

DanBred P/S

Lyskær 3 E, 1.

2730 Herlev

Central Business Registration

No 37634328

Annual report 2018

The Annual General Meeting adopted the annual report on 23.05.2019

Chairman of the General Meeting



Name: Jens Jørgen Bigum

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Entity details

Entity

DanBred P/S
Lyskær 3 E, 1.
2730 Herlev

Central Business Registration No (CVR): 37634328

Registered in: Herlev

Financial year: 01.01.2018 - 31.12.2018

Board of Directors

Christian Pagaard Junker, Chairman
Jens Jørgen Bigum, Vice Chairman
Ove Thejls, Vice Chairman
Henning Haahr
Per Nyby Pedersen
Jørgen Dalsgaard
Søren Søndergaard
Bo Kibsdal
Lars Daugaard

Executive Board

Thomas Muurmann Henriksen, CEO
Jesper Vikelsø Jensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of DanBred P/S for the financial year 01.01.2018 - 31.12.2018.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations and cash flows for the financial year 01.01.2018 - 31.12.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Herlev, 18.05.2019

Executive Board



Thomas Muurmann Henriksen Jesper Vinkelso Jensen
CEO

Board of Directors



Christian Pagaard Junker
Chairman



Jens Jørgen Bigum
Vice Chairman



Ove Thejls
Vice Chairman



Henning Haahr



Per Nyby Pedersen



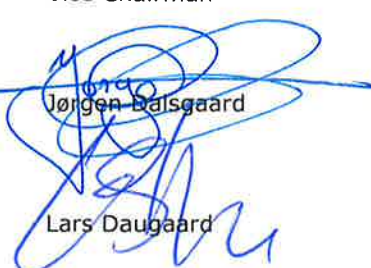
Jørgen Balsgaard



Søren Søndergaard



Bo Kibsdal



Lars Daugaard

Independent auditor's report

To the shareholders of DanBred P/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of DanBred P/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2018, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

Independent auditor's report

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 consolidated financial statements and these parent financial statements.

As part of an audit conducted in accordance with ISAs and the 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 consolidated financial statements and the parent 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'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 consolidated financial statements and the parent 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'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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Herlev, 18.05.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556



Jakob Boutrup Ditlevsen
State Authorised Public Accountant
Identification No (MNE) mne27725

Management commentary

	2018 DKK'000	2017 DKK'000
Financial highlights		
Key figures		
Revenue	926.893	68.549
Gross profit/loss	95.546	5.166
Operating profit/loss	12.723	(260)
Net financials	1.673	(162)
Profit/loss for the year	13.179	(422)
Profit/loss excl minority interests	13.072	(422)
Total assets	723.868	715.701
Investments in property, plant and equipment	13.332	3.959
Equity	653.398	639.257
Equity excl minority interests	652.329	639.257
Cash flows from (used in) operating activities	(113.234)	(31.595)
Cash flows from (used in) investing activities	(32.371)	(455.233)
Cash flows from (used in) financing activities	(1.587)	642.225

Ratios

Gross margin (%)	10,3	7,5
Net margin (%)	1,4	(0,6)
Return on equity (%)	2,0	(0,1)
Equity ratio (%)	90,1	89,3

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss excl minority interests} \times 100}{\text{Average equity excl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity excl minority interests} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

DanBred sells genetically superior sows, boars and semen, to breed pigs with characteristics optimized for pork production. Supplying DanBred are the breeders, multipliers and AI-stations participating in the Danish breeding system, DanAvl.

DanBred also provides technical services and advice to farmers in order to maximize the performance of our breeding pigs.

All our Danish genetics are sold under the DanBred/DanAvl brand through direct sales channels or through local strategic partners.

Development in activities and finances

The year 2018 represents DanBred's first full financial year of operation. The main focus has been on securing the customer base and the supply chain outside Denmark with local multipliers throughout Europe. As a result DanBred has fortified its strong relationships with partners in Europe and established subsidiaries in the Netherlands, Russia and Spain.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual circumstances affecting recognition and measurement

The financial position at December 31, 2018 of DanBred and the results of the activities of DanBred in the financial year 2018 have not been affected by any unusual events.

Outlook

Overall the DanBred group expects revenues for 2019 on a slightly higher level compared to 2018 due to continued consolidation in Europe and development of key markets in Asia and overseas. Competition with focus on price is still expected to be fierce.

Particular risks

Market risks

DanBred's most material market and operational risk relates to securing the supply of live breeding stock with high health status. Loss of key livestock and not being able to transport animals and semen freely due to disease outbreaks impose a major threat and risk to the business.

Financial risks

The DanBred groups international activities are affected by the development in foreign exchange rates and interest rates of the currency EUR. Moderate changes in foreign exchange rates are considered only to have a limited impact on the group's earnings.

Management commentary

Credit risks

DanBred generally focuses on reducing and collecting outstanding amounts as well as not assuming unnecessary credit risks without matching securities.

The DanBred group has sufficient liquidity and credit facilities for its operations and future investments.

Intellectual capital resources

The DanBred group wants to be considered a part of the technological market leaders, and as part of this strategy considerable resources are being spent developing this position. In 2019 this effort will continue.

In order to be able to deliver solutions and products that meets the customers technological and functionally demands, it is decisive that the DanBred group can recruit and retain the employees with the matching level of education at the same time as the business processes must ensure the necessary spread and use of the intellectual capital resources.

Research and development

DanBred aims at having the most superior porcine genetics in the world. This goal is pursued by allocating substantial resources to secure the constant development and improvement of the DanBred nucleus herds. For 2019 this effort will continue.

Statutory report on corporate social responsibility

DanBred has no formal CSR-policies, but is concerned with conducting our business with proper regards, consideration and due diligence towards both environment and the people employed.

This means offering and maintaining a healthy and safe working environment for both blue- and white-collar staff, where the necessary tools and equipment is supplied and the working environment regulations are met.

With regards to the transport of live breeding stock all truck drivers, as well as the staff coordinating and planning the transports, are specifically instructed and trained so that all animal welfare regulations regarding the handling and transporting of live animals can be adhered to.

DanBred also encourages employees to take responsibility for each other and the pigs transported and to address and act on any safety, health or animal welfare related issues that may occur.

Statutory report on the underrepresented gender

DanBred acknowledges the "Måltal og politikker for den kønsmæssige sammensætning af ledelsen og afrapportering herom".

At the same time DanBred waives the right to at all times to secure and elect the most capable board of directors for the company. Currently no women are represented in the board of directors.

DanBred wishes to promote and to give equal opportunities for development to all its employees, no matter

Management commentary

the gender. When recruiting DanBred aims at interviewing both male and female candidates when possible. No matter the gender DanBred will hire employees based solely on their skills and competences.

Events after the balance sheet date

The extensive outbreak of African Swine Fever in China is considered and followed closely. The total impact can not be estimated at present, but negative effect on the future business and results can not be ruled out.

Consolidated income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Revenue	1	926.893.198	68.549
Cost of sales		(790.345.373)	(56.826)
Other external expenses	2	(41.002.085)	(6.557)
Gross profit/loss		95.545.740	5.166
Staff costs	3	(58.042.534)	(3.458)
Depreciation, amortisation and impairment losses	4	(24.780.291)	(1.968)
Operating profit/loss		12.722.915	(260)
Income from investments in associates		1.192.767	0
Other financial income	5	1.517.307	4
Other financial expenses	6	(1.036.975)	(166)
Profit/loss before tax		14.396.014	(422)
Tax on profit/loss for the year	7	(1.217.071)	0
Profit/loss for the year	8	13.178.943	(422)

Consolidated balance sheet at 31.12.2018

	Notes	2018 DKK	2017 DKK'000
Acquired licences		1.504.038	0
Acquired trademarks		47.291.667	49.792
Acquired rights		138.848.333	146.188
Goodwill		254.434.393	247.559
Intangible assets	9	442.078.431	443.539
Other fixtures and fittings, tools and equipment		13.346.282	3.860
Property, plant and equipment	10	13.346.282	3.860
Investments in associates		0	0
Other investments		5.868.143	5.868
Fixed asset investments	11	5.868.143	5.868
Fixed assets		461.292.856	453.267
Manufactured goods and goods for resale		2.519.030	780
Inventories		2.519.030	780
Trade receivables		86.790.860	55.099
Receivables from group enterprises		22.945.446	4.330
Other receivables		17.559.746	20.322
Receivables from owners and management		120.883.699	24.016
Prepayments	12	2.674.395	1.494
Receivables		250.854.146	105.261
Cash		9.201.626	156.393
Current assets		262.574.802	262.434
Assets		723.867.658	715.701

Consolidated balance sheet at 31.12.2018

	Notes	2018 DKK	2017 DKK'000
Contributed capital		319.850.000	319.850
Retained earnings		332.479.327	319.407
Equity attributable to the Parent's owners		652.329.327	639.257
Share of equity attributable to minority interests		1.068.494	0
Equity		653.397.821	639.257
Finance lease liabilities		1.491.362	2.870
Non-current liabilities other than provisions	13	1.491.362	2.870
Current portion of long-term liabilities other than provisions	13	447.237	656
Prepayments received from customers		10.947.524	5.725
Trade payables		29.717.094	23.550
Payables to group enterprises		0	24.576
Other payables		27.866.620	14.117
Deferred income	14	0	4.950
Current liabilities other than provisions		68.978.475	73.574
Liabilities other than provisions		70.469.837	76.444
Equity and liabilities		723.867.658	715.701
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Assets charged and collateral	18		
Group relations	19		
Subsidiaries	20		

Consolidated statement of changes in equity for 2018

	Contributed capital DKK	Retained earnings DKK	Share of equity attributable to minority interests DKK	Total DKK
Equity beginning of year	319.850.000	319.407.548	0	639.257.548
Effect of mergers and business combinations	0	0	961.330	961.330
Profit/loss for the year	0	13.071.779	107.164	13.178.943
Equity end of year	319.850.000	332.479.327	1.068.494	653.397.821

Consolidated cash flow statement for 2018

	Notes	2018 DKK	2017 DKK'000
Operating profit/loss		13.071.779	(422)
Amortisation, depreciation and impairment losses		24.780.291	1.968
Working capital changes	15	(151.085.847)	(33.141)
Cash flow from ordinary operating activities		(113.233.777)	(31.595)
Cash flows from operating activities		(113.233.777)	(31.595)
Acquisition etc of intangible assets		(20.810.509)	(445.424)
Acquisition etc of property, plant and equipment		(11.560.112)	(3.941)
Acquisition of fixed asset investments		0	(5.868)
Cash flows from investing activities		(32.370.621)	(455.233)
Loans raised		0	3.525
Repayments of loans etc		(1.586.786)	0
Cash increase of capital		0	638.700
Cash flows from financing activities		(1.586.786)	642.225
Increase/decrease in cash and cash equivalents		(147.191.184)	155.397
Cash and cash equivalents beginning of year		156.392.810	996
Cash and cash equivalents end of year		9.201.626	156.393

Notes to consolidated financial statements

	2018 DKK	2017 DKK'000
1. Revenue		
Revenue by geographical market		
Denmark	387.566.409	24.104
Other EU-countries	439.979.152	30.101
Other countries	99.347.637	14.344
	926.893.198	68.549
Revenue by activity		
Sale of live breeding stock	641.581.758	55.442
Other sales	285.311.440	13.107
	926.893.198	68.549
	2018 DKK	2017 DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	370.000	230
Other services	296.465	0
	666.465	230
	2018 DKK	2017 DKK'000
3. Staff costs		
Wages and salaries	48.292.938	3.006
Pension costs	6.403.344	371
Other staff costs	3.346.252	81
	58.042.534	3.458
 Average number of employees	 86	 74
		Remunera- tion of manage- ment 2018 DKK
Executive Board		4.510.763
Board of Directors		1.401.200
		5.911.963

Notes to consolidated financial statements

	2018 DKK	2017 DKK'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	22.736.525	1.968
Depreciation of property, plant and equipment	2.043.766	0
	24.780.291	1.968
	2018 DKK	2017 DKK'000
5. Other financial income		
Financial income arising from group enterprises	191.250	0
Other interest income	1.326.057	4
	1.517.307	4
	2018 DKK	2017 DKK'000
6. Other financial expenses		
Exchange rate adjustments	0	166
Other financial expenses	1.036.975	0
	1.036.975	166
	2018 DKK	2017 DKK'000
7. Tax on profit/loss for the year		
Current tax	1.217.071	0
	1.217.071	0
	2018 DKK	2017 DKK'000
8. Proposed distribution of profit/loss		
Retained earnings	13.071.779	(422)
Minority interests' share of profit/loss	107.164	0
	13.178.943	(422)

Notes to consolidated financial statements

	Acquired licences DKK	Acquired trademarks DKK	Acquired rights DKK	Goodwill DKK
9. Intangible assets				
Cost beginning of year	0	50.000.000	146.800.000	248.624.000
Addition through business combinations etc	0	0	0	19.714.416
Additions	1.561.418	0	0	0
Cost end of year	1.561.418	50.000.000	146.800.000	268.338.416
Amortisation and impairment losses beginning of year	0	(208.333)	(611.667)	(1.064.878)
Amortisation for the year	(57.380)	(2.500.000)	(7.340.000)	(12.839.145)
Amortisation and impairment losses end of year	(57.380)	(2.708.333)	(7.951.667)	(13.904.023)
Carrying amount end of year	1.504.038	47.291.667	138.848.333	254.434.393
				Other fixtures and fittings, tools and equipment DKK
10. Property, plant and equipment				
Cost beginning of year				3.959.419
Addition through business combinations etc				1.531.271
Additions				11.800.286
Disposals				(3.690.400)
Cost end of year				13.600.576
Depreciation and impairment losses beginning of year				(99.330)
Depreciation for the year				(2.043.766)
Reversal regarding disposals				1.888.802
Depreciation and impairment losses end of year				(254.294)
Carrying amount end of year				13.346.282

Notes to consolidated financial statements

	Investments in associates DKK	Other investments DKK
11. Fixed asset investments		
Cost beginning of year	653.100	5.868.143
Disposals on divestments etc	(653.100)	0
Cost end of year	0	5.868.143
Impairment losses beginning of year	(653.100)	0
Disposals on divestments etc	653.100	0
Impairment losses end of year	0	0
Carrying amount end of year	0	5.868.143

12. Prepayments

Prepayments recognised under assets comprise expenses incurred related to the subsequent financial year.

	Due within 12 months 2018 DKK	Due within 12 months 2017 DKK'000	Due after more than 12 months 2018 DKK
13. Liabilities other than provisions			
Finance lease liabilities	447.237	656	1.491.362
	447.237	656	1.491.362

14. Short-term deferred income

Deferred income comprises income received to be recognised in subsequent financial year.

	2018 DKK	2017 DKK'000
15. Change in working capital		
Increase/decrease in inventories	(1.739.030)	(780)
Increase/decrease in receivables	(145.593.920)	(105.260)
Increase/decrease in trade payables etc	(3.752.897)	72.899
	(151.085.847)	(33.141)

	2018 DKK	2017 DKK'000
16. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	6.370.793	6.584

Notes to consolidated financial statements

	2018 DKK	2017 DKK'000
17. Contingent liabilities		
Recourse and non-recourse guarantee commitments	7.840.757	4.113
Contingent liabilities in total	7.840.757	4.113

18. Assets charged and collateral

Other fixtures etc have been financed by means of finance leases. The carrying amount of assets held under finance leases is k.DKK 2.206

19. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Landbrug & Fødevarer F.m.b.A., Axelborg, Axeltorv 3, 1609 Copenhagen

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Landbrug & Fødevarer F.m.b.A., Axelborg, Axeltorv 3, 1609 Copenhagen

	Registered in	Corpo- rate form	Equity inte- rest %
20. Subsidiaries			
SPF Genetics France Sarl	France	SARL	100,0
DanBred Int. France S.A.	France	S.A.	100,0
DBI Invest ApS	Denmark	ApS	100,0
Klasse KI B.V.	Netherlands	B.V.	80,0

Parent income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Revenue	1	882.477.782	67.925
Cost of sales		(765.265.487)	(56.531)
Other external expenses		(31.899.903)	(6.479)
Gross profit/loss		85.312.392	4.915
Staff costs	2	(51.369.074)	(3.507)
Depreciation, amortisation and impairment losses	3	(24.163.074)	(1.965)
Operating profit/loss		9.780.244	(557)
Income from investments in group enterprises		1.555.286	292
Income from investments in associates		1.192.768	0
Other financial income	4	1.557.562	4
Other financial expenses	5	(1.014.081)	(161)
Profit/loss for the year	6	13.071.779	(422)

Parent balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Acquired licences		1.504.036	0
Acquired trademarks		47.291.667	49.792
Acquired rights		138.848.333	146.188
Goodwill		240.855.652	247.559
Intangible assets	7	428.499.688	443.539
Other fixtures and fittings, tools and equipment		11.559.596	3.794
Property, plant and equipment	8	11.559.596	3.794
Investments in group enterprises		27.217.928	7.830
Investments in associates		0	0
Fixed asset investments	9	27.217.928	7.830
Fixed assets		467.277.212	455.163
Manufactured goods and goods for resale		1.101.765	780
Inventories		1.101.765	780
Trade receivables		75.143.371	53.405
Receivables from group enterprises		30.922.247	4.246
Other receivables		17.172.582	20.365
Receivables from owners and management		120.883.700	24.016
Prepayments	10	2.674.395	1.494
Receivables		246.796.295	103.526
Cash		1.862.169	154.661
Current assets		249.760.229	258.967
Assets		717.037.441	714.130

Parent balance sheet at 31.12.2018

	Notes	2018 DKK	2017 DKK'000
Contributed capital		319.850.000	319.850
Reserve for net revaluation according to the equity method		1.847.619	292
Retained earnings		330.631.708	319.115
Equity		652.329.327	639.257
Finance lease liabilities		1.445.915	2.869
Non-current liabilities other than provisions	11	1.445.915	2.869
Current portion of long-term liabilities other than provisions	11	492.684	656
Prepayments received from customers		10.947.524	5.725
Trade payables		27.259.733	23.631
Payables to group enterprises		333.548	24.520
Other payables		24.228.710	12.522
Deferred income	12	0	4.950
Current liabilities other than provisions		63.262.199	72.004
Liabilities other than provisions		64.708.114	74.873
Equity and liabilities		717.037.441	714.130
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Assets charged and collateral	15		
Related parties with controlling interest	16		

Parent statement of changes in equity for 2018

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	319.850.000	292.333	319.115.215	639.257.548
Effect of divestments of entities etc	0	(1.192.768)	1.192.768	0
Profit/loss for the year	0	2.748.054	10.323.725	13.071.779
Equity end of year	319.850.000	1.847.619	330.631.708	652.329.327

Notes to parent financial statements

	2018 DKK	2017 DKK'000
1. Revenue		
Sale of live breeding stock	569.817.963	54.818
Other sales	312.659.819	13.107
	882.477.782	67.925
	2018 DKK	2017 DKK'000
2. Staff costs		
Wages and salaries	44.302.937	3.054
Pension costs	5.872.567	371
Other staff costs	1.193.570	82
	51.369.074	3.507
Average number of employees	72	68
	2018 DKK	2017 DKK'000
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	22.328.580	1.885
Depreciation of property, plant and equipment	1.842.865	80
Profit/loss from sale of intangible assets and property, plant and equipment	(8.371)	0
	24.163.074	1.965
	2018 DKK	2017 DKK'000
4. Other financial income		
Financial income arising from group enterprises	191.250	3
Other interest income	389.798	1
Exchange rate adjustments	976.514	0
	1.557.562	4
	2018 DKK	2017 DKK'000
5. Other financial expenses		
Other interest expenses	2.974	0
Exchange rate adjustments	0	17
Other financial expenses	1.011.107	144
	1.014.081	161

Notes to parent financial statements

	2018 DKK	2017 DKK'000		
6. Proposed distribution of profit/loss				
Transferred to reserve for net revaluation according to the equity method	2.748.054	0		
Retained earnings	10.323.725	(422)		
	13.071.779	(422)		
	Acquired licences DKK	Acquired trademarks DKK	Acquired rights DKK	Goodwill DKK
7. Intangible assets				
Cost beginning of year	0	50.000.000	146.800.000	248.624.000
Additions	1.561.416	0	0	5.727.730
Cost end of year	1.561.416	50.000.000	146.800.000	254.351.730
Amortisation and impairment losses beginning of year	0	(208.333)	(611.667)	(1.064.878)
Amortisation for the year	(57.380)	(2.500.000)	(7.340.000)	(12.431.200)
Amortisation and impairment losses end of year	(57.380)	(2.708.333)	(7.951.667)	(13.496.078)
Carrying amount end of year	1.504.036	47.291.667	138.848.333	240.855.652
				Other fixtures and fittings, tools and equipment DKK
8. Property, plant and equipment				
Cost beginning of year				3.874.758
Additions				11.401.600
Disposals				(4.137.576)
Cost end of year				11.138.782
Depreciation and impairment losses beginning of year				(80.668)
Depreciation for the year				(1.842.865)
Reversal regarding disposals				2.344.347
Depreciation and impairment losses end of year				420.814
Carrying amount end of year				11.559.596

Notes to parent financial statements

	Invest- ments in group enterprises DKK	Investments in associates DKK
9. Fixed asset investments		
Cost beginning of year	7.538.309	653.100
Additions	17.832.000	0
Disposals	0	(653.100)
Cost end of year	25.370.309	0
Revaluations beginning of year	292.333	0
Amortisation of goodwill	(407.945)	0
Share of profit/loss for the year	1.963.231	0
Revaluations end of year	1.847.619	0
Impairment losses beginning of year	0	(653.100)
Disposals on divestments etc	0	653.100
Impairment losses end of year	0	0
Carrying amount end of year	27.217.928	0

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

10. Prepayments

Prepayments recognised under assets comprise expenses incurred related to the subsequent financial year.

	Due within 12 months 2018 DKK	Due within 12 months 2017 DKK'000	Due after more than 12 months 2018 DKK
11. Liabilities other than provisions			
Finance lease liabilities	492.684	656	1.445.915
	492.684	656	1.445.915

12. Deferred income

Deferred income comprises income received to be recognised in the subsequent financial year.

	2018 DKK	2017 DKK'000
13. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	5.848.248	6.184

Notes to parent financial statements

	2018 DKK	2017 DKK'000
14. Contingent liabilities		
Recourse and non-recourse guarantee commitments	7.840.757	4.113
Contingent liabilities in total	7.840.757	4.113

15. Assets charged and collateral

Other fixtures, etc have been financed by means of finance leases. The carrying amount of assets held under finance leases is k.DKK 2.206.

16. Related parties with controlling interest

Landbrug & Fødevarer F.m.b.A, Axelborg, Axeltorv 3, 1609 Copenhagen wholly owns the shares of the company and thus has control over the company.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Accounting policies

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate of the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Revenue

Revenue is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for

Accounting policies

premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of intangible assets as well as equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Income from investments in associates

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after elimination of internal profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful lives are reassessed annually. The amortisation periods used are 20 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Accounting policies

Intellectual property rights etc

Intellectual property rights etc comprise acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-8 years
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For leasehold improvements and assets subject to finance leases, the depreciation period is treated as corresponding assets described above.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits and losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Accounting policies

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful lives are reassessed annually. The amortisation periods used are 20 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Investments in associates

Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity values plus unamortised goodwill and plus or minus unrealised pro rata intra-group profits and losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in associates.

Associates with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant associate, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

Other investments

Other investments comprise unlisted investments measured at the lower of cost and net realisable value.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Accounting policies

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Finance lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, improvement and sale, etc of intangible assets and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.