Premium Pork International

Premium Pork International A/S
Dannevirkevej 6
7000 Fredericia

Reg. no. **37 87 50 58**

Annual Report

January 1st – December 31st 2017

Presented and adopted at the Annual General Meeting on 23 / 5 **2018.**

Chairman of the Annual General Meeting: ______________

Contents

Company Information

The Company	**Premium Pork International A/S** Synergihuset Dannevirkevej 6 DK - 7000 Fredericia	
	Company Reg. no	37 87 50 58
	Domicile:	Fredericia
	Telephone	+45 64812600
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	Web:	www.dchi.dk
	E-mail:	ppi@premiumporc.com
Board of Directors	Torben Svejgård (*Chairman*) Carsten Lind Pedersen Ole Sloth Nielsen Bo Holse	
Executive Board	Lars Vesten Drescher, CEO Morten Beider, CFO	
Auditor	Deloitte Statsautoriseret Revisionspartnerselskab City Tower, Værkmestergade 2 DK - 8000 Aarhus C	
Bank	Nordea Danmark A/S Kirkegade 3 DK - 8900 Randers	
Lawyer	Gorrissen Federspiel Silkeborgvej 2 DK - 8000 Aarhus C	
Subsidiaries	Premium Porc SRL Consinterfin SRL Degaro SRL Premium Porc Feed SRL Agro Investments Moldova SRL Premium Porc Negreni SRL Premium Vet Depot SRL Olsuin SLR Premium Porc Sibiu SRL	
Group relations	DCH International A/S, Fredericia is the Parent preparing annual report for the largest group.	

Management's statement of the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Premium Pork International A/S for the financial year 1 January to 31 December 2017.

The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

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 31.12.2017 and of the results of their operations and cash flows for the financial year 2017.

In our opinion, the management commentary contains a fair review of the development of the Group's and the Parent's business and financial matters, the results for the year and of the Parent's financial position and the financial position as a whole of the entities included in the consolidated financial statements.

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

Fredericia, 9th of March 2018

Executive Board

Lars Vesten Drescher
CEO

Morten Beider
CFO

Board of Directors

Torben Svejgård
Chairman

Carsten Lind Pedersen

Ole Sloth Nielsen

Bo Holse

Independent auditor's report on the annual report for the period 01.01.2017 - 31.12.2017

To the Shareholder of Premium Pork International A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Premium Pork International A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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 31-12-2017, and of the results of their operations and cash flows for the financial year 01.01.2017 - 31.12.2017 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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.

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 other-wise 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.

Management's responsibilities for the annual report

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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 annual report

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 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.

Aarhus, 9.3.2018

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No. 33 96 35 56

Thomas Skovsgaard
State-Authorised Public Accountant
MNE no.: mne34333

Rasmus Brodd Johnsen
State-Authorised Public Accountant
MNE no.: mne33217

Consolidated Financial Highlights

EUR '000	2017	14/7 - 31/12 2016 *)
Profit & Loss		
Total Income	67.464	33.817
Operating profit excl. value adjust. bio. assets	19.433	9.122
Operating profit/loss (EBIT)	18.572	11.157
Net financials	-3.398	-1.279
Profit/loss for the period	12.657	8.167
Balance sheet:		
Total Assets	149.185	116.279
Investment in property, plant and equipment	22.256	4.186
Equity	70.723	56.334
Invested capital	128.538	101.459
Net Interest-bearing debt	54.226	41.866
Cash flow:		
Cash flow from operating activities	11.389	9.599
Cash flow from investing activities	-23.833	-3.495
Cash flow from financing activities	15.755	-2.002
Employees:		
Average number of employees	335	308
Production Scope:		
Harvested land, ha	1.796	1.848
Total Yield (all crops), tons	7.496	7.226
Average number of sows	12.503	12.202
Number of pigs produced	406.702	197.513
Produced pigs per avg. sow	32,5	32,4
Ratios:		
Gross margin	43,9%	44,2%
EBIT margin	27,5%	33,0%
Return on invested capital	16,2%	23,8%
Return on equity	19,9%	32,0%
Solvency ratio	47,4%	48,4%
Current Ratio	140%	165%

***)** The Company was established as a new holding company in July 2016. Consolidated financial highlights prior this can be found in the Annual Report for the Company's parent: DCH International A/S.

Definitions of financial ratios:

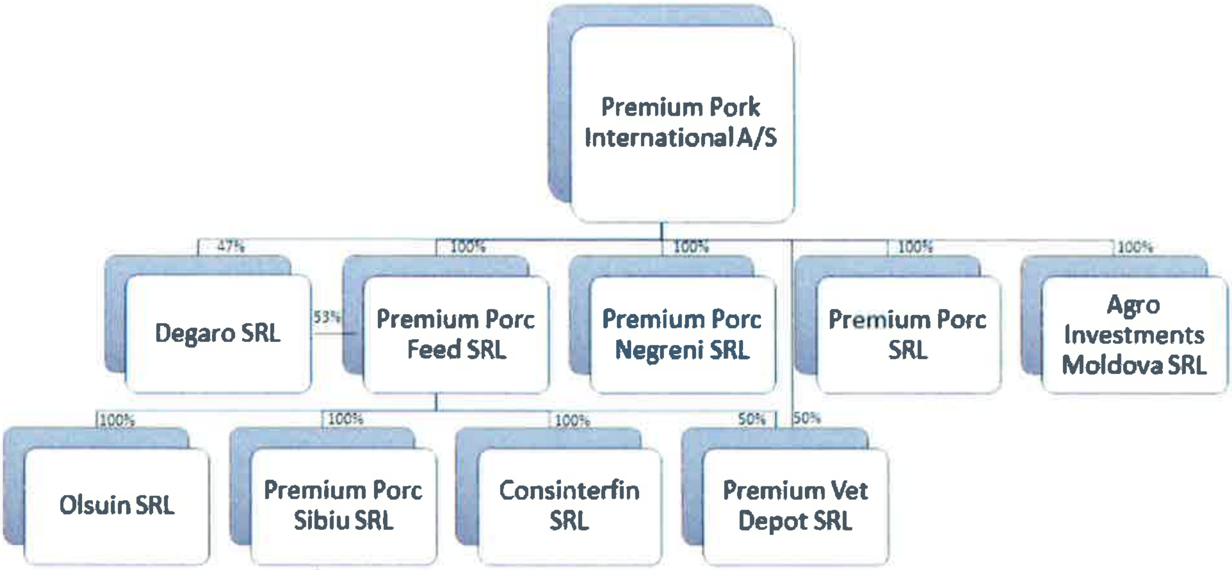
Gross margin	Gross profit / Total Income x 100
EBIT margin	EBIT / Total Income x 100
Return on invested capital	EBIT / Avg. invested capital x 100
Return on equity	Net Profit / Avg. equity x 100
Solvency ratio	Equity / Total assets x 100
Current Ratio	Current assets / current liabilities x 100

Management Review

Main activity
As in previous years the main activity has been to operate pig production, focusing on sales of finishers through subsidiaries in Romania.

The business model is based on three kinds of core expertises:
- Danish Knowledge about pig production, including genetics, feed and production management, ensuring the best efficiency in this line of industry.
- Project planning and development. Identification of expansion potentials and implementation of projects - on time and with a competitive outcome.
- Organization on the basis of training programs and management systems, locally adapted.

Corporate Structure
As is from December 31st 2017:



Note: All subsidiaries are 100% controlled by the Company and are all 100% owned directly or indirectly by the Company.

Development in the financial year and financial positions
Comparison with 2016 is difficult due to the restructuring of the ownership structure in 2016. In reality the Group is the same as before establishment of Premium Pork International A/S and the ultimate owners are unchanged. The table below show highlights of the Group's performance prior establishment of the Company in order to provide a better base for comparison.

Profit & Loss for the Romanian Subsidiaries *EUR '000*	**2015**	**2016**	**2017**
Total Income	46.522	58.165	67.464
Operating profit excl. value adjust. bio. assets	8.315	12.069	19.433
Operating profit/loss (EBIT)	6.466	15.342	18.572
Profit/loss for the period	3.105	10.923	12.657

Note: *The table show realized financials from the subsidiaries in Romania.*

The consolidated total income increased to EUR 67.5 million (16% compared to 2016). The increase is a result primarily of increasing prices on the group's main product, Pork, and secondary from increasing activity.

Management review – continued

Profit of EUR 12.7m exceeds the expectations

The total profit in the period is EUR 12.7 million, which is EUR 1.7 million more than the subsidiaries combined profit in the full year 2016.

The result is highly affected by the favorable price ratio between pork and feed which has been the case for the entire Europe in this period. The profit exceeds the result of 2016 which was, so far, the best result of the Group ever. In addition to favorable price ratios, also increased production efficiency contributes to the improvements compared to 2016. On the negative side compared to 2016 are:

- Start-up costs related to new production facilities have a negative influence on approx. EUR 1.2m before tax.
- Fair value adjustment of herd have a negative influence on approx. EUR 0.9m compared to a positive adjustment on EUR 3.3m in 2016.
- RON devaluated compared to EUR primarily in Q4 creating a loss on approx. EUR 1m.

The total profit is considered very satisfactory.

The liquidity reserves in the Group are as per 31/12 2017 at a satisfactory level.

In general, the Group can be divided into two Romanian business areas from which pig production is significantly the largest.

	Consolidated total		**Pig production Romania**		**Crop Production Romania**	
EUR '000	2017	*2016*	2017	*2016*	2017	*2016*
Total income	67.464	*33.817*	65.484	*33.014*	1.972	*1.273*
EBITDA wo fair value adjust. biological assets	24.815	*10.801*	23.525	*10.237*	1.165	*487*
EBIT	18.572	*11.157*	17.553	*12.362*	895	*194*
Profit before tax	**15.175**	***9.878***	**14.376**	***11.486***	**681**	***102***

Note: *2016 represent only 6 Months from July 1 to December 31.*

Below, the development is described in details.

Pork prices 20% up from 2016

The pork sales prices in Romania, as well as in Europe, exceeded all expectations in 2017. Prices are increased by 20% compared to 2016. The reason behind the good prices is a combination of decreasing European production while the export from EU has developed very satisfactory, primarily driven by China.

Tendency of market prices in Romania		**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Pork Prices (carcass)	EUR/kg	1,77	1,80	1,56	1,40	1,38	1,66
Feed Prices	EUR/kg	0,24	0,26	0,21	0,22	0,20	0,21
Exchange ratio pork:feed		**7,3**	**7,0**	**7,3**	**6,5**	**6,8**	**7,9**

Note: *The table show realized prices from the subsidiaries in Romania as an annual average.*

Feed prices have been very stable at a level equivalent to previous years, which combined with high pork prices have generated an exchange ratio between pork and feed at 7.9. This level has not been seen for many years. The good price ratio compared to 2016 explains an improvement of EUR 10.6m from 2016 to 2017. The fluctuations in commodity prices underline the industry's huge exposure to the global price ratio of meat and cereals.

Management review – continued

Production increased by 11%
The production capacity, measured in herd of sows, is in process of being increased but the impact in 2017 is limited to 2%. But the effect from the expansion of slaughter pig capacity in 2016 is now seen on the total amount of pork produced which is increased by 11%.

The increase of production is not only a result of the capacity expansion but also a result of productivity increase. Measured on pigs/sow per year, the productivity increase is 1%. Start-up of new production facilities influences the efficiency improvements negatively.

In total we have realized a production that is 11.300 pigs (3 %) above the target for the year.

Facts about the pig production		2015	2016	2017	Diff. '16 to '17
Number of sows end of year	heads	11.742	12.269	12.510	2%
Weaned piglets per avg. sow	heads	31,5	34,0	34,2	1%
Produced pigs per avg. sow	heads	29,5	32,3	32,5	1%
Sold slaughterpigs	heads	293.811	383.936	396.445	3%
Weight produced pigs	tons	33.891	40.275	44.593	11%

Note: *2016 represent all 12 Months as realized in the subsidiaries.*

Romania supports pig welfare
According to Romanian support scheme, we applied for and received grants to improve animal welfare in pig production. The grant we applied for in the year has been recognized in total income by EUR 8.3m, which is 80% of applied due to risk assessment on the payment. Payment is expected end of 1st half of 2018.

In 2017 we have received payments of EUR 8.9m of subsidies covering 2016; equivalent to 87% the applied amount; and thus EUR 1.1m more than what was allocated by end of 2016. In total, payments of welfare subsidies of EUR 9.5m are booked in the period.

Should the subsidies cease, it is expected to reflect the pork prices in the local market positively. In addition, we could reduce the significant costs related to meeting the requirements for the subsidy.

Revised herd valuation
The market prices of biological assets, primarily the pig herd, have followed the fluctuations in the pork prices. The market values reached a high level during the summer but dropped approx. 20% towards the end of the year to a level slightly below the level end of 2016. As a consequence, biological assets are decreased by EUR 0.9m compared to if prices of 31.12.2016 were used. The adjustment is in line with international accounting principles which are considered to provide a more accurate description of the company activities and financial position.

The biggest customers are growing
Sales of slaughter pigs are still characterized by many small slaughter houses. Nevertheless, in 2017 we have sold considerably more to a few key customers why the 3 biggest represent an increasing amount. In 2017 only a few and minor losses on debtors among customers have occurred. The ability to pay from a customer previously set aside on, has developed satisfactory and parts of the previous years' provision have been reversed.

Management review – continued

EUR 22m invested in 2017 - BraSib project in progress
Overall, the investments in 2017 reached approximately EUR 23.8m including breeding herd. The initiated BraSib project is the biggest part covering approx. EUR 20.5m out of the total investments. The BraSib investments in 2017 were concentrated on Greenfield construction of a sow farm besides acquisition of two new farms in the Central Romania. Among other projects to be mentioned are the finalization of the Negreni II project (EUR 0.8m) and acquisition of farm machinery and manure equipment of EUR 1.1m. All investments are in line with budget and time schedule.

Satisfactory yields in winter crops
Crop production is heavily influenced by extreme weather conditions ranging between periods of heavy rain followed by a dry and hot summer with little rain. The winter crop yields are in line with budget whereas the spring crop yields, corn and sunflower, disappointed and provided yields below budget due to extreme heat during the summer.

EUR 0.3m profit from sales of farmland
The profit in the subsidiary covering the field activities, Agro Investments Moldova SRL, is positively impacted by sales of farmland profits at approx. EUR 0.3 million.

Properties revalued by EUR 2.5 million.
A valuation review has been performed on the properties owned by Premium Porc Feed SRL and Degaro SRL. The valuation reviews are the basis for property tax payments and resulted in a total financial revaluation of EUR 2.5 mil. The revaluation after tax is allocated to other comprehensive income included in the equity and has no impact on the result for the year.

Litigations for repayment of grants
The pending cases of claims for recovery of various grants with a total of EUR 1,592k have been reduced from three cases to one since the two minor cases have been judged in favor of the company after two court rulings. The biggest dispute has been appointed to a higher court from the start and was addressed in December 2015. The judgement was given in February 2016 and not in favor of the company. Our Romanian lawyers and legal advisors is still assessing that we have a good legal position why the judgement has been appealed to the Supreme Court. The dispute is not expected to be finalized soon.

For that reason we have chosen not to expense the amount. During 2017 we did pay the amount to the tax authorities in order to avoid pledge on the tangible assets although we consider the amount paid as a receivable.

We consider the case as an isolated event without influence on subsidies received after 2012.

Organizational investments
After structuring and expanding the organization in recent years, the company of today has a good competence profile to improve the production results and expand the company even further. Focus is still on employee development, education and in general to improve competencies in all organizational levels. For that reason, considerable expenses are each year allocated for this purpose which is considered to bring value to the company in the short- and long run.

The activities of the Romanian subsidiaries are administered by a local management team with the aim of releasing resources for continuous corporate growth.

Management review – continued

Social responsibility
This statement has been prepared in accordance with the Statement Acts §99a and §99b.

CSR is a focus area for Premium Pork International A/S and has due to this launched a policy for this area. There is a special focus on animal welfare, environment, health and safety, and community development. The complete CSR report can be downloaded by the company's website: www.dchi.dk: DCH International A/S - quality pork from around the world

We strive constantly to care for the environment in everything we do and recognize the need to protect natural resources for the benefit of future generations.

The main environmental impact in terms of our production is storage and use of manure on our farmland. The storage is done in sealed double membrane lagoons in order to prevent release of ammonia and greenhouse gases and reduce odors in general. Applying liquid manure occurs on farmland according to latest Danish technology.

In Romania a number of sponsorships are concluded with local schools and hospitals, and as the Group continuously participates on behalf of other projects that improve the living conditions in the surrounding villages.

Animal welfare is ensured by ongoing controlling and compliance with our written procedures for pig production. These procedures are based on the Danish practice, EU rules in this area and further supplemented by additional measures as required by the Romanian authorities in the context of the national program for animal welfare.

Policy for the under-represented gender
Board of Directors:
The gender composition of the board remains unchanged since 2016, as the right candidate has not yet been found. The current gender in the board is 0 women and 4 men. The company's board members are elected by the shareholder at the Annual General Meeting.

Target regarding diversity at Board of Directors level is at least one of the board members should be of the underrepresented gender before the end of 2020. Taking its industry into account, it is unlikely that the proportion of the under-represented gender in the board will increase over the coming years. The shareholders will be aware of this in the future constitutions of the Board, if the recruitment base supports this possibility in order to ensure diversity in management to strengthen the innovation capacity and quality of the management.

Other management levels:
The company is due to limited number of employees not required to establish a policy for other management levels.

Management review – continued

Anticipated development
The pork market is not expected to be quite as strong as in 2017. The stable production in EU and a continuation of the strong export primarily to China do maintain a firm floor for the European pork prices. The average price for 2018 is expected to be approx. 8% lower than 2017 reflecting a more average year.

The current grain prices are the same level as last year which will generate a satisfactory price ratio all though an average level. The expected prices for pork and feed lead to a pork/feed price ratio slightly above 7 and ensures profitability in the production without including welfare subsidies.

Subsidies for animal welfare continues
The current subsidy program for animal welfare improving production is on most farms expired by end of 2017. A new animal welfare program is in process of approval and is expected to be implemented with enforcement as of January 1, 2018. The new program seems to provide future subsidy payments at a significant although slightly lower level as the current program.

Big expansion project well under way
In line with the growth strategy of the company, investments in additional production expansion are initiated in Romania (BraSib project). When fully in operation in second half of 2018, the project will increase the production capacity by 45%. The investment budget is approx. EUR 40m and includes acquisition of properties executed in 2017.

Start-up costs related to this project will also in 2018 impact the financial performance during the first part of the year. But the project will from then on improve the Group's profitability.

We expect a satisfactory profit for 2018
It's unlikely to match the profit for 2017 in 2018 primarily due to the lower pork prices. But a profit matching the previous years are realistic and a satisfactory level.

Consolidated Income Statement for January 1st to December 31st

	Note	2017 EUR '000	1/7 - 31/12 2016 EUR '000
Revenue	3	58.509	25.134
Grants and other income	4	9.815	6.648
Value adjustment, biological assets	5	-861	2.035
Total Income		**67.464**	**33.817**
Direct costs		-25.236	-11.599
Other external costs		-12.592	-7.256
Gross profit		**29.636**	**14.962**
Staff Expenses	6	-5.681	-2.126
Depreciation	7	-5.382	-1.679
Operating profit (EBIT)		**18.572**	**11.157**
Financial income	8	1	0
Financial expenses	9	-3.399	-1.279
Profit before tax		**15.175**	**9.878**
Tax on profit for the year	10	-2.517	-1.711
Net profit for the year		**12.657**	**8.167**
Distribution of profit for the year:			
Group Shareholders		12.657	8.167
Distributed		**12.657**	**8.167**

Consolidated Statement of Comprehensive Income for January 1st to December 31st

	2017 EUR '000	1/7 - 31/12 2016 EUR '000
Net profit for the year	12.657	8.167
Items that may be reclassified subsequently to profit or loss		
Exchange adjustments of foreign enterprises	-453	-706
Hedge accounting	22	75
Items that may not be reclassified subsequently to profit or loss		
Revaluation of land, buildings, leasehold improvements and plant and machinery	2.161	2.910
Total comprehensive income	**14.388**	**10.445**
Distribution of total comprehensive income		
Group shareholders	14.388	10.445
	14.388	**10.445**

Consolidated Statement of Financial Position at December 31st

Assets	Note	31/12 2017 EUR '000	31/12 2016 EUR '000
Acquired rights	11	404	105
Intangible fixed assets in total		**404**	**105**
Land and buildings	12	57.325	47.066
Plant and machinery	12	15.485	14.732
Operating equipment	12	2.517	2.225
Property, plant and equipment in progress	12	9.563	2.482
Property, plant and equipment		**84.890**	**66.506**
Non-current investments	14	623	149
Fixed asset investments		**623**	**149**
Biological assets, Breeding herd	13	7.631	6.399
Biological assets		**7.631**	**6.399**
Non-current assets		**93.548**	**73.159**
Biological assets, Commercial herd	13	11.609	10.818
Biological assets, Crop production	13	676	467
Inventories	15	8.932	5.748
Biological assets and inventories		**21.217**	**17.032**
Trade receivables	16	6.598	5.385
Other receivables	16	14.321	10.637
Prepayments		1.755	1.323
Receivables		**22.674**	**17.345**
Assets classified as held for sale	17	1.282	1.477
Cash and cash equivalents		10.465	7.266
Total current assets		**55.637**	**43.120**
Total Assets		**149.185**	**116.279**

Consolidated Statement of Financial Position at December 31st

Equity and liabilities	Note	31/12 2017 EUR '000	31/12 2016 EUR '000
Share Capital	18	690	690
Reserve for exchange adjustments		-1.159	-706
Asset revaluation surplus		5.071	2.279
Retained earnings		66.121	54.072
Equity		**70.723**	**56.334**
Provision for deferred tax	19	2.708	2.323
Credit institutions	20	28.514	20.557
Shareholder loan	20	4.700	7.900
Deferred income	21	2.095	2.365
Other non-current liabilities	20	546	691
Long-term liabilities		**38.563**	**33.836**
Short term portion, credit institutions	20	28.987	18.381
Trade payables		7.668	3.007
Interest bearing payables to shareholders	20	1.944	1.602
Other liabilities	22	1.232	3.071
Short-term liabilities		**39.831**	**26.060**
Liabilities associated with assets held for sale	17	68	48
Total liabilities		**78.462**	**59.945**
Total Equity and Liabilities		**149.185**	**116.279**

Consolidated Statement of Changes in Equity for January 1st to December 31st

EUR '000	Share Capital	Asset revaluation surplus	Reserve for exchange adjustment	Retained earnings	Total Equity
Equity at July 1, 2016	**690**	**0**	**0**	**45.200**	**45.890**
Net profit/loss for the year	0	0	0	8.167	8.167
Other comprehensive income	0	2.910	-706	75	2.278
Comprehensive income for the year 2016	**0**	**2.910**	**-706**	**8.241**	**10.445**
Transfer other reserves to retained earnings	0	0	0	0	0
Equity December 31, 2016	**690**	**2.910**	**-706**	**53.441**	**56.334**
Net profit/loss for the year	0	0	0	12.657	12.657
Other comprehensive income	0	2.161	-453	22	1.731
Comprehensive income for the year 2017	**0**	**2.161**	**-453**	**12.680**	**14.388**
Transfer other reserves to retained earnings	0	0	0	0	0
Equity December 31, 2017	**690**	**5.071**	**-1.159**	**66.121**	**70.723**

Consolidated Cash Flow Statement for January 1st to December 31st

	Note	2017 EUR '000	1/7 - 31/12 2016 EUR '000
Operating profit/loss (EBIT)		18.572	11.157
Adjustment for non-cash items:			
Depreciations		6.023	1.719
Value adjustment, biological assets	5	861	-2.035
Change in commercial herd	13	-1.551	1.880
Change in inventories incl. crops in progress		-3.331	423
Change in receivables		-5.740	-1.345
Change in trade payables etc.		1.796	-522
Cash flow from operations before financial items		16.630	11.276
Financial income received	8	1	0
Financial expenses paid		-1.983	-1.023
Corporation taxes paid		-3.258	-654
Cash flow from operating activities		**11.389**	**9.599**
Acquisition of intangible assets	11	-443	-52
Sale of intangible assets	11	37	0
Acquisitions of property, plant and equipment	12	-22.256	-4.186
Sale of property, plant and equipment	12	469	74
Acquisition of investments	14	-473	0
Sale of investments	14	0	246
Net disposal of assets held for sale	17	215	451
Acquisition of biological assets	13	-1.382	-28
Cash flow from investing activities		**-23.833**	**-3.495**
Proceeds from borrowings	20	20.659	3.169
Repayment of borrowings	20	-4.904	-5.171
Cash flow from financing activities		**15.755**	**-2.002**
Change in cash and cash equivalents		**3.311**	**4.102**
Cash and cash equivalents, start year		7.266	3.178
Exchange adjustments, begining cash		-112	-14
Cash and cash equivalents at December 31		**10.465**	**7.266**
Un-utilised short term facilities		6.545	6.000
Liquidity available at December 31		**17.010**	**13.266**

Notes to the Consolidated Financial Statements

Note 1: First time implementation IFRS

As mentioned in the management report and in the accounting policies (note 28), the Company prepares its annual report in accordance with International Financial Reporting Standards (IFRS) as adopted by EU as from 2017. As a result, the accounting policies of the Company have been changed within a few areas. IFRS is implemented so that the financial statements comply with the provisions of the International Financial Reporting Standards as adopted by EU. According to IFRS 1, the opening balance sheet at July 14th, 2016 and the comparative figures for 2016 are prepared in accordance with the IFRS/IAS and IFRIC/SIC applicable at December 31st, 2017. The opening balance sheet at July 14th 2016 has been prepared as if these standards and interpretations had always been applied, except for the special provisions on transition and effective dates described below.

The accounting effect of the transition to IFRS for the Company is as follows:

	Equity		Comprehensive
EUR '000	**14/7 2016**	**31/12 2016**	**income 2016**
According to Annual Report 2016	45.890	56.334	10.445
The financial statements after transition to IFRS	**45.890**	**56.334**	**10.445**

Reclassifications
In addition to the change in accounting policies, the following reclassification and changes have been made in the layout including restatement of the comparative figures for the opening balance at January 1st, 2017:

- Assets and liabilities reclassified as *Assets Held for Sale*
- Introduction of *Other Comprehensive Income*

The reclassifications have not affected the profit or equity.

Cash flow statement
There is no difference between the cash flow statement presented according to IFRS and the previous presentation under Danish accounting regulations.

Notes to the Consolidated Financial Statements (continued)

Note 2: Significant accounting estimates and assessments in the group accounting policies

Impact of new accounting standards
Based on an assessment of new or amended and revised accounting standards and interpretations ('IFRS') issued by the International Accounting Standards Board (IASB) and IFRS endorsed by the European Union effective on or after 1 January 2017, it has been assessed that the application of these new IFRS have not had a material impact on the Consolidated Financial Statements in 2017, and the Group does not anticipate any significant impact on future periods from the adoption of these new IFRS.

New IFRS standards issued, but not yet effective
IASB has issued and the EU has adopted IFRS 9 'Financial Instruments' which is effective for annual periods beginning on or after 1 January 2018. IFRS 9 forms part of IASB's project to replace IAS 39, and with this new standard, classification and measurement of financial instruments as well as hedging requirements will be changed. Premium Pork International has assessed the impact of this new standard on financial instruments, and the implementation is not expected to have any material impact on the consolidated financial statements. Similarly, the implementation is not expected to have any material impact on the impairment or classification of financial assets. The Group will implement the standard for the financial year 2018.

IASB has issued and the EU has adopted IFRS 15 'Revenue from Contracts with Customers' which is effective for annual periods beginning on or after 1 January 2018 and Premium Pork International plans to adopt it on the effective date. IFRS 15 forms part of the convergence project with FASB to replace IAS 18 and IAS 11 as well as other interpretations. The new standard will establish a single, comprehensive framework for revenue recognition and requires that revenue is recognized when or as control is transferred to the customer whether it is transferred over time or at a point in time in contrast to the existing standards where revenue is recognized when or as risks and rewards are transferred. The time for recognition of revenue may restrictedly, in isolated cases, be changed. In addition, IFRS 15 requires that provisions for return of products must be presented gross in the statement of financial position under inventories and provisions, respectively. IFRS 15 is not expected to have any material impact other than additional revenue disclosures.

IASB has issued IFRS 16 'Leasing' with effective date 1 January 2019. The standard will change accounting for leases, as it is to require capitalization of the Group's operational lease contracts. The analysis of possible impacts from IFRS 16, including the various options and practical expedients according to the transition rules of IFRS 16, is not completed and hence Management is unable to quantify the possible effects from IFRS 16.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of EUR 0.7 million. Therefore, IFRS 16 is expected to have some impact on the non-current assets, liabilities, EBITDA and cash flows from operating activities; however it is not practicable to provide a reasonable estimate of the financial effect until Management completes the analysis.

Contingent liabilities
The Ministry of Agriculture in Romania raised in 2014 a claim for repayment of EUR 1,592k against the subsidiary company Premium Porc SRL. The repayment claim is EUR 1,337k after tax. This claim is based on an error in the application for diesel subsidy for 2011. An error which was detected and corrected in 2012.

Notes to the Consolidated Financial Statements (continued)

Premium Porc SRL appealed in 2014 against the claims and prevailed in respect of 2 out of 3 cases. The last of the 3 cases is in beginning of February 2016 lost in first court and afterwards appealed as the company's management and legal advisors assess that the repayment claim is invalid, and the company are expected to win the appeal.

Based on the management and the company's legal advisor's opinion that the repayment claim is invalid, no provisions for repayment of subsidies are stated in the income statements. The amount is paid to the authorities in 2017 and is part of other receivables at year end 2017.

Revaluation of fair value of property, plant and equipment
The Group's land and buildings and plant and machinery are revaluated at fair value. Revaluation of property, plant and equipment are recognized in fair value using either a market based approach or replacement cost approach. Results of the revaluation based on the replacement cost approach were compared with a revaluation performed using the income approach to check for impairment indicators of revalued assets, if any.

The revaluation process is based on qualified independent appraisers, and valuation techniques are the market and replacement cost approach. The replacement cost approach is only used in cases where there was no possibility to use the market approach. The valuation process and results for measurement are reviewed and approved by Group Management and the Audit Committee at least once every year.

Revaluations are in the subsidiaries carried out every third year to ensure the carrying amounts does not differ materially from that which would be determined using fair value at the end of the reporting period. This year two of the entities performed a valuation.

The total fair value of land and buildings and plant and machinery amounted to EUR 72.8 million at December 31st 2017 (EUR 61.8 million at December 31st 2016).

Fair value of biological assets
Biological assets are recognized when the Group controls the assets and it is probable that future economic benefits associated with the asset will flow to the Group and the cost for fair value of the asset can be measured reliably.

Biological assets are measured at fair value less selling costs.

Value adjustments of biological assets are recognized in profit or loss for the period of which they relate.

Commercial herd:
Slaughter pigs (Finishers) above 50 kg are valued based on average sales prices for October-November on the local market less costs for reaching desired sales weight on approx. 107 kg. Finishers between 25-50 kg are valued as weaners with additions for added weight.

The fair value of weaners is based on official Danish and German quotes plus a mark-up to reflect the Romanian market conditions. The Danish and German quotes are used as the Group doesn't sell weaners on regular level and there isn't an official quotation for the Romanian market. The Groups experience from historical sales as well as purchases is that prices on the Romanian market are strongly correlated to the German and Danish quotations plus a mark-up reflecting the lack of weaners for sale in Romania.

The valuation of piglets is based on official Danish quotes.

Notes to the Consolidated Financial Statements (continued)

Breeding herd:
Breeding herd (boars, sows and young females) are valued based on official quotes, a number of elements such as genetics, costs and expected piglets.

WIP Crops:
For crops sown in the autumn, the Group estimates that there was no material biological transformation at Year-end compared with the time of sowing, and therefore these biological assets are measured at cost, which corresponds to the fair value.

	2017	1/7 - 31/12 2016
	EUR '000	EUR '000
3 Revenue		
Business areas:		
Pig production	56.889	24.588
Crop production	1.614	1.016
Other	838	2
	59.341	**25.606**
Intra-group trade between the business areas	*-832*	*-472*
	58.509	**25.134**
Geography:		
Romania	**58.509**	**25.134**
4 Grants and other income		
Animal Welfare Payments	9.507	6.398
EU hectare support	309	250
	9.815	**6.648**
5 Value adjustment, biological assets		
Value adjustments pigs	-911	2.028
Value adjustments crop production	50	7
	-861	**2.035**
6 Staff expenses		
Wages and salaries	5.270	1.936
Pension costs	101	43
Social contribution & other staff expenses	310	147
	5.681	**2.126**
Wages & salaries capitalized under fixed assets	0	0
	5.681	**2.126**
Remuneration to the Executive Board	512	0
Remuneration to the Board of Directors	0	0
Average number of employees	*335*	*308*

Notes to the Consolidated Financial Statements (continued)

	2017 EUR '000	1/7 - 31/12 2016 EUR '000
7 Depreciation		
Intangible assets	108	16
Buildings	2.505	1.103
Plant and equipment	2.711	1.403
Vehicles and other machinery	698	109
Investment subsidy amortization	-270	-40
Loss or gain on asset sales	-371	-912
	5.382	**1.679**
8 Financial Income		
Interest financial institutions	1	0
	1	**0**
9 Financial Expenses		
Interest bank debt	1.295	647
Calculated interest leasing commitments	97	55
Interest shareholders loans	493	307
Other financial expenses	99	14
Exchange rate adjustment	1.416	256
	3.399	**1.279**
10 Income Taxes		
Current tax	2.690	137
Adjustment of deferred tax	-174	1.574
	2.517	**1.711**
Tax on profit for the year is specified as follows:		
Calculated 22% tax on profit for the year before tax:	3.338	2.173
Tax effect of:		
Differences in tax rates in Romania (16%) compared with Denmark	-910	-593
Non-taxable income and expenses	89	131
	2.517	**1.711**
Effective tax rate for the year	17%	17%

Notes to the Consolidated Financial Statements (continued)

11 Intangible assets

EUR '000	Acquired rights
Cost at July 1, 2016	0
Additions by establishing company	248
Additions for the year	52
Disposals for the year	0
Cost at December 31, 2016	**300**
Amortisation at July 1, 2016	0
Additions by establishing company	178
Amortisation for the year	16
Amortisation at December 31, 2016	**194**
Carrying amount at December 31, 2016	**106**
Cost at January 1, 2017	300
Additions for the year	443
Disposals for the year	-37
Cost at December 31, 2017	**706**
Amortisation at January 1, 2017	194
Amortisation for the year	108
Amortisation at December 31, 2017	**302**
Carrying amount at December 31, 2017	**404**

The Group has acquired and implemented several software systems used in daily operations. The values of the acquired rights are based on costs for licenses and implementations of those software systems.

Notes to the Consolidated Financial Statements (continued)

12 Tangible assets

EUR '000	Land and buildings	Plant and Machinery	Operating equipment	Property, plant and equipment in progress
Cost at July 1, 2016	0	0	0	0
Additions by establishing company	43.825	24.335	4.059	5.343
Additions for the year	5.412	1.450	185	1.500
Disposals for the year	0	0	-504	-4.361
Cost at December 31, 2016	**49.237**	**25.785**	**3.740**	**2.482**
Apraisal at July 1, 2016	0	0	0	0
Additions by establishing company	2.753	0	0	0
Apraisal increases	3.464	0	0	0
Apraisal increases at December 31, 2016	**6.217**	**0**	**0**	**0**
Amortisation at July 1, 2016	0	0	0	0
Additions by establishing company	7.286	9.648	1.836	0
Amortisation for the year	1.103	1.403	109	0
Reversed depreciation on disposal	0	0	-430	0
Amortisation at December 31, 2016	**8.389**	**11.051**	**1.515**	**0**
Carrying amount at December 31, 2016	**47.065**	**14.734**	**2.225**	**2.482**
Land which is not depreciated	3.820			
Assets under finance lease	159	1.419	1.423	0
Assets provided as security for debt	47.065	14.734	2.225	0

Revaluation of fair value of property, plant and equipment
The Group's land and buildings and plant and machinery are revaluated at fair value as described in note 2. The revaluation process is based on qualified independent appraisers, and valuation techniques are the market and replacement cost approach. The replacement cost approach is only used in cases where there was no possibility to use the market approach.

Revaluations are in the subsidiaries carried out every third year to ensure the carrying amounts does not differ materially from that which would be determined using fair value at the end of the reporting period. A valuation review has been performed in 2016 on the properties owned by Premium Porc SRL and Premium Porc Negreni SRL including the 3 farms acquired in 2016 by taking over the companies Olsuin SRL, Gulsuin Impar SRL and Sabsuin SRL. The valuation reviews resulted in a total financial revaluation of EUR 3.5m.

The Group had end of 2016 contractual obligations related to Property, plant and equipment in progress on EUR 0.6m.

Notes to the Consolidated Financial Statements (continued)

EUR '000	Land and buildings	Plant and Machinery	Operating equipment	Property, plant and equipment in progress
Cost at January 1, 2017	49.237	25.785	3.740	2.482
Additions for the year	10.621	3.513	1.041	12.110
Disposals for the year	-368	-177	-318	-5.028
Cost at December 31, 2017	**59.490**	**29.121**	**4.463**	**9.563**
Apraisal at January 1, 2017	6.217	0	0	0
Apraisal increases	2.513	0	0	0
Apraisal increases at December 31, 2017	**8.730**	**0**	**0**	**0**
Amortisation at January 1, 2017	8.389	11.051	1.515	0
Amortisation for the year	2.505	2.711	698	0
Reversed depreciation on disposal	0	-126	-267	0
Amortisation at December 31, 2017	**10.894**	**13.636**	**1.946**	**0**
Carrying amount at December 31, 2017	**57.325**	**15.485**	**2.517**	**9.563**
Land which is not depreciated	4.380			
Assets under finance lease	208	1.538	1.163	0
Assets provided as security for debt	57.325	15.485	2.517	0

Revaluation of fair value of property, plant and equipment

The Group's land and buildings and plant and machinery are revaluated at fair value as described in note 2. The revaluation process is based on qualified independent appraisers, and valuation techniques are the market and replacement cost approach. The replacement cost approach is only used in cases where there was no possibility to use the market approach.

Revaluations are in the subsidiaries carried out every third year to ensure the carrying amounts does not differ materially from that which would be determined using fair value at the end of the reporting period. A valuation review has been performed in 2017 on the properties owned by Degaro SRL and Premium Porc Feed SRL. The valuation reviews resulted in a total financial revaluation of EUR 2.5m.

The Group had end of 2017 contractual obligations related to Property, plant and equipment in progress on EUR 6.5m.

Net Carrying amounts without revaluations:

If Land and buildings were measured using cost model, the carrying amounts would be:

Net carrying amount Land and Buildings without revaluations, 2016	40.432
Net carrying amount Land and Buildings without revaluations, 2017	47.763

Notes to the Consolidated Financial Statements (continued)

13 Biological assets	Commercial herd	Breeding herd	Total herd
Commercial and breeding herd	EUR '000	EUR '000	EUR '000
Carrying amount at July 1, 2016	**0**	**0**	**0**
Movements 2016:			
Additions by establishing company	11.410	5.631	17.041
Gains/losses from fair value changes	1.288	740	2.028
Additions for the year	23.006	223	23.230
Disposals from sales	-24.650	-432	-25.082
Transfers between groups	-237	237	0
Carrying amount at December 31, 2016	**10.818**	**6.399**	**17.217**
Year-end stock (heads)	*166.412*	*15.976*	*182.388*
Finishers, weaners & sows sold during year (heads)	*199.880*	*2.489*	*202.369*
Biological assets provided as security ('000 EUR)	10.818	10.818	17.217
Movements 2017:			
Gains/losses from fair value changes	-760	-151	-911
Additions from production	54.347	903	55.250
Additions from purchases	1.986	1.218	3.204
Disposals from sales	-54.140	-1.381	-55.520
Transfers between groups	-642	642	0
Carrying amount at December 31, 2017	**11.609**	**7.631**	**19.239**
Year-end stock (heads)	*187.205*	*21.650*	*208.855*
Finishers, weaners & sows sold during year (heads)	*378.747*	*7.368*	*386.115*
Biological assets provided as security ('000 EUR)	11.609	7.631	19.239

Gain on changes in fair value comprises changes as a consequence of biological growth and price changes. Disposals from sales and transfer amounts are calculated using the fair value per unit from previous period. Transfers between groups' covers pigs transferred to own breeding as young females.

Reference is made to note 2 for further details of fair value measurement of biological assets.

Notes to the Consolidated Financial Statements (continued)

13 Biological assets (continued)	2017	2016
Crop production - work in progress	EUR '000	EUR '000
Carrying amount at begining	**467**	**0**
Additions by establishing company	0	1.139
Gains/losses from fair value changes	50	7
Additions (field expenses) for the year	1.576	725
Disposals from harvesting	-1.405	-1.399
Exchange adjustments	-12	-4
Carrying amount at December 31	**676**	**467**
Total number of harvested hectares during year	*1.796*	*1.848*
Number of cultivated hectares end of year	*1.271*	*1.244*

Current biological assets under crop production include winter crops sown in the autumn. Field expenses for the year include expenses relating to biological transformation.

All biological assets are measured at fair value. All of these fair values are placed at level 3 in the fair value hierarchy as significant estimates are applied – please refer to note 2. The Groups financial department is responsible for performing the valuation of fair value measurements including level 3 fair values of biological assets. Valuation model includes market inputs from official prices and actual own sales prices on local market. The valuation process and results for measurement are reviewed and approved by Group Management and the Audit Committee at least once every year.

	2017	2016
	EUR '000	EUR '000
14 Non-current investments		
Deposits / other financial assets	623	149
Cost at December 31	**623**	**149**
15 Inventories		
Rawmaterials for feed	6.489	4.033
Other Consumables	1.760	798
Finished goods (Agriculture produce, feed a.o.)	684	917
Total inventories	**8.932**	**5.748**
Cost of sales recognized in profit or loss (feed)	25.236	11.651
Inventories provided as security ('000 EUR)	8.932	5.748

No write-down has been made on inventories.

Notes to the Consolidated Financial Statements (continued)

	2017 **EUR '000**	2016 EUR '000
16 Receiveables		
Trade receiveables	7.700	6.173
Bad debt provision	-686	-788
Trade receiveables, net	**7.015**	**5.385**
Receiveable from public grants	8.569	7.589
Other receiveables	5.968	3.048
Bad debt provision	-633	-428
Other receiveables, net	**13.904**	**10.209**
Write down, beginning of year	1.216	0
Additions by establishing company	0	1.350
Exchange adjustments	-31	-5
Additions for the year	298	0
Disposals for the year	-165	-129
Write-down at December 31	**1.318**	**1.216**
17 Assets held for sale		
Land and buildings	1.282	1.477
Other liabilities	-68	-48
Cost at December 31	**1.214**	**1.429**

Assets held for sale is related to an agricultural land development project spread out over Galati County in Romania. The land has never been part of the Group's operation and a sale will not impact future earnings neither the future development of the Group.

18 Share Capital

The share capital comprises the following share classes:

A-shares:		
Number beginning	690.000	690.000
Capital increase	0	0
Number at December 31	**690.000**	**690.000**

Each share has a value of EUR 1. No shares carry any special rights.

19 Provision for deferred taxes

Provision at begining of year	2.323	1.551
Adjustment for the year	-174	1.574
Adjustment on equity	559	-802
Provision for deferred tax December 31	**2.708**	**2.323**

Notes to the Consolidated Financial Statements (continued)

20 Interest bearing debt

EUR '000	Payable after 5 years	Payable between 2 and 5 years	Payable within 1 year	Total
Debt at December 31, 2016				
Credit institutions, non-current:	4.977	15.580	5.912	**26.469**
Other non-current debt:	0	691	54	**745**
Subordinated loans	0	7.900	51	**7.951**
Other payables to shareholder	0	0	1.551	**1.551**
Credit institutions, current:	0	0	12.415	**12.415**
	4.977	**24.172**	**19.983**	**49.131**
Debt at December 31, 2017				
Credit institutions, non-current:	4.868	23.646	5.819	**34.333**
Other non-current debt:	0	546	147	**693**
Subordinated loans	0	4.700	400	**5.100**
Other payables to shareholder	0	0	1.544	**1.544**
Credit institutions, current:	0	0	23.021	**23.021**
	4.868	**28.892**	**30.931**	**64.691**

Cash flow from financing activities			Non-cash changes		
	1/1 2017	**Cash flows**	**Foreign exchange movement**	**Fair value changes**	**31/12 2017**
Credit institutions, non-current:	26.469	7.864	0	0	34.333
Other non-current debt:	745	-33	-19	0	693
Subordinated loans	7.951	-2.851	0	0	5.100
Other payables to shareholder	1.551	-7	0	0	1.544
Credit institutions, current:	12.415	10.782	-176	0	23.021
Total liabilities from financing activities	**49.131**	**15.755**	**-195**	**0**	**64.691**

21 Deferred Income

	2017 **EUR '000**	2016 EUR '000
Investments subsidies beginning	2.365	2.405
New investment subsidies received	0	0
Amortization of investments subsidies	-270	-40
	2.095	**2.365**

Deferred income primarily relates to grants for the construction of feedmills in Romania. Grants are recognised as income concurrently with the underlying fixed assets being depreciated.

22 Other liabilities

Employee related payables	219	2.631
Other payables	1.013	440
	1.232	**3.071**

Notes to the Consolidated Financial Statements (continued)

Note 23: Financial risks

Capital management

The objective of the Group's capital management is to ensure the Group's ability to continue as a going concern in order to provide return on the shareholders' investments and establish and maintain an optimal capital structure for the purpose of reducing the costs of borrowed capital and maintain a basis for continued growth in the Group.

The Group's capital management is moreover partly controlled by loan agreements which include specific requirements to the financial performance of the Group.

Total capital comprises equity and subordinate loan capital from the Parent company; as shown in the consolidated balance sheet.

Market risk

The Group's credit facilities are floating-rate credits, which exposes the Group to interest rate fluctuations. According to Group policy, all financing of working capital and investments in fixed assets are made on floating-rate terms. An interest hedging of less than 1 % of the debt has been concluded. Additional 10 % of the debt is with fixed interest rate.

Activities abroad, earnings, cash flows and equity are not materially affected by currency risks, as the foreign activities are predominantly transacting in their functional currency (RON). Similarly, the external financing is denominated in EUR, which is the functional currency of the parent entity and the presentation currency for the Group, except for financing locally, which is in the functional currency of the subsidiary. Hence, there is no currency risks related to external financing either. Consequently, material currency risks for the Group are limited to translation risks related to foreign subsidiaries.

The Group does not engage in speculative currency positions. Introduction of the EUR as functional currency of the consolidated financial statements has contributed to reducing the overall impact of exchange rates.

Exchange rate adjustments of investments in foreign subsidiaries being independent entities are recognized in other comprehensive income. Exchange rate risks related to investments are normally not hedged, as the company's management is of the opinion that a current foreign currency hedging would not be the optimal solution with a view to the overall risk and costs.

	Total outstanding ('000 EUR)		Interest binding period in Months	Avg. effecitive interst in %
Loans with fixed interest	**2016**	**2017**		
EUR	11.594	7.086	12-60	4-6%
RON	745	693	up to 48	0%
	12.339	**7.779**		
Loans with variable interest				
EUR	32.590	49.725	1-6	3%
RON	4.203	6.844	1-6	3%
DKK	0	343	1	4%
	36.793	**56.912**		

The Group is not materially exposed to interest rate risks, as loans with fixed interests are primarily owed to the parent company DCH International A/S and may be settled at par value. A reasonable possible change in interest rates at 31.12.2017 would not have any material effect on income statement or equity.

Notes to the Consolidated Financial Statements (continued)

Note 23: Financial risks (continued)

The Group is highly exposed to global and EU development in sales prices of pork as well as raw materials for feed (grain and protein). The most significant effect on the Group's earnings is attributable to changes in the price of pig meat and price changes relating to pig feed, which makes up 2/3 of the pig production costs. The Group observes these developments closely.

A change of the pig meat price of 10% will, on an isolated basis, affect profit for the year before tax by approximately EUR 5.5 million (2016: approx. EUR 4.4 million). A change in the feed price will, on an isolated basis, affect profit for the year before tax by approximately EUR 2.5 million (2016: approx. EUR 2.3 million).

Credit risk

The Group is exposed to credit risks on receivables. The Group positively wants to minimize its credit risks, which mainly relates to sales transactions. Credit insurance is taken out in advance on more than 90% of the sales. As a consequence, the Group considers the credit risk to be low.

Overdue balances on trade receivables break down:

EUR '000	0-30 days	31-60 days	61-180 days	> 180 days	Total
Overdue receivables not impaired, December 31, 2016:	415	178	166	221	**980**
Overdue receivables not impaired, December 31, 2017:	395	260	31	31	**717**

Outstanding receivables are followed-up upon on a current basis in accordance with Group procedures. If it is uncertain whether a customer is able or willing to pay, and the receivable is deemed doubtful, the receivable is written down.

Liquidity risk

The Group ensures adequate cash resources by entering into framework agreements in respect of current overdraft facilities. Existing agreements subject to time limitation are irrevocable on the part of the banks prior to maturity unless there is a breach of the terms of the loans according to the loan agreements.

Maturity analysis for debt is stated in Note 21, to which reference is made. The maturity analysis is disclosed according to category and class broken down on maturity period. All amounts are excluding future interest payments.

EUR '000	Due above 5 years	Due Between 2 and 5 years	Due within 1 year	Total Carrying amount
Receivables at December 31, 2016				
Trade receivables	0	88	5.297	**5.385**
Other receivables	0	0	10.637	**10.637**
Prepayments	293	798	233	**1.323**
	293	**885**	**16.167**	**17.345**
Receivables at December 31, 2017				
Trade receivables	0	19	6.363	**6.382**
Other receivables	0	0	14.537	**14.537**
Prepayments	168	771	816	**1.755**
	168	**790**	**21.716**	**22.674**

Notes to the Consolidated Financial Statements (continued)

Note 24: Contingent Obligations

The Group has obligations on future rental of office space and production buildings and future leases of vehicles for a total of EUR 0.7m by December 31, 2017 (EUR 0.8m at December 31, 2016).

Obligation of repayment regarding SOP subvention in the Romanian subsidiaries of EUR 1.7m; in case the operation of feedmill owned by the subsidiary Degaro SRL ceases prior March 2019.

25 Related parties and ownership

Controlling Interest	Base for influence
DCH International A/S, Dannevirkevej 6, 7000 Fredericia	Parent Company

DCH International A/S's shareholders are legal and natural persons, and no individual shareholder exercises control of the Group's activities.

Other related parties

Lars V. Drescher	CEO
Morten Beider	CFO
Torben Svejgaard	Chairman of the Board of Directors
Carsten Lind Pedersen	Member of the Board of Directors
Ole Sloth Nielsen	Member of the Board of Directors
Bo Holse	Member of the Board of Directors

Transactions	**2017** **EUR '000**	2016 EUR '000
The Group has obtained a subordinate loan from the Parent Company:		
Outstanding amount at Year-end:	5.100	5.500
Interest for the year amounts to:	327	0
Other interest bearing debt and intercompany amounts from the Parent Company:		
Outstanding amount at Year-end:	1.544	4.002
Financial expenses for the year amounts to:	166	0
The Group has leased equipment and received management and other services from the Parent Company:		
Salaries and other expenses amounts to:	529	878
The Group has provided services for the Parent Company:	-17	0

Remuneration of the Executive Board and the Board of Directors is specified in note 6.

Intercompany transactions have been eliminated in accordance with the accounting policies. All transactions have taken place on arm's length basis.

26 Fees paid to auditors appointed by the General Assembly

Fees for statutory audits	78	48
Other Services	141	31
	219	**79**

Audit fee are recognized as administrative costs

27 Post balance sheet events

There have been no significant post balance sheet events.

Notes to the Consolidated Financial Statements (continued)

Note 28: Accounting Policies

Classification
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports.

Recognition and measurement
Assets are recognized in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Group, and the value of the assets can be measured reliably.

Liabilities are recognized in the balance sheet when the Group 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 Group, and the value of the liabilities 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 recognized in the income statement when earned, whereas costs are recognized by the amounts attributable to this financial year.

Consolidated financial statement
The annual report include Premium Pork International A/S (Parent) and the enterprises (group enterprises) that are controlled by the Parent, see group chart on page 8. 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.

Basis of consolidation
The annual report is prepared on the basis of the financial statements of Premium Pork International A/S and its subsidiaries. The annual report is 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 recognized in full in the annual report.

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

Business Combinations
Newly acquired or newly established enterprises are recognized in the annual report from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognized in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of restatements.

Notes to the Consolidated Financial Statements (continued)

Accounting Policies continued

Identifiable intangible assets are recognized separately from goodwill if they are separable or arise from contractual or other legal rights.

Any remaining positive differences between cost and the fair value of assets, liabilities and contingent liabilities acquired are recognized in intangible assets in the balance sheet as goodwill. Goodwill is not amortized but is tested for impairment on an annual basis. Enterprises acquired are recognized in the consolidated financial statements as from the date of obtaining control, whereas enterprises sold are recognized up until the date of surrender of control. Intra-group acquisitions of subsidiaries are made under the pooling of interests method.

If any remaining difference between cost and the fair value of assets, liabilities and contingent liabilities acquired are negative, the amount is recognized immediately in profit or loss as a bargain purchase gain.

Foreign currency translation

The items recognized in the financial statements of each of the group enterprises are measured at the functional currency used in the primary economic environment in which the individual enterprise operates. The functional currencies of the group enterprises are the following: Romanian Lei (RON) for the Romanian subsidiary and EUR for the parent company in Denmark.

The consolidated financial statements are presented in EUR, which are the functional currency of the parent company and the presentation currency of the Group. On initial recognition, transactions in foreign currencies are translated at the exchange rates at the date of transaction. Exchange differences arising between the transaction date rates and the rates at the date of payment are recognized in the income statement as financial income and expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the exchange rates at the date at which the receivable or the payable arose or was recognized in the most recent financial statements are recognized in the income statement as financial income and expenses.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings and other financial instruments designated as hedges of such investments are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss as part of the gain or loss on sale

Balance sheet items including goodwill relating to consolidated enterprises that do not have EURO as their functional currency are translated into EUR based on the exchange rates at the balance sheet date, whereas the income statements of these enterprises are translated at average rates of exchange. Exchange adjustments arising on the translation of the opening equity at the exchange rates at the balance sheet date and net profit/loss for the year at the exchange rates at the balance sheet are recognized in other comprehensive income over equity under a separate reserve for exchange adjustments.

The Group used the following exchange rates for the translation into EUR at 31 December 2017:

RON: Income statement 2017: exchange rate: 4.568 (income statement 2016: 4.491)
DKK: Income statement 2017: exchange rate: 7.445 (income statement 2016: 7.434)

Notes to the Consolidated Financial Statements (continued)

Accounting Policies continued

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognized under other receivables or other payables, respectively.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognized asset or a recognized liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognized in other comprehensive income. . When the hedged transactions are realized, the accumulated changes are recognized as part of cost of the relevant financial statement items.

Changes in the fair value of derivative financial instruments applied for hedging net investments in independent foreign subsidiaries are classified in other comprehensive income.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognized in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognized net of VAT, duties and sales discounts and is measured at fair value of the determined consideration.

Investment grants are taken to income as actual payment is made when the conditions of payment of grants have been approved by the authorities.

Fair value adjustment biological assets

Fair value adjustments of biological assets include the adjustments of the company's biological assets for the financial year measured at fair value.

Costs of plant breeding, feed, energy and other production costs

Costs of plant breeding, feed, energy and other production costs include the consumption of raw materials and consumables used to achieve net revenue.

Other external expenses

Other external expenses comprise expenses for distribution, sale, administration, premises, bad debts, etc.

Staff costs

Staff costs comprise salaries and wages, social security costs, pension contributions, etc. for the Company's staff.

Amortization, depreciation and impairment losses

Amortization, depreciation and impairment losses relating to intangible and tangible assets comprise amortization, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Notes to the Consolidated Financial Statements (continued)

Accounting Policies continued

Financial income and expenses

These items comprise interest income and interest expenses, the interest portion of finance lease payments, payables and transactions in foreign currencies, mortgage amortization premium/allowance on mortgage debt, etc. as well as tax surcharge and repayment under the Danish Tax Prepayment Scheme.

Tax

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit/loss for the year and recognized directly in equity by the portion attributable to entries directly in equity. Current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance Sheet

Intangible assets

Acquired intellectual property is amortized over the term of the agreement, but over no more than 5 years. 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 and property plant and equipment in progress are measured at cost less accumulated depreciation. Cost comprises the cost of acquisition and expenses directly related to the acquisition and costs for set-up. In case of assets of own construction, cost comprises directly attributable costs of labor, materials, components and sub-suppliers.

The categories land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognized at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit and loss. A revaluation deficit is recognized in the income statement, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is recognized in retained earnings without passing the income statement. Financial expenses directly attributable to purchases, construction or production of a qualifying asset are included as part of the cost of the asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Group uses the local, effective rate of interest on credit for construction and overdraft facilities for the calculation of expenses for capitalization.

Notes to the Consolidated Financial Statements (continued)

Accounting Policies continued

Depreciation of a non-current asset is commenced when it is put into use. Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Production buildings	25-40 years
Production plant and machinery	7-15 years
Operating fixtures, tools and vehicles	3-7 years
Land is not depreciated	

The carrying amount of property, plant and equipment is reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by fair-value or depreciation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount and the asset is written down to its lower recoverable amount.

Biological assets

Agricultural activity is defined as an activity in which biological transformation of biological assets for sale into agricultural produce or another biological asset takes place. Agricultural produce is defined as a harvested product of the Group's biological assets, and a biological asset is defined as living animals or crops.

The Group has assessed that its biological assets consists of breeding herds of gilts, sows and boars, commercial heard of slaughter pigs and unharvested crops.

On initial recognition and at subsequent reporting dates, biological assets are measured at fair value less estimated costs to sell unless fair value cannot be reliably measured on initial recognition.

Gains or losses on initial recognition of a biological asset measured at fair value less estimated costs to sell, and subsequent changes in the fair value less estimated costs to sell relating to the biological asset, are recognized in the income statement in the item "Gains/losses on changes in the fair value of biological assets" in the period in which the gain or loss arises.

Biological assets are recognized as current or non-current biological assets depending on the production cycle of the biological asset concerned. Generally, biological assets relating to slaughter pigs and cropping are recognized as current assets. Breeding herds of gilts, sows and boars are recognized as non-current assets.

Investments in subsidiaries

Investments in subsidiaries are recognized and measured under the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or less unamortized positive, or negative goodwill and plus or minus unrealized intra-group profits and losses.

The Parent's share of the enterprises' profits or losses after elimination of unrealized intra-group profits and losses and minus or plus amortization of positive or negative goodwill is recognized in the income statement and the net revaluation reserve under the equity.

Upon distribution of profit or loss, net revaluation of subsidiaries is transferred from the reserve for net revaluation to retained earnings under the equity method.

The purchase method is applied in the acquisition of investments in subsidiaries; see above description under annual report.

Notes to the Consolidated Financial Statements (continued)

Accounting Policies continued

Inventories

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

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

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labor as well as directly attributable labor and production costs. These costs also comprise maintenance and depreciation of machinery, factory buildings and equipment used in the manufacturing process as well as costs of production management.

Agricultural produce is initially recognized at fair value at the point of harvest less estimated costs to sell, and subsequently in inventories up until the point when it is sold to a third party or is used internally as feed. The fair value of agricultural produce at the point of harvest is measured on the basis of the market prices on the markets on which the agricultural produce is expected to be sold or used as feed.

Receivables

Receivables are measured at amortized cost, usually equaling nominal value less write-downs for bad debts.

Prepayments

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

Lease commitments

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

Lease payments on operating leases are recognized on a straight-line basis in the profit and loss account over the term of the lease.

Other financial liabilities

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

Deferred income

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

Cash

Cash comprises bank deposits.

Deferred tax

Deferred tax is recognized on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Notes to the Consolidated Financial Statements (continued)

Accounting Policies continued

Deferred tax assets, including the tax base of tax loss carryforwards, are recognized in the balance sheet at their estimated realizable value, either as a set-off against deferred tax liabilities or as net tax assets.

Income tax receivable or payable

Current tax payable or receivable is recognized in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The consolidated cash flow statement and the parent cash flow statement are presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the cash and cash equivalents at the beginning and end of the financial year.

Cash flows from the acquisition and divestment of enterprises are shown separately under cash flows from investing activities. Cash flows from acquired enterprises are recognized in the cash flow statement from the time of their acquisition, and cash flows from divested enterprises are recognized up to the time of divestment.

Cash flows from operating activities are calculated as operating profit/loss adjusted for non-cash operating items, working capital changes, financial income and expenses and income taxes paid.

Cash flows from investing activities comprise payments made in connection with the acquisition and divestment of enterprises, activities and fixed asset investments as well as acquisition, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the Parent's share 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 less short-term bank debt.

Parent Income Statement for January 1st to December 31st

	Note	2017 EUR '000	1/7 - 31/12 2016 EUR '000
Revenue	**29**	**1.611**	**0**
Other external costs		-588	-214
Gross profit		**1.023**	**-214**
Staff Expenses	31	-1.094	0
Depreciation		0	0
Operating profit (EBIT)		**-71**	**-214**
Income from investments in subsidiaries		12.733	8.382
Financial income	32	398	0
Financial expenses	33	-423	-1
Profit before tax		**12.636**	**8.167**
Tax on profit for the year	34	22	0
Net profit for the year		**12.657**	**8.167**
Distribution of profit for the year:			
Group Shareholders		12.657	8.167
Distributed		**12.657**	**8.167**

Parent Statement of Comprehensive Income for January 1st to December 31st

	2017 EUR '000	1/7 - 31/12 2016 EUR '000
Net profit for the year	12.657	8.167
Items that may be reclassified subsequently to profit or loss		
Exchange adjustments of foreign enterprises	-453	-706
Hedge accounting	22	75
Items that may not be reclassified subsequently to profit or loss		
Value adjustments in subsidiaries	2.161	2.910
Total comprehensive income	**14.388**	**10.445**

Parent Statement of Financial Position at December 31st

Assets	Note	31/12 2017 EUR '000	31/12 2016 EUR '000
Operating equipment		0	0
Property, plant and equipment		**0**	**0**
Investments in subsidiaries	35	71.021	56.551
Loan to subsidiaries	36	5.100	6.500
Other non-current investments		4	0
Fixed asset investments		**76.125**	**63.051**
Non-current assets		**76.125**	**63.051**
Receiveables from group companies	36	1.231	0
Other receiveables		35	53
Deferred tax assets		22	0
Receiveables		**1.287**	**53**
Cash and cash equivalents		**335**	**11**
Current assets		**1.622**	**63**
Total Assets		**77.747**	**63.114**

Equity and liabilities	Note	31/12 2017 EUR '000	31/12 2016 EUR '000
Share capital	19	690	690
Reserve for net revaluation according to the equity method		25.124	10.660
Retained earnings		44.910	44.985
Equity		**70.723**	**56.334**
Subordinate loan capital	37	5.100	5.500
Long-term liabilities		**5.100**	**5.500**
Credit institutions		622	0
Trade payables		91	263
Interest bearing payables to group enterprise		986	1.012
Other payables	38	224	4
Short-term liabilities		**1.923**	**1.279**
Total liabilities		**7.023**	**6.779**
Total Equity and Liabilities		**77.747**	**63.114**

Parent Statement of Changes in Equity for January 1st to December 31st

EUR '000	Share Capital	Reserve for net revaluation according to the equity method	Retained earnings	Total Equity
Contributed at formation July, 2016	**690**	**0**	**45.200**	**45.890**
Net profit/loss for the year	0	8.382	-215	8.167
O. comprehensive income	0	2.278	0	2.278
Equity at December 31, 2016	**690**	**10.660**	**44.985**	**56.334**
Net profit/loss for the year	0	12.733	-76	12.657
Other comprehensive income	0	1.731	0	1.731
Equity at December 31, 2017	**690**	**25.124**	**44.909**	**70.723**

Parent Cash Flow Statement for January 1st to December 31st

	Note	2017 EUR '000	1/7 - 31/12 2016 EUR '000
Operating profit/loss (EBIT)		-71	-214
Adjustment for non-cash items:			
Depreciations		0	0
Change in inventories		0	0
Change in receivables		-1.213	-53
Change in trade and other payables		47	267
Change in interest bearing payables group enterprise		-27	1.012
Cash flow from operations before financial items		-1.264	1.012
Financial income received		398	0
Financial expenses paid		-427	-1
Corporation taxes paid		0	0
Cash flow from operating activities		**-1.293**	**1.011**
Acquisitions of tangible assets		0	0
Issuence of loans to subsidiaries		0	-6.500
Repayment of loans from subsidiaries		1.400	0
Payments deposits/other financial assets		-4	0
Cash flow from investing activities		**1.396**	**-6.500**
Proceeds from borrowings		622	5.500
Repayment of borrowings		-400	0
Cash flow from financing activities		**222**	**5.500**
Change in cash and cash equivalents		**325**	**11**
Cash and cash equivalents, start year		11	0
Cash and cash equivalents at December 31		**335**	**11**
Un-utilised short term facilities		385	0
Liquidity available at December 31		**721**	**11**

Notes to the Parent Financial Statements

	2017 EUR '000	1/7 - 31/12 2016 EUR '000
29 Revenue		
Management services	903	0
Secondment	362	0
Other	346	0
	1.611	**0**
30 Fees paid to auditors appointed by the General Assembly		
Fees for statutory audits	22	0
Other Services	12	0
	34	**0**

Audit fee are recognized as administrative costs

	2017 EUR '000	1/7 - 31/12 2016 EUR '000
31 Staff expenses		
Wages and salaries	1.094	0
	1.094	**0**
Average number of employees	*8*	*0*

Reference is made to note 6 for infomation about remuneration to the Executive Board and Board of Directors.

	2017 EUR '000	1/7 - 31/12 2016 EUR '000
32 Income from investments in subsidiaries		
Premium Porc SRL	1.524	1.492
Consinterfin SRL, owned by Premium Porc Feed SRL	2.434	1.471
Agro Investments Moldova SRL	467	492
Premium Porc Negreni SRL	3.346	1.686
Premium Porc Feed SRL	74	101
Degaro SRL, owned partly by Premium Porc Feed SRL	5.380	2.892
Olsuin SRL, owned by Premium Porc Feed SRL	-267	26
Gulsuin Impar SRL, merged into Olsuin SRL 2017	-	135
Sabsuin SRL, merged into Olsuin SRL 2017	-	105
Premium Porc Sibiu SRL, owned by Premium Porc Feed SRL	-255	0
Premium Vet Depot SRL, owned partly by Premium Porc	30	-18
	12.733	**8.382**
32 Financial Income		
Interest on loans to subsidiaries	398	0
	398	**0**

Notes to the Parent Financial Statements (continued)

		2017	1/7 - 31/12 2016
		EUR '000	EUR '000
33 Financial Expenses			
Interest bank debt		11	1
Interest on loans from shareholders		409	0
Exchange rate adjustment		3	0
		423	**1**
34 Income Taxes			
Adjustment of deferred tax		-22	0
		-22	**0**
35 Investment in subsidiaries			
Cost beginning of year		45.890	0
Additions for the year		0	45.890
Cost end of period		**45.890**	**45.890**
Apraisal increases at beginning		10.660	0
Result for the period in subsidiaries		12.733	8.382
Exchange adjustments in subsidiaries		-446	-706
Appraisal of subsidiaries		2.161	2.910
Hedging in subsidiaries		22	75
Appraisal increases at end of period		**25.131**	**10.660**
Carrying amount at end of period		**71.021**	**56.551**
The carrying amount of investments in subdiaries i specified as follows:	**Ownership interest in %**		
Premium Porc SRL	100	35.515	18.191
Consinterfin SRL	100	1.997	9.745
Agro Investments Moldova SRL	100	4.367	4.034
Premium Porc Negreni SRL	100	8.626	5.326
Premium Porc Feed SRL	100	7.364	6.342
Degaro SRL	100	13.788	12.977
Olsuin SRL	100	-396	-82
Gulsuin Impar SRL, merged into Olsuin SRL 2017	100	N/A	12
Sabsuin SRL, merged into Olsuin SRL 2017	100	N/A	23
Premium Porc Sibiu SRL	100	-253	0
Premium Vet Depot SRL	100	13	-18
		71.021	**56.551**

All subsidiaries are registered in Romania.

Notes to the Parent Financial Statements (continued)

	2017 EUR '000	2016 EUR '000
36 Loans and receiveables, subsidiaries		
Subordinated loan to Premium Porc Feed SRL	4.500	4.500
Subordinated loan to Premium Porc Negreni SRL	600	1.000
Total loan to subsidiaries subordinated	**5.100**	**5.500**
Other receivables Premium Porc SRL	222	0
Other receivables Agro Investments Moldova SRL	69	0
Other receivables Premium Porc Feed SRL	385	0
Other loans & receivables Premium Porc Negreni SRL	215	1.000
Other receivables Degaro SRL	235	0
Other receivables Consinterfin SRL	104	0
Total receivables from subsidiaries	**1.231**	**1.000**
Total loans and receiveables, subsidiaries	**6.331**	**6.500**
37 Subordinate Loan Capital		
Payable after 5 years	3.100	3.500
Payable between 2 and 5 years	1.600	1.600
Long term debt	**4.700**	**5.100**
Short term debt	400	400
	5.100	**5.500**

The subordinated loan carries an interest on approx. 6% p.a.

	2017 EUR '000	2016 EUR '000
38 Other liabilities		
Employee related payables	200	0
Other payables	24	16
	224	**16**

Note 39: Financial risks

Reference is made to the description of financial risks for the Group in the Notes to the Consolidated Financial Statements. The Parent Company is not considered to be subject to any special financial risks other than those disclosed in the Notes to the Consolidated Financial Statements.

Notes to the Parent Financial Statements (continued)

Note 40: Assets charged and securities

Letter of subordination has been issued to banks in respect of loans granted to subsidiaries of EUR 5,100k.

Note 41: Guarantees and other contingent liabilities

The parent has made a corporate guarantee for subsidiaries debt to credit institutions. The guarantee is limited to EUR 74.6m. The actual debt was EUR 50.2m end of year.

The Entity guarantee for the Parent Company's debt to Nordea Denmark if any. The actual debt was EUR 0 end of year.

The Entity participates in a Danish joint taxation arrangement in which DCH International A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2016 for income taxes etc. for the jointly taxed entities and for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

The Entity has obligations on future rental of office space for a total of EUR 7k by December 31, 2017 (EUR 0k at December 31, 2016).

Note 42: Related parties

DCH International A/S owns all shares in the Company and thus exercises control based on this. Details on related parties and ownership are stated in the Notes to the Consolidated Financial Statements, to which reference is made.

Transactions
All transactions have taken place on an arm's length basis.

Transactions between the company and the subsidiaries:	**2017** **EUR '000**	2016 EUR '000
The subsidiaries have obtained subordinate loans from the Company:		
Outstanding amount at Year-end:	5.100	5.500
Interest for the year amounts to:	327	0
Other interest bearing debt and intercompany amounts from the Company:		
Outstanding amount at Year-end:	1.231	1.000
Financial expenses for the year amounts to:	71	0
The subsidiaries have received management and secondment services as long as other services from the Company:		
Management and secondment services amounts to:	1.265	0
O. services or reinvoiced costs from the Company to subsidiaries:	346	0

Reference is made to Note 25 (Note to the Consolidated Financial Statements) for details of the Groups transactions with the Parent Company.