmännen Unibake Denmark A/S, Denmark	2016	DKK	100%	18.032	76,526
Lantmännen Unibake Germany GmbH, Germany	2014	EUR	100%	150	1,939
Lantmännen Unibake GmbH & Co, Germany	2016	EUR	100%	-1,498	-997
Lantmännen Unibake Geshäftschft. GmbH, Germany	2014	EUR	100%	-3	46
Oy Lantmännen Unibake Finland, Finland	2016	EUR	100%	-1,275	3,561
Lantmännen Unibake Benelux NV, Belgium	2016	EUR	100%	169	14,263
Lantmännen Unibake UK Holding Ltd., England	2016	GBP	100%	-4,755	15,667
Lantmännen Unibake USA Ltd., USA	2016	USD	100%	6,437	43,207
Lantmännen Unibake Hungary Zrt, Hungary	2016	HUF	100%	329,187	587,607
Lantmännen Unibake S.L., Spain	2016	EUR	100%	-5	-238
Lantmannen Unibake R ApS, Denmark	2016	DKK	99,995%	18	50,714
Lantmännen Unibake Poland S.P.z.o.o, Poland	2016	PLN	51,61%	20,866	100,235

All subsidiaries are considered separate entities.

Supplemental specification of directly owned subsidiaries and subsidiary groups (profit/loss and equity per 2017 as reported for management reporting purposes per IFRS)

Name and registered office	Currency	Voting rights and ownership	Profit/loss '000	Equity '000
Lantmännen Unibake Denmark A/S, Denmark	DKK	100%	-8.160	76,857
Lantmännen Unibake Germany GmbH, Germany	EUR	100%	29	1,994
Lantmännen Unibake GmbH & Co, Germany	EUR	100%	-1,195	-2,025
Lantmännen Unibake Geshäftschft. GmbH, Germany	EUR	100%	3	47
Oy Lantmännen Unibake Finland, Finland	EUR	100%	396	13,711
Lantmännen Unibake Benelux NV, Belgium*	EUR	100%	10,320	65,902
Lantmännen Unibake UK Holding Ltd., England*	GBP	100%	280	40,232
Lantmännen Unibake USA Ltd., USA	USD	100%	7,219	50,431
Lantmännen Unibake Hungary Zrt, Hungary	HUF	100%	123,123	828,177
Lantmännen Unibake S.L., Spain	EUR	100%	-77	-232
Lantmannen Unibake R ApS, Denmark*	DKK	99,995%	19,229	117,623
Lantmännen Unibake Poland S.P.z.o.o, Poland	PLN	51,61%	24,091	124,326

* consolidated values including 100% owned subsidiaries

DKK'000	2017	2016
11 Investments in associates		
Cost at 1 January	0	1,578
Additions	0	0
Disposal	0	0
Write down	0	-1,578
Cost at 31 December	0	0

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12 Share capital

The share capital comprises 3 million shares of DKK 100 nominal value each. All shares rank equally. The share capital has remained unchanged for the last 5 years.

DKK'000	2017	2016
13 Deferred tax		
Deferred tax at 1 January	20,627	33,849
Prior-year adjustments	472	-8,944
Adjustment of the deferred tax charge for the year	-1,827	-4,281
Adjustment of the deferred tax related to hedging of future cash flows	0	3
Deferred tax at 31 December	19,272	20,627

The deferred tax charge relates to:

Intangible assets	13,221	15,859
Property, plant and equipment	11,440	12,561
Current assets	0	-4
Provisions	-5,389	-7,789
	19,272	20,627

14 Non-current liabilities and other provisions

DKK'000	Total debt at 31 Dec. 2017	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Deferred Tax	19,272	0	19,272	0
Mortgage debt	7,906	1,316	5,270	1,320
Debt to related parties	1,074,528	0	1,074,528	0
Hedging instrument	398	66	332	0
	1,102,104	1,382	1,099,402	1,320

15 Contractual obligations and contingencies, etc.

Contingent liabilities

Lantmännen Unibake Holding A/S is a party in a few pending legal actions. In Management's opinion, the outcome of these legal actions will not affect the Company's financial position apart from the receivables and payables recognised in the balance sheet at 31 December 2017.

Operating lease liabilities

Lease liabilities (operating leases), which fall due within 4 years, total MDKK 3.1 (2016: MDKK 2.7).

Other financial obligations

Rent payments concerning rent contract, which fall due within 1 year, total MDKK 1.3 (2016: MDKK 1.3)

16 Mortgages and collateral

Land and buildings totalling MDKK 64.8 at 31 December 2017 have been provided as collateral for debt to mortgage credit institutions, MDKK 7.9 at 31 December 2017.

17 Related party disclosures

Lantmännen Unibake Holding A/S' related parties comprise the following:

Parties exercising control

Lantmännen ek för, S:t Göransgatan 160 A, Stockholm, Sweden, which controls the Company. The Company is included in the consolidated financial statements for Lantmännen ek för. The Consolidated financial statements can be found at;

<http://lantmannen.com/en/about-lantmannen/financial-information/year-end-reports/>

During 2017 the Company has had the following transactions with related parties

Income from royalty, license- and management fee from related parties		275,852	
Rental income from related parties		12,247	
Invoicing of personnel costs and travel cost to related parties		15,748	
IT costs to related parties		15,153	
Financial income from related parties		9,144	
Financial costs to related parties		22,549	
Joint taxation, net		1,943	
Receivables from subsidiaries		311,943	
Receivables from related parties		149,155	
Payables to related parties		1,074,528	
DKK'000			
		2017	2016
18 Appropriation of profit/loss			
Recommended appropriation of profit/loss			
Transferred to reserves under equity		17,123	-23,028
		<u>17,123</u>	<u>-23,028</u>