

**NORDIC SEAFOOD A/S  
SØREN NORDBYSVEJ 15  
9850 HIRTSHALS**

**ANNUAL REPORT**

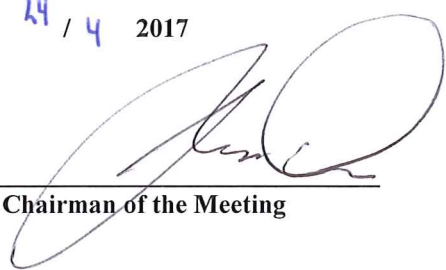
**2016**

**1 JANUARY – 31 DECEMBER 2016**

**29th FINANCIAL YEAR**

**The Annual Report was presented  
and adopted at the Company's  
Annual General Meeting of  
the Company on**

**24 / 4 2017**

  
**Chairman of the Meeting**

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## MANAGEMENT'S STATEMENT

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Nordic Seafood A/S for the financial year 1 January - 31 December 2016.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

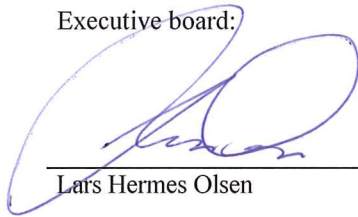
In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the group's and the parent company's financial position at 31 December 2016 and of the results of the group's and the parent company's operations and cash flows for 2016.

In our opinion, the Management's review includes a true and fair account of matters addressed in the Review.

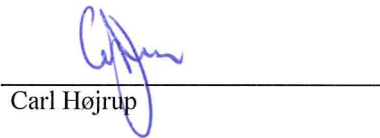
We recommend that the Annual Report be adopted at the Annual General Meeting.

Hirtshals 24 April 2017

Executive board:

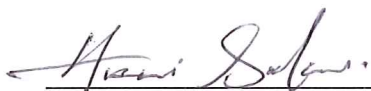


Lars Hermes Olsen



Carl Højrup

Board of Directors:



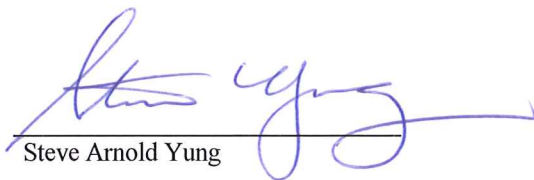
Hisami Sakai  
Chairman



Terutaka Kuraishi



Norio Hosomi



Steve Arnold Yung

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Nordic Seafood A/S

### **Opinion**

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2016, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Nordic Seafood A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("financial statements").

### **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 Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for 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 Management's Review**

Management is responsible for Management's Review.

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

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

## INDEPENDENT AUDITOR'S REPORT

### **Management's Responsibilities for the Financial Statements**

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

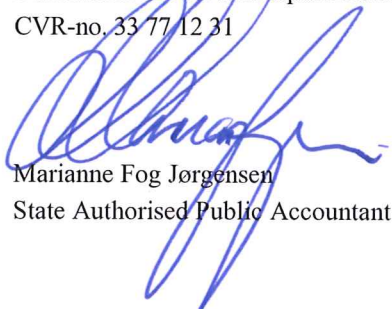
## INDEPENDENT AUDITOR'S REPORT

- 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.

Aalborg 24 April 2017

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
CVR-no. 33 77 12 31

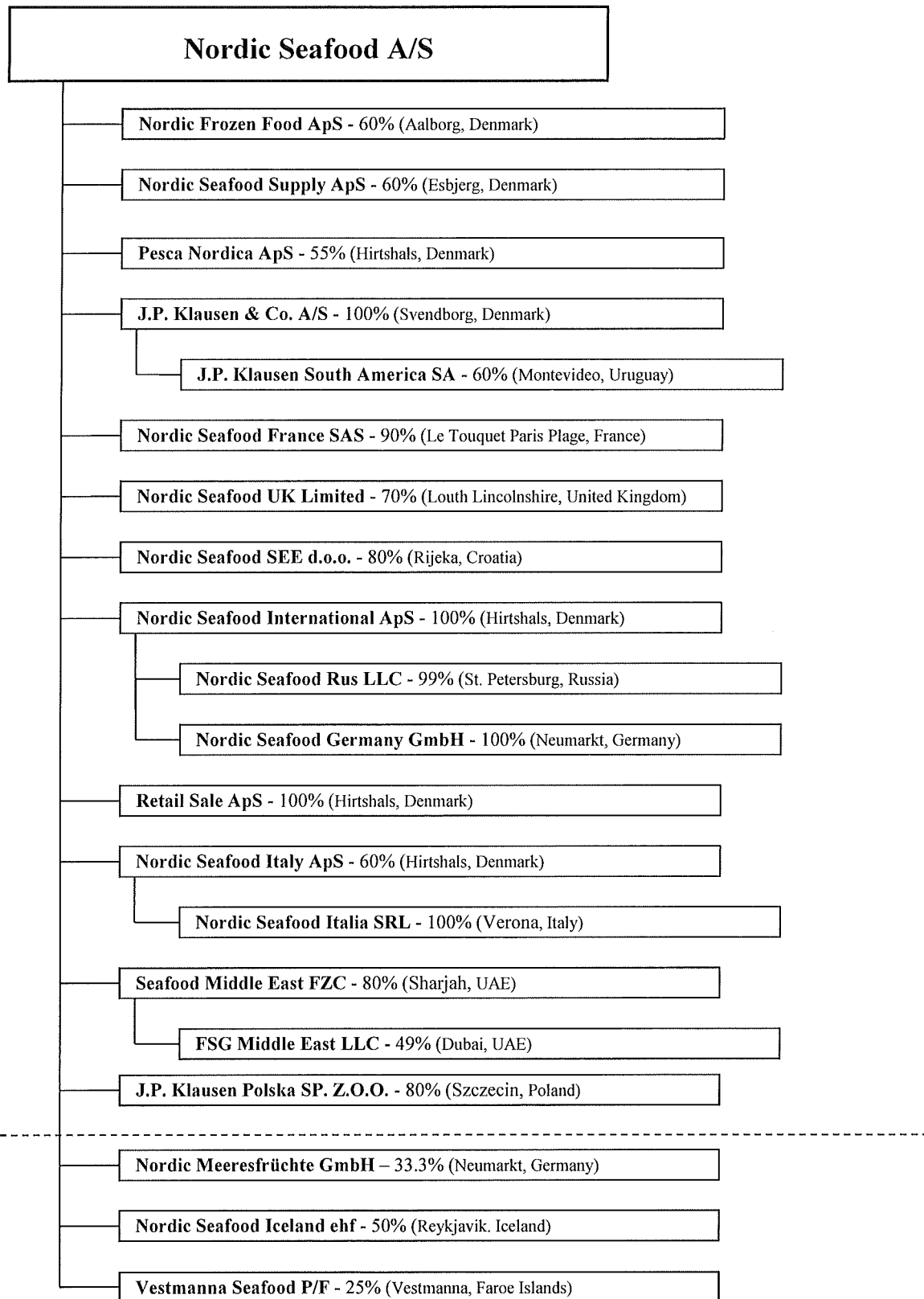


Marianne Fog Jørgensen  
State Authorised Public Accountant

## COMPANY INFORMATION

<b>Company</b>	Nordic Seafood A/S Søren Nordbysvej 15 9850 Hirtshals
	Telephone: +45 98 94 15 33
	Website: <a href="http://www.nordicseafood.com">www.nordicseafood.com</a>
	E-mail: <a href="mailto:mail@nordicseafood.com">mail@nordicseafood.com</a>
	CVR No: 11 14 21 41
	Established: 1. juni 1987
	Registered Office: Hirtshals
	Financial Year: 1. januar – 31. december
<b>Board of Directors</b>	Hisami Sakai, Chairman Terutaka Kuraishi Norio Hosomi Steve Arnold Yung
<b>Executive Board</b>	Lars Hermes Olsen Carl Højrup
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Skelagervej 1A DK-9000 Aalborg
<b>Bankers</b>	Spar Nord Bank A/S Skelagervej 15 9000 Aalborg
	Danske Bank Albani Torv 2 og 3, 2 sal 5000 Odense C

## GROUP CHART





## KEY FIGURES AND RATIOS OF THE GROUP

	2016	2015	2014	2013	2012
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
<b>Income statement</b>					
Net revenue .....	2.733.175	2.760.571	2.778.789	2.602.843	2.229.342
Gross profit .....	148.176	143.534	144.962	140.667	111.184
Operating profit .....	67.717	64.812	67.572	65.866	47.337
Profit before tax .....	60.966	57.358	61.301	60.099	40.266
Profit for the year .....	46.732	43.141	45.992	45.789	30.138
<b>Balance sheet</b>					
Fixed assets .....	59.769	35.348	38.540	43.641	49.650
Current assets .....	944.220	937.672	952.352	806.839	665.568
Balance sheet total .....	1.003.989	973.020	990.892	850.480	715.218
Equity .....	286.972	256.720	237.774	199.014	169.483
Provision for liabilities .....	3.117	1.513	2.178	1.080	1.055
Long-term liabilities .....	5.200	6.000	6.800	7.600	8.445
Current liabilities .....	708.700	708.787	744.140	642.786	536.235
Liabilities .....	713.900	714.787	750.940	650.386	544.680
<b>Cash flows</b>					
Cash flows from:					
- operating activities .....	113.328	26.802	-98.472	28.211	3.491
- investing activities .....	-29.926	-3.646	-1.046	-1.004	-5.320
including investment in tangible fixed assets .....	-31.521	-5.360	-4.630	-3.482	-3.740
- financing activities .....	-22.885	-25.843	-13.572	-16.777	-22.600
Change in cash and cash equivalents for the year .....	60.517	-2.687	-113.090	10.430	-24.429
<b>Ratios</b>					
Gross margin .....	5,42%	5,20%	5,21%	5,40%	4,99%
(gross profit as % of revenue)					
Profit margin .....	2,48%	2,35%	2,43%	2,53%	2,12%
(operating profit as % of net revenue)					
Rate of return .....	6,85%	6,60%	7,34%	8,41%	6,62%
(operating profit as % of aver. balance sheet total)					
Equity ratio (solvency ratio) .....	28,58%	26,38%	24,00%	23,40%	23,70%
(equity as % of assets, end of year)					
Return on equity .....	22,43%	23,20%	28,07%	32,62%	24,16%
(profit before tax as % of aver. equity)					
Average number of employees .....	139	131	131	128	108
Index for net revenue .....	123	124	125	117	100
Index for gross profit .....	133	129	130	127	100
Index for profit before tax .....	151	142	152	149	100

## MANAGEMENT'S REVIEW

### Principal activities

Like previous years the principal activities comprise import, packing and sale of seafood.

The Group is also responsible for the sale of Nissui controlled companies' products in the European market.

### Development in the financial year and results for the year

In the financial year 2016 the Group realized a profit for the year of DKK 46,7 million compared to DKK 43,1 million in 2015.

The profit for the year and the financial development were satisfactory and in line with our expectations.

### Events after the end of the financial year

No events have occurred after the financial year-end that may have a significant impact on the financial position of the Group.

### Future prospects

For the financial year 2017 a continued positive development in the activities of the group is expected.

The Group expects a result for the financial year 2017 in the interval DKK 35-45 million.

### Corporate Social Responsibility (CSR)

Nordic Seafood A/S is a Company trading with food and therefore the Company has a high standard regarding quality control and food safety. Moreover, the Company actively considers the environment by involving environmental considerations in the day-to-day running of the Company.

The Company has internal guidelines, policies and goals which ensure that the employees work in a healthy working environment and that they have the best possible working conditions. To secure the future growth and to maintain the high level of healthy working environment it was decided to extend our office facilities in Hirtshals. The construction has taken place during 2016 and are planned to be finalized in April 2017.

In the financial year 2016 there have been two work accidents to report. Non of those accidents has resulted in sick leave. In financial year 2015 there have been no work accidents to report.

Nordic Seafood A/S is FSSC22000 certified. The Company supports sustainable fishery and a number of the Nordic Seafood Group's products are MSC (Marine Stewardship Council) ASC (Aquaculture Stewardship Council) certified. In the financial year the sales of certified products amounts to 32% of the total sales which is at same level as in 2015.

The company has renewed the cooperation with WWF (World Wildlife Fund) for another two years with a view to having increased the ASC-certification of the shrimp farms in Vietnam.

The Company is also conscious regarding the external responsibility in relation to the companies and countries with which Nordic Seafood A/S cooperates. Thereby it is a long-term goal to trade with suppliers who take social responsibility seriously and who thereby create a positive development in the neighboring areas among the suppliers in question. We follow International Labour Organisation's guidelines in relation to human rights.

## MANAGEMENT'S REVIEW

The above guidelines, policies and goals are optimized on an ongoing basis whereby the above matters are constantly up-to-date and in accordance with the Company's overall objective regarding social responsibility. When we communicate with suppliers in developing countries we clearly state, that human rights and social responsibility are core values in Nordic Seafood and key conditions for developing a long term relationship.

As we are a trading company we have no policy regarding climate.

### Share of the underrepresented gender

#### Target for the Board of Directors

Nordic Seafood A/S is owned and controlled by Nippon Suisan Kaisha Ltd (Nissui) which is listed in Japan. Nordic Seafood A/S' Board of Directors is formed by executive board members and board of directors members appointed from companies within the Nissui group. Members who have a direct and natural association with the Nordic Seafood Group's business area.

Currently there are no female board of directors representatives. In consideration of the owners of the Company as described above, the Company has in 2015 stated an objective to appoint one female board member within the next 10 years.

No changes have been implemented in 2016.

#### Equality in other levels of management

Nordic Seafood A/S has prepared an equal opportunities policy applicable to all levels of management. Thereby the Company will focus on attracting female candidates however the right qualifications will always be the most important parameter when occupying positions at all levels.

During 2016 we have appointed a female HR-manager

#### Branches abroad

The Group has a branch in the Netherlands.

#### Special risks

The Group considers the trade with high-quality food products and food safety to be of the highest priority. The import of food from third countries is constantly influenced by various legal measures from both local authorities as well as from the EU.

#### Price risks

The Group's products are purchased all over the world and consequently they have long transport time. Changes in prices during the transport and stock period might influence the profit of the Group, both positively and negatively.

#### Currency risks

As a consequence of foreign trade, profit and cash-flow are influenced by the development in the foreign exchange rates, especially USD, GBP, AED, CAD, RUB, NOK and SEK. It is Group policy to hedge the commercial foreign currency risks.

No speculative foreign currency positions are entered into.

**INCOME STATEMENT**  
**1 JANUARY – 31 DECEMBER**

	Note	Group		Parent company	
		2016 DKK '000	2015 DKK '000	2016 DKK '000	2015 DKK '000
<b>NET REVENUE</b> .....		<b>2.733.175</b>	<b>2.760.571</b>	<b>1.483.486</b>	<b>1.560.464</b>
Cost of goods sold.....		-2.538.744	-2.566.688	-1.376.755	-1.459.685
Other external expenses .....		-46.357	-50.400	-22.080	-22.339
Other income.....		102	51	0	25
<b>GROSS PROFIT</b> .....		<b>148.176</b>	<b>143.534</b>	<b>84.651</b>	<b>78.465</b>
Staff costs .....	1,14	-73.388	-69.845	-40.484	-38.096
Depreciation, amortisation and write-down .....	2	-7.069	-8.734	-3.219	-3.363
Other expenses .....		-2	-143	0	-105
<b>OPERATING PROFIT</b> .....		<b>67.717</b>	<b>64.812</b>	<b>40.948</b>	<b>36.901</b>
Income from investments in subsidiaries .	3	0	0	11.014	10.135
Income from investments in associates ....	4	629	1.011	629	1.011
Interest income group enterprises.....		0	0	5	0
Other financial income.....		293	156	20	16
Interest expenses group enterprises .....		-891	0	-1.273	-443
Other Financial expenses .....		-6.782	-8.621	-1.979	-2.235
<b>PROFIT BEFORE TAX</b> .....		<b>60.966</b>	<b>57.358</b>	<b>49.364</b>	<b>45.385</b>
Tax on profit for the year.....	5	-14.234	-14.217	-8.349	-8.149
<b>PROFIT FOR THE YEAR</b> .....		<b>46.732</b>	<b>43.141</b>	<b>41.015</b>	<b>37.236</b>
<b>PROPOSED DISTRIBUTION OF PROFIT</b>					
Minority interests' share of profit in subsidiaries .....		5.717	5.905	0	0
Dividend for the financial year.....		20.000	18.000	20.000	18.000
Allocation to reserve for net revaluation under the equity method .....		0	0	4.955	-1.232
Retained profit.....		21.015	19.236	16.060	20.468
<b>TOTAL</b> .....		<b>46.732</b>	<b>43.141</b>	<b>41.015</b>	<b>37.236</b>

## BALANCE SHEET 31 DECEMBER

ASSETS	Note	Group		Parent company	
		31/12 2016 DKK '000	31/12 2015 DKK '000	31/12 2016 DKK '000	31/12 2015 DKK '000
Licenses and other rights .....		1.825	597	1.825	597
Goodwill.....		1.245	4.046	0	0
<b>Intangible fixed assets.....</b>	<b>6</b>	<b>3.070</b>	<b>4.643</b>	<b>1.825</b>	<b>597</b>
Land and buildings.....		17.569	18.706	17.569	18.706
Production plant and machinery .....		975	1.110	975	1.110
Other plants, fixtures and equipment.....		5.159	5.909	3.456	3.268
Tangible fixed assets under construction .		29.797	601	29.797	601
<b>Tangible fixed assets.....</b>	<b>6</b>	<b>53.500</b>	<b>26.326</b>	<b>51.797</b>	<b>23.685</b>
Investments in subsidiaries .....	7	0	0	95.435	89.300
Investments in associates .....	8	3.199	4.379	3.199	4.379
<b>Fixed asset investments .....</b>		<b>3.199</b>	<b>4.379</b>	<b>98.634</b>	<b>93.679</b>
<b>FIXED ASSETS .....</b>		<b>59.769</b>	<b>35.348</b>	<b>152.256</b>	<b>117.961</b>
Finished goods and goods for resale .....		493.454	521.816	359.573	346.996
Prepayments for goods.....		39.620	24.059	27.650	11.370
<b>Inventories .....</b>		<b>533.074</b>	<b>545.875</b>	<b>387.223</b>	<b>358.366</b>
Trade receivables .....		361.367	365.166	196.313	186.581
Amounts due from subsidiaries .....		0	0	851	1.596
Other receivables.....		16.127	5.453	7.191	1.928
Corporation tax .....		0	0	3.295	2.591
Prepayments and accrued income .....		2.734	3.004	2.170	2.355
<b>Accounts receivable .....</b>		<b>380.228</b>	<b>373.623</b>	<b>209.820</b>	<b>195.051</b>
<b>Current investments .....</b>		<b>3.297</b>	<b>3.726</b>	<b>65</b>	<b>65</b>
<b>Cash .....</b>		<b>27.621</b>	<b>14.448</b>	<b>1.069</b>	<b>81</b>
<b>CURRENT ASSETS .....</b>		<b>944.220</b>	<b>937.672</b>	<b>598.177</b>	<b>553.563</b>
<b>ASSETS.....</b>		<b>1.003.989</b>	<b>973.020</b>	<b>750.433</b>	<b>671.524</b>

## BALANCE SHEET 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group		Parent company	
		31/12 2016 DKK '000	31/12 2015 DKK '000	31/12 2016 DKK '000	31/12 2015 DKK '000
Share capital .....		1.650	1.650	1.650	1.650
Reserves for net revaluation under the equity method.....		0	0	42.802	37.847
Reserves for fair value of hedging instruments .....		5.470	909	3.602	241
Retained profit.....		232.853	210.717	191.919	173.538
Proposed dividend for the year.....		20.000	18.000	20.000	18.000
<b>Capital and reserves attributable to owners .....</b>		<b>259.973</b>	<b>213.276</b>	<b>259.973</b>	<b>231.276</b>
Minority interests .....		26.999	25.444	0	0
<b>EQUITY .....</b>	9	<b>286.972</b>	<b>256.720</b>	<b>259.973</b>	<b>231.276</b>
Deferred tax.....	10	3.117	1.513	2.272	1.060
<b>PROVISION FOR LIABILITIES.....</b>		<b>3.117</b>	<b>1.513</b>	<b>2.272</b>	<b>1.060</b>
<b>Long-term liabilities .....</b>	11	<b>5.200</b>	<b>6.000</b>	<b>5.200</b>	<b>6.000</b>
Current portion of long-term liabilities ....	11	800	800	800	800
Debt to banks .....		429.260	474.409	267.079	269.493
Prepayments received from customers.....		5.672	6.103	977	1.164
Trade payables .....		224.036	181.691	137.864	75.810
Amounts due to subsidiaries.....		0	0	40.842	49.299
Amounts due to associates.....		1.383	2.065	1.383	2.314
Corporation tax .....		4.447	745	0	0
Other debt.....		43.102	42.974	34.043	34.308
<b>Current liabilities .....</b>		<b>708.700</b>	<b>708.787</b>	<b>482.988</b>	<b>433.188</b>
<b>LIABILITIES.....</b>		<b>713.900</b>	<b>714.787</b>	<b>488.188</b>	<b>439.188</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>1.003.989</b>	<b>973.020</b>	<b>750.433</b>	<b>671.524</b>
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## CASH FLOW STATEMENT 1 JANUARY – 31 DECEMBER

	Group		Parent company	
	2016 DKK '000	2015 DKK '000	2016 DKK '000	2015 DKK '000
Profit for the year .....	46.732	43.141	41.015	37.236
Reversed depreciation of the year .....	6.969	8.826	3.219	3.443
Other adjustments.....	187	852	-513	-1.052
Profit from subsidiaries, associates and current investment.....	-719	-1.001	-11.643	-11.146
Reversed tax on profit for the year.....	14.235	14.217	8.349	8.149
Corporation tax paid.....	-10.320	-18.209	-5.494	-11.541
Change in inventory .....	15.350	-29.386	-28.857	6.407
Change in accounts receivable .....	9.526	22.901	-12.537	65.315
Change in current liabilities .....	31.368	-14.539	52.215	-42.571
<b>Cash flows from operating activities .....</b>	<b>113.328</b>	<b>26.802</b>	<b>45.754</b>	<b>54.240</b>
Purchase of intangible fixed assets.....	-1.535	-217	-1.535	-217
Purchase of tangible fixed assets.....	-31.521	-5.360	-31.024	-4.830
Sale of tangible fixed assets .....	514	510	0	400
Sale of financial investments.....	519	755	0	0
Dividend received in the financial year.....	2.097	666	9.008	13.622
<b>Cash flows from investing activities.....</b>	<b>-29.926</b>	<b>-3.646</b>	<b>-23.551</b>	<b>8.975</b>
Proceeds from long-term borrowing .....	0	0	0	0
Repayments of loans .....	-800	-800	-800	-800
Dividend paid in the financial year .....	-22.085	-25.043	-18.000	-20.000
<b>Cash flows from financing activities.....</b>	<b>-22.885</b>	<b>-25.843</b>	<b>-18.800</b>	<b>-20.800</b>
<b>Change in cash and cash equivalents.....</b>	<b>60.517</b>	<b>-2.687</b>	<b>3.403</b>	<b>42.415</b>
Cash and cash equivalents at 1 January.....	-459.961	-459.428	-269.413	-311.828
Exchange adjustment of cash and cash equivalents .....	-2.196	2.154	0	0
<b>Cash and cash equivalents at 31 December .....</b>	<b>-401.640</b>	<b>-459.961</b>	<b>-266.010</b>	<b>-269.413</b>

## NOTES

	Group		Parent company		Note
	2016 DKK '000	2015 DKK '000	2016 DKK '000	2015 DKK '000	
<b>Staff costs</b>					<b>1</b>
Average number of employees.....	139	131	68	62	
Amount of total staff costs:					
Wages and salaries .....	61.865	61.497	33.302	33.965	
Pensions .....	8.302	5.022	6.443	3.356	
Other social security costs.....	3.221	3.326	739	775	
	<b>73.388</b>	<b>69.845</b>	<b>40.484</b>	<b>38.096</b>	
<b>Depreciation, amortisation and write-down</b>					<b>2</b>
Licenses and other rights .....	307	304	307	304	
Goodwill.....	2.801	4.107	0	0	
Properties.....	1.409	1.330	1.409	1.330	
Production plant and machinery .....	381	898	381	898	
Other plants, fixtures and equipment.....	2.171	2.095	1.122	831	
	<b>7.069</b>	<b>8.734</b>	<b>3.219</b>	<b>3.363</b>	
<b>Income from investments in subsidiaries</b>					<b>3</b>
Share of profit before tax .....	0	0	15.442	14.619	
Share of tax in subsidiaries.....	0	0	-4.428	-4.484	
	<b>0</b>	<b>0</b>	<b>11.014</b>	<b>10.135</b>	
<b>Income from investments in associates</b>					<b>4</b>
Share of profit before tax .....	1.209	1.402	1.209	1.402	
Share of tax in associates .....	-580	-391	-580	-391	
	<b>629</b>	<b>1.011</b>	<b>629</b>	<b>1.011</b>	
<b>Tax on profit for the year</b>					<b>5</b>
Computed tax on taxable income of the year .....	14.172	14.116	8.085	7.853	
Adjustment of deferred tax.....	141	97	264	292	
Adjustment of tax previous years.....	-79	4	0	4	
	<b>14.234</b>	<b>14.217</b>	<b>8.349</b>	<b>8.149</b>	



## NOTES

Note

## Intangible fixed assets

6

	Group		Parent company	
	Licenses and other rights DKK'000	Goodwill DKK'000	Licenses and other rights DKK'000	Goodwill DKK'000
Cost at 1 January .....	5.127	34.385	5.127	0
Exchange adjustments .....	0	119	0	0
Additions .....	1.535	0	1.535	0
Disposals .....	0	0	0	0
<b>Cost at 31 December .....</b>	<b>6.662</b>	<b>34.504</b>	<b>6.662</b>	<b>0</b>
Amortisation at 1 January .....	4.530	30.339	4.530	0
Amortisation at 1 January				
Exchange adjustments .....	0	119	0	0
Amortisation .....	307	2.801	307	0
Amortisation sold assets .....	0	0	0	0
<b>Amortisation at 31 December .....</b>	<b>4.837</b>	<b>33.259</b>	<b>4.837</b>	<b>0</b>
<b>Carrying amount at 31 December .....</b>	<b>1.825</b>	<b>1.245</b>	<b>1.825</b>	<b>0</b>

## NOTES

Note

## Tangible fixed assets

6

	<b>Group</b>			
	<b>Land and buildings DKK'000</b>	<b>Production plant and machinery DKK'000</b>	<b>Other plants, fixtures and equipment DKK'000</b>	<b>Tangible fixed assets under construction DKK'000</b>
Cost at 1 January .....	38.440	16.220	15.188	601
Exchange adjustments .....	0	0	74	0
Additions .....	272	246	1.807	29.196
Disposals .....	0	0	-1.960	0
<b>Cost at 31 December .....</b>	<b>38.712</b>	<b>16.466</b>	<b>15.109</b>	<b>29.797</b>
Depreciation at 1 January .....	19.734	15.110	9.279	0
Exchange adjustments .....	0	0	47	0
Depreciation .....	1.409	381	2.171	0
Depreciation sold assets .....	0	0	-1.547	0
<b>Depreciation at 31 December .....</b>	<b>21.143</b>	<b>15.491</b>	<b>9.950</b>	<b>0</b>
<b>Carrying amount at 31 December .....</b>	<b>17.569</b>	<b>975</b>	<b>5.159</b>	<b>29.797</b>
	<b>Parent company</b>			
	<b>Land and buildings DKK'000</b>	<b>Production plant and machinery DKK'000</b>	<b>Other plants, fixtures and equipment DKK'000</b>	<b>Tangible fixed assets under construction DKK'000</b>
Cost at 1 January .....	38.440	16.220	7.907	601
Exchange adjustments .....	0	0	0	0
Additions .....	272	246	1.310	29.196
Disposals .....	0	0	0	0
<b>Cost at 31 December .....</b>	<b>38.712</b>	<b>16.466</b>	<b>9.217</b>	<b>29.797</b>
Depreciation at 1 January .....	19.734	15.110	4.639	0
Exchange adjustments .....	0	0	0	0
Depreciation .....	1.409	381	1.122	0
Depreciation sold assets .....	0	0	0	0
<b>Depreciation at 31 December .....</b>	<b>21.143</b>	<b>15.491</b>	<b>5.761</b>	<b>0</b>
<b>Carrying amount at 31 December .....</b>	<b>17.569</b>	<b>975</b>	<b>3.456</b>	<b>29.797</b>

## NOTES

	Parent company		Note
	31/12 2016 DKK '000	31/12 2015 DKK '000	
<b>Investments in subsidiaries</b>			<b>7</b>
Cost at 1 January .....	53.757	53.975	
Additions .....	0	0	
Disposals .....	0	-218	
<b>Cost at 31 December .....</b>	<b>53.757</b>	<b>53.757</b>	
Revaluation at 1 January .....	35.543	37.335	
Exchange adjustments .....	833	1.783	
Dividend to parent company .....	-6.911	-12.956	
Profit for the year .....	11.014	10.135	
Adjustment of equity in subsidiaries .....	1.199	-972	
Revaluation, disposal .....	0	218	
<b>Revaluation at 31 December .....</b>	<b>41.678</b>	<b>35.543</b>	
<b>Carrying amount at 31 December .....</b>	<b>95.435</b>	<b>89.300</b>	

Name and registered office	Equity	Profit for the year	Ownership	Parent company	
				Equity	Profit for the year
Nordic Frozen Food ApS, Aalborg, Denmark .....	28.368	2.511	60%	17.020	1.507
Nordic Seafood Supply ApS, Esbjerg, Denmark ..	8.095	1.909	60%	4.857	1.146
Pesca Nordica ApS, Hirtshals, Denmark .....	2.549	765	55%	1.402	421
J.P. Klausen & Co A/S, Svendborg, Denmark.....	29.629	4.523	100%	29.629	4.523
Nordic Seafood France SAS, Le Touquet Paris Plage, France .....	4.049	1.059	90%	3.644	953
Nordic Seafood UK Ltd Louth Lincolnshire, United Kingdom .....	5.687	1.434	70%	3.981	1.004
Nordic Seafood International ApS Hirtshals, Denmark .....	6.056	1.521	100%	6.056	1.521
Nordic Seafood SEE d.o.o., Rijeka, Croatia .....	1.902	412	80%	1.522	330
Retail Sale ApS *), Hirtshals, Denmark .....	332	548	100%	100	0
Nordic Seafood Italy ApS, Hirtshals, Denmark ....	6.280	2.914	60%	3.767	1.748
Seafood Middle East FZC, Dubai, UAE .....	23.573	327	80%	18.858	261
J.P. Klausen Polska Sp. z.o.o., Szczecin, Poland..	4.192	502	80%	3.354	401
				<b>94.190</b>	<b>13.815</b>
Goodwill at 31 December 2016 .....				1.245	
Goodwill, amortisation of the year .....					-2.801
				<b>95.435</b>	<b>11.014</b>

\*) The parent company own the majority shareholding in Retail Sale ApS, but can't claim dividend, for which reason the shareholding is valuated at cost price.

## NOTES

	Group		Parent company		Note
	31/12 2016 DKK '000	31/12 2015 DKK '000	31/12 2016 DKK '000	31/12 2015 DKK '000	
<b>Investments in associates</b>					<b>8</b>
Cost at 1 January .....	2.075	2.075	2.075	2.075	
Additions .....	0	0	0	0	
Disposals .....	0	0	0	0	
<b>Cost at 31 December .....</b>	<b>2.075</b>	<b>2.075</b>	<b>2.075</b>	<b>2.075</b>	
Revaluation at 1 January .....	2.304	1.744	2.304	1.744	
Exchange adjustment at closing rate .....	288	214	288	214	
Dividend to parent company .....	-2.097	-666	-2.097	-666	
Profit for the year .....	629	1.012	629	1.012	
<b>Revaluation at 31 December .....</b>	<b>1.124</b>	<b>2.304</b>	<b>1.124</b>	<b>2.304</b>	
<b>Carrying amount at 31 December .....</b>	<b>3.199</b>	<b>4.379</b>	<b>3.199</b>	<b>4.379</b>	

Investments are specified as follows (DKK '000):

Name and registered office.	Equity	Profit for the year	Ownership	Parent company	
				Equity	Profit for the year
Nordic Meeresfrüchte G.m.b.H, Neumarkt, Germany .....	3.105	2.892	33,3%	1.035	964
Nordic Seafood Iceland ehf. Reykjavik, Iceland .....	4.748	1.106	50,0%	2.374	553
Vestmanna Seafood P/F Vestmanna, The Faroe Islands .....	-840	-2.592	25,0%	-210	-648
				<b>3.199</b>	<b>869</b>
Goodwill at 31 December 2016 .....				0	
Goodwill, amortisation of the year .....					-240
				<b>3.199</b>	<b>629</b>

## NOTES

Note

## Equity

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DKK '000	Group					
	Share capital	Reserve for hedging transactions	Retained profit	Proposed dividend	Minority interests	Total
Equity at 1 January.....	1.650	909	210.717	18.000	25.444	256.720
Dividend distributed.....	-	-	-	-18.000	-4.086	-22.086
Net profit/loss for the year .....	-	-	21.015	20.000	5.717	46.732
Exchange adjustments.....	-	-	1.121	-	-115	1.006
Adjustment hedging instruments.....	-	4.561	-	-	39	4.600
<b>Equity at 31 December .....</b>	<b>1.650</b>	<b>5.470</b>	<b>232.853</b>	<b>20.000</b>	<b>26.999</b>	<b>286.972</b>

DKK '000	Parent company					
	Share capital	Net revaluation under the equity method	Reserve for hedging transactions	Retained profit	Proposed dividend	Total
Equity at 1 January.....	1.650	37.847	241	173.538	18.000	231.276
Dividend distributed.....	-	-	-	-	-18.000	-18.000
Net profit/loss for the year .....	-	4.955	-	16.060	20.000	41.015
Exchange adjustments.....	-	-	-	1.121	-	1.121
Adjustment hedging instruments.....	-	-	3.361	-	-	3.361
Adjustment in subsidiaries.....	-	-	-	1.200	-	1.200
<b>Equity at 31 December .....</b>	<b>1.650</b>	<b>42.802</b>	<b>3.602</b>	<b>191.919</b>	<b>20.000</b>	<b>259.973</b>

31/12 2016      31/12 2015  
DKK '000      DKK '000

**Share capital**

A-shares 1,650,007 shares in the denomination of DKK 1..... 1.650      1.650

## NOTES

	Group		Parent company		Note
	31/12 2016 DKK '000	31/12 2015 DKK '000	31/12 2016 DKK '000	31/12 2015 DKK '000	
<b>Deferred tax</b>					<b>10</b>
Deferred tax asset.....	0	0	0	0	
Deferred tax liability .....	3.117	1.513	2.272	1.060	
Deferred tax concerns:					
Fixed assets .....	1.189	701	780	519	
Current assets .....	1.928	812	1.492	541	
	<b>3.117</b>	<b>1.513</b>	<b>2.272</b>	<b>1.060</b>	
<b>Long-term liabilities</b>					<b>Note</b>
					<b>11</b>
	<b>Total liabilities</b>	<b>Total liabilities</b>	<b>Repayment next year</b>	<b>Long-term liabilities</b>	<b>Debt outstanding after 5 years</b>
DKK '000	<b>1/1 2016</b>	<b>31/12 2016</b>		<b>31/12 2016</b>	
Mortgage debt .....	6.800	6.000	800	5.200	2.000
<b>Parent company, total.....</b>	<b>6.800</b>	<b>6.000</b>	<b>800</b>	<b>5.200</b>	<b>2.000</b>
<b>Group, total.....</b>	<b>6.800</b>	<b>6.000</b>	<b>800</b>	<b>5.200</b>	<b>2.000</b>

**NOTES**

**Contingencies etc.**

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The parent company payments under operation leases concerning cars is 618 DKK '000. The remaining terms is 2-28 month.

The parent company has issued joint and several surety for J.P. Klausen Co. A/S', Nordic Seafood Rus LLC' and Nordic Seafood France SAS' engagement with banks.

The Group payments for office premises concerning a contract which is terminable with 1-20 month notice is 1.161 DKK '000.

The Group payments under operation leases concerning cars and computer equipment is 4.418 DKK '000. The remaining terms is 2-46 month.

Except as mentioned above, the parent company and the Group have no guarantee and warranty obligations, or other contingent liabilities.

The Group's Danish companies are joint and several liable regarding tax on the Group's jointly taxed income etc. The total due corporation tax amount is shown in the Annual Report of Nordic Seafood A/S which is the administrative company in relation to the joint taxation. The Group's Danish companies are also joint and several liable for Danish tax at source in the form of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent corrections to corporation taxes and tax at source may result in the Company's liabilities constituting a larger amount.

**Mortgages and securities**

13

As security for the engagement with Spar Nord Bank A/S the following has been deposited:

Mortgage deed on the property Søren Nordbysvej, matr.nr. 13 CM Horne By, nominal value DKK '000.....	20.000
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The book value of the above property is 47.366 DKK'000

## NOTES

### Related parties

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Nordic Seafood A/S A/S' related parties include:

### Controlling interest

Nippon Suisan (Europe) B.V., Hoger Einde-Zuid 6, 1191 AG, Ouderkerk aan de Amstel, The Netherlands

### Other related parties having performed transactions with the company

Nordic Seafood A/S' related parties having a significant influence comprise subsidiaries and associates as well as the companies' Board of Directors, Board of Executives and executive officers.

### Transactions with related parties

The group has been buying and selling goods on general arm's length terms with affiliated companies within the Nissui group and the Sealord group.

There has not been made any payments to the board, neither in the financial year 2016 nor in the financial year 2015. The payment (inclusive incentive payment) to the management amounts to 9.027 DKK'000 in the financial year 2016 against 9.931 DKK'000 in the financial year 2015.

There have been no transactions with the Board of Directors, Board of Executives, executive officers, shareholders or other related parties during the year besides the intercompany transactions which have been eliminated in the consolidated financial statements, and normal remuneration of Board of Directors and Executives (as mentioned above).

### Ownership

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The following shareholders are recorded in the company's register of shareholders as owning more than 5% of the votes or the share capital:

Nippon Suisan (Europe) B.V.

Hoger Einde-Zuid 6, 1191 AG, Ouderkerk aan de Amstel, The Netherlands

The company's ultimate parent is:

Nippon Suisan Kaisha Ltd., Nishi-Shimbashi Square, Minato-ku, Tokyo 105-8676 Japan



## NOTES

	<b>Group</b>		<b>Parent company</b>		<b>Note</b>
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	
	DKK '000	DKK '000	DKK '000	DKK '000	
<b>Fee to auditors appointed by the General Meeting</b>					<b>16</b>
Audit .....	574	531	217	211	
Other statement .....	82	82	89	82	
Tax consultancy .....	151	212	112	194	
Other services.....	196	205	13	155	
	<b>1.003</b>	<b>1.030</b>	<b>431</b>	<b>642</b>	
 <b>Segment details</b>					<b>17</b>
Revenue:					
Scandinavia .....	556.584	723.856	467.423	622.287	
Europe .....	1.910.822	1.666.175	992.755	934.700	
Other countries .....	265.769	370.540	23.308	3.477	
	<b>2.733.175</b>	<b>2.760.571</b>	<b>1.483.486</b>	<b>1.560.464</b>	

## ACCOUNTING POLICIES

The Annual Report of Nordic Seafood A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act as regards large reporting class C enterprises.

The accounting policies are consistent with the policies applied last year

### Reporting currency

The Annual Report is presented in DKK'000.

### General information about recognition and measurement

Income is recognised in the income statement as and when it is earned, including recognition of value adjustments of financial assets and liabilities. Any costs, including depreciation, amortisation and write-down, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is likely that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is likely that future economic benefits will flow out of the company and the value of the liability can be measured reliably.

The initial recognition measures assets and liabilities at cost. Subsequently, assets and liabilities are measured as described in the following for each item.

Certain financial assets and liabilities are measured at amortised cost, recognising a constant effective interest over the term. Amortised cost is stated at initial cost less any deductions and with addition/deduction of the accumulated amortisation on the difference between cost and nominal amount.

The recognition and measurement takes into account predictable losses and risks arising before the year-end reporting and which prove or disprove matters that existed at the balance sheet date.

The carrying amount of tangible fixed assets should be estimated annually to determine if there is any indication of impairment in excess of the amount reflected by normal amortisation or depreciation. If this is the case, write-down should be made to the lower recoverable amount.

### Consolidated financial statements

The consolidated financial statements include the parent company Nordic Seafood A/S and its subsidiary enterprises in which Nordic Seafood A/S directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the group chart.

The consolidated financial statements consolidate the financial statements of the parent company and the subsidiary enterprises by combining uniform accounts items. Intercompany income and expenses, shareholdings, internal balances and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

New acquired or established enterprises are recognised in the consolidated financial statements from the time of acquisition. Sold or wound up enterprises are recognised in the consolidated income statement up to the time of disposal. Comparative figures are not adjusted for new acquired, sold or wound up enterprises.

## ACCOUNTING POLICIES

Investments in subsidiary enterprises are set off by the proportional share of the subsidiary enterprises' market value of net assets and liabilities at the acquisition date.

Positive differences between acquisition value and market value of acquired and identified assets and liabilities, inclusive of provision for liabilities for restructuring, are recognised in intangible fixed assets as goodwill and amortised systematically in the income statement under an individual assessment of the useful life. Negative differences which correspond to an expected unfavourable development in the enterprises are recognised as negative goodwill under accruals in the balance sheet and recognised in the income statement as and when the unfavourable development is realised.

Investments in associates are measured in the balance sheet at the proportional share of the value of the enterprises, calculated according to the accounting policies of the parent company and eliminating proportionally any unrealised intercompany gains and losses. The proportional share of the results of the associates is recognised in the income statement after elimination of the proportional share of internal gains and losses.

### Minority interests

The accounting items of the subsidiary enterprises are recognised in full in the consolidated financial statements. The minority interests' proportional share of the results and equity of the subsidiary enterprises is adjusted annually and stated as separate items in the income statement and balance sheet.

### Foreign currency translation

All companies in the group have determined a functional currency which is the currency that the relevant enterprise primarily is affected by when fixing prices for purchase and sale. All transactions are measured in the functional currency. Foreign currencies are all other currencies than the functional currency.

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

Accounts receivable, payable and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivable or payable is recognised in the income statement as financial income or expenses.

Associates are translated to the presentation currency of the group. The group's share of results is translated at an average exchange rate and the investment is translated at the rate on the balance sheet date. Exchange rate adjustments are recognised separately in the equity.

## ACCOUNTING POLICIES

### INCOME STATEMENT

#### Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

#### Costs of goods sold

Costs of goods sold comprise the raw materials and consumables consumed to achieve revenue for the year.

#### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprise, including gains and losses on the sale of intangible assets and property, plant and equipment.

#### Other external expenses

Other external costs include expenses for distribution, sales, advertising, administration, premises, loss on bad debts, etc., production and quality assurance.

#### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

#### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

#### Investments in subsidiary enterprises and associates

The income statement of the parent company recognises the proportional share of the results of each subsidiary enterprise after full elimination of internal gains/loss and deduction of amortisation of goodwill.

The consolidated income statement and the parent company income statement recognise the proportional share of the results of each associate after elimination of the proportional share of internal gains/loss and deduction of amortisation of goodwill.

#### Financial income and expenses in general

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

#### Tax on profit for the year

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that can be attributed to the profit for the year, and is recognised directly in the equity by the portion that can be attributed to entries directly to the equity.

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

## ACCOUNTING POLICIES

### BALANCE SHEET

#### Intangible fixed assets

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 5-10 years.

Acquired licences and other rights are measured at cost less accumulated amortisation. Licences and other rights are amortised on a straight-line basis over the expected useful life which is estimated to 5 years.

#### Tangible fixed assets

Land and buildings, production plant and machinery, other plants, fixtures and equipment are measured at cost less accumulated depreciation and write-down. No depreciation is provided on land.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value as follows:

	Useful life	Residual value
Buildings (administration) .....	20 years	50%of cost
Buildings (Cold store and production) .....	20 years	0%
Production plant and machinery .....	3-10 years	0%
Other plants, fixtures and equipment .....	3-10 years	0%

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised as other operating income and expenses in the income statement.

#### Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, the asset is written down to its lower recoverable amount.

#### Lease contracts

Lease contracts relating to tangible fixed assets where the company bears all material risks and benefits attached to the ownership (finance lease) are recognised as assets in the balance sheet. The assets are at the initial recognition measured at calculated cost equal to the lower of fair value and present value of the future lease payments. The internal interest rate of the lease contract is used as discounting factor or an approximate value when calculating the present value. Finance lease assets are depreciated similarly to the company's other tangible fixed assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability and the interest portion of the lease payment is recognised in the income statement over the term of the contract.

## ACCOUNTING POLICIES

### Fixed asset investments

Investments in subsidiary enterprises and associates are measured in the parent company balance sheet under the equity method.

Investments in subsidiary enterprises and associates are measured in the balance sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill calculated in accordance with the acquisition method.

Net revaluation of investments in subsidiary enterprises and associates is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value with deduction of amortisation of goodwill.

### Inventories

Inventories are measured at cost based on weighted average prices. If the net realisable value is lower than cost, write-down is provided to the lower value.

The cost of inventories is calculated at acquisition price with addition of direct payroll costs, transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

### Accounts receivable

Accounts receivable are measured at amortised cost which usually corresponds to nominal value. Write-down is provided to meet expected losses.

### Accruals

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

### Other securities and investments

Securities recognised as current assets, comprise public quoted securities that are measured at fair market value (quoted price) on the balance sheet date.

### Dividend

Dividends proposed for the reporting period are presented as a separate item under 'Equity'.

## ACCOUNTING POLICIES

### Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

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

### Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Mortgage debt is measured at amortised cost which for cash loans is equal to the debt outstanding and for bond loans is equal to the debt outstanding, calculated on the basis of the underlying cash value of the loan at the time of borrowing.

Other liabilities which include debt to suppliers, subsidiaries and associates and other debt are measured at amortised cost which usually corresponds to the nominal value.

The capitalised residual lease liability on finance lease contracts is also recognised as financial liabilities.

### Derivative financial instruments

Derivative financial instruments are recognised first time in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables or other debt. The fair value of derivative financial instruments is calculated based on market data received from the company's bank.

Change of the fair value of derivative financial instruments that are not classified as hedging instruments are recognized in the income statement as financial income or expenses.

Change of the fair value of derivative financial instruments, classified as and fulfilling the criteria for hedging of the fair value of a recognised asset or liability, is recognised in the income statement together with any changes in the fair value of the hedged asset or the hedged liability.

Change of the fair value of derivative financial instruments, classified as and fulfilling the criteria for hedging of future cash flows, is recognised temporarily in the equity until the hedged transaction is carried out. If the future transaction results in recognition in assets or liabilities, the value of the hedging instrument is to be transferred from equity to the cost of the asset or the liability. If the future transaction results in income or expenses, the value of the hedging instrument is to be transferred to the income statement

## ACCOUNTING POLICIES

### CASH FLOW STATEMENT

The cash flow statement shows the company's and the group's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:

Cash and cash equivalents include bank overdraft and liquid funds.