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Hallumgade Invest ApS

Adelvej 9, Skovlund, 6823 Ansager

Company reg. no. 38 45 13 08

Annual report

1 January - 31 December 2018

The annual report was submitted and approved by the general meeting on the 29 May 2019.

Martin Kuper
Chairman of the meeting

Contents

Notes:
- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Hallumgade Invest ApS for the financial year 1 January to 31 December 2018.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2018 and of the company's results of its activities in the financial year 1 January to 31 December 2018.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Ansager, 29 May 2019

Managing Director

Martin Kuper

Board of directors

Stefan Wernsing Chairman	Martin Kuper	Martin Zwinkels

Independent auditor's report

To the shareholders of Hallumgade Invest ApS

Opinion

We have audited the annual accounts of Hallumgade Invest ApS for the financial year 1 January to 31 December 2018, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section “Auditor’s responsibilities for the audit of the annual accounts”. We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Independent auditor's report

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 29 May 2019

Grant Thornton
State Authorised Public Accountants
Company reg. no. 34 20 99 36

Brian Rasmussen
State Authorised Public Accountant
mne30153

Company data

The company	Hallumgade Invest ApS Adelvej 9 Skovlund 6823 Ansager
	Company reg. no. 38 45 13 08 Financial year: 1 January - 31 December
Board of directors	Stefan Wernsing, Chairman Martin Kuper Martin Zwinkels
Managing Director	Martin Kuper
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø
Parent company	Wernsing Scandinavia ApS
Subsidiaries	Hallumgade Pig Production ApS, Varde Hallumgade Farming ApS, Varde

Management's review

The principal activities of the company

The purpose of the company is to hold real estate specifically for agricultural purposes and other related activities.

Development in activities and financial matters

The gross profit for the year is tDKK 4.609 against tDKK 3.576 last year. The results from ordinary activities after tax are tDKK 632 against tDKK 2.745 last year. The management consider the results satisfactory.

Accounting policies used

The annual report for Hallumgade Invest ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

The comparative figures for 2017 covers the period 28 February 2017 - 31 December 2017 (10 months).

The profit and loss account

Gross profit
The gross profit comprises the net turnover and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Other external costs comprise costs for administration and premises.

Depreciation, amortisation and writedown
Depreciation, amortisation and writedown comprise depreciation on and writedown relating to tangible fixed assets respectively.

Net financials
Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Results from equity investments in group enterprises
After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the individual group enterprises are recognised in the profit and loss account at a proportional share of the group enterprises' results after tax.

Tax of the results for the year
The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

Accounting policies used

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

	Useful life
Buildings	20 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

Accounting policies used

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Financial fixed assets

Equity investments in group enterprises

Equity investments in group enterprises are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

Group enterprises and associated enterprises with negative equity are recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity. If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserves under the equity for net revaluation as per the equity method. Dividends from group enterprises expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprises.

Newly taken over or newly established companies are recognised in the annual accounts as of the time of acquisition. Sold or liquidated companies are recognised at the time of cession.

Profit or loss in connection with the sale of group enterprises are measured as the difference between the sales amount and the book value of net assets at the time of the sale, inclusive of remaining consolidated goodwill and expected costs for sale and cession. Profit and loss are recognised in the profit and loss account under net financials.

In connection with the acquisition of new group enterprises and associated enterprises, the acquisition method is applied, by which the acquirees' assets and liabilities are measured at fair value at the time of acquisition. Provisions for payment of costs for decided restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of the revaluations carried out is taken into consideration.

Accounting policies used

Positive differences (goodwill) between cost and fair value of identifiable, acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises, and they are amortised over their estimated useful life. The useful life is determined on the basis of the management's experience with the individual business areas. The amortisation period is maximum 20 years, being the longer for strategical acquirees with a strong market position and a long-range earnings potential. The book value of goodwill is evaluated currently and written down in the profit and loss account in those cases where the book value exceeds the expected future net income from the enterprise or the activity, to which the goodwill is attached.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Available funds

Available funds comprise cash at bank.

Equity

Reserves for net revaluation as per the equity method

Reserves for net revaluation as per the equity method comprise net revaluation of equity investments in subsidiaries and associates in proportion to cost.

The reserves may be eliminated in case of losses, realisation of equity investments or changes in the financial estimates.

It is not possible to recognise the reserves with a negative amount.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Hallumgade Invest ApS is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Accounting policies used

Liabilities

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

Profit and loss account

All amounts in DKK.

Note		1/1 - 31/12 2018	28/2 - 31/12 2017
	Gross profit	**4.608.951**	**3.575.995**
	Depreciation and writedown relating to tangible fixed assets	-2.076.662	-1.730.551
	Operating profit	**2.532.289**	**1.845.444**
	Income from equity investments in group enterprises	-714.952	808.796
	Other financial income from group enterprises	750.487	2.357.067
1	Other financial costs	-1.710.620	-1.678.209
	Results before tax	**857.204**	**3.333.098**
2	Tax on ordinary results	-225.254	-587.993
	Results for the year	**631.950**	**2.745.105**
	Proposed distribution of the results:		
	Reserves for net revaluation as per the equity method	-714.952	808.796
	Allocated to results brought forward	1.346.902	1.936.309
	Distribution in total	**631.950**	**2.745.105**

Balance sheet 31 December

All amounts in DKK.

Note	Assets	2018	2017
	Fixed assets		
3	Land and property	134.971.377	137.048.039
	Tangible fixed assets in total	134.971.377	137.048.039
4	Equity investments in group enterprises	140.387	1.008.796
	Amounts owed by group enterprises	33.403.375	0
	Financial fixed assets in total	33.543.762	1.008.796
	Fixed assets in total	**168.515.139**	**138.056.835**
	Current assets		
	Amounts owed by group enterprises	12.684.129	17.460.389
	Debtors in total	12.684.129	17.460.389
	Available funds	1.263.670	1.070.505
	Current assets in total	**13.947.799**	**18.530.894**
	Assets in total	**182.462.938**	**156.587.729**

Balance sheet 31 December

All amounts in DKK.

Note	Equity and liabilities	2018	2017
	Equity		
5	Contributed capital	1.000.000	1.000.000
6	Reserves for net revaluation as per the equity method	93.844	808.796
7	Results brought forward	3.283.211	1.936.309
	Equity in total	**4.377.055**	**3.745.105**
	Liabilities		
8	Mortgage debt	58.601.795	66.220.767
	Long-term liabilities in total	58.601.795	66.220.767
	Liabilities	7.839.000	8.013.000
	Trade creditors	50.000	870.074
	Debt to group enterprises	111.105.088	76.404.652
	Corporate tax	225.254	587.993
	Other debts	264.746	746.138
	Short-term liabilities in total	119.484.088	86.621.857
	Liabilities in total	**178.085.883**	**152.842.624**
	Equity and liabilities in total	**182.462.938**	**156.587.729**

9 Mortgage and securities

10 Contingencies

11 Related parties

Notes

All amounts in DKK.

		1/1 - 31/12 2018	28/2 - 31/12 2017
1.	**Other financial costs**		
	Financial costs, group enterprises	763.727	618.994
	Other financial costs	946.893	1.059.215
		1.710.620	**1.678.209**
2.	**Tax on ordinary results**		
	Tax of the results for the year	225.254	587.993
		225.254	**587.993**
3.	**Land and property**		
	Cost 1 January 2018	138.778.590	0
	Additions during the year	0	138.778.590
	Cost 31 December 2018	**138.778.590**	**138.778.590**
	Depreciation and writedown 1 January 2018	-1.730.551	0
	Depreciation for the year	-2.076.662	-1.730.551
	Depreciation and writedown 31 December 2018	**-3.807.213**	**-1.730.551**
	Book value 31 December 2018	**134.971.377**	**137.048.039**

4. Equity investments in group enterprises

Group enterprises:

	Domicile	**Share of ownership**
Hallumgade Pig Production ApS	Varde	100 %
Hallumgade Farming ApS	Varde	100 %

Notes

All amounts in DKK.

		31/12 2018	31/12 2017
5.	**Contributed capital**		
	Contributed capital 1 January 2018	1.000.000	1.000.000
		1.000.000	**1.000.000**

The share capital consists of 1.000.000 shares, each with a nominal value of DKK 1. No shares hold particular rights.

6.	**Reserves for net revaluation as per the equity method**		
	Reserves for net revaluation 1 January 2018	808.796	0
	Share of results	-714.952	808.796
		93.844	**808.796**

7.	**Results brought forward**		
	Results brought forward 1 January 2018	1.936.309	0
	Profit or loss for the year brought forward	1.346.902	1.936.309
		3.283.211	**1.936.309**

8.	**Mortgage debt**		
	Mortgage debt in total	66.440.795	74.233.767
	Share of amount due within 1 year	-7.839.000	-8.013.000
		58.601.795	**66.220.767**
	Share of liabilities due after 5 years	26.205.000	33.360.000

9. Mortgage and securities

As security for mortgage debts, tDKK 66.441, mortgage has been granted on land and buildings representing a book value of tDKK 134.971 at 31 December 2018

Notes

All amounts in DKK.

10. Contingencies

Joint taxation

Wernsing Scandinavia ApS, company reg. no 30507029 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

The jointly taxed enterprises' total, known net liability to the Danish tax authorities appears from the annual accounts of the administration company.

11. Related parties

Consolidated annual accounts

The consolidated annual accounts for Wernsing Scandinavia ApS can be obtained on https://datacvr.virk.dk/data/. The ultimate parent company in which the company is included as a subsidary, is Wernsing Food Family Group GmbH & Co. KG, Germany. The consolidated annual accounts can be obtained on www.bundesanzeiger.de.