

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

ANNUAL REPORT

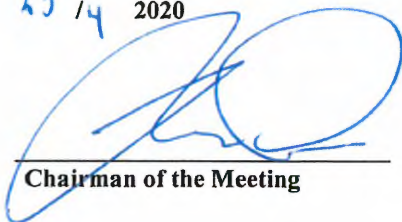
2019

1 JANUARY – 31 DECEMBER 2019

32nd FINANCIAL YEAR

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

23 / 4 2020



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 2019.

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 2019 and of the results of the Group's and the Parent Company's operations and cash flows for 2019.

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 23 April 2020

Executive board:

Lars Hermes Olsen

Carl Højrup

Board of Directors:

Terutaka Kuraishi
Chairman

Hisami Sakai

Keith Moores

Steven 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 gives a true and fair view of the financial position of the Group and the Parent Company at 31 December 2019, 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 2019 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 2019, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the Group and the Parent Company.

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 Statements 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 23 April 2020

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-no. 33 77 12 31

Line Borregaard
State Authorised Public Accountant
mne34353

COMPANY INFORMATION

Company Nordic Seafood A/S
 Søren Nordbysvej 15
 9850 Hirtshals

Telephone: +45 98 94 15 33
 Website: www.nordicseafood.com
 E-mail: mail@nordicseafood.com

CVR No: 11 14 21 41
 Established: 1. June 1987
 Registered Office: Hirtshals
 Financial Year: 1. Januar – 31. December

Board of Directors Terutaka Kuraishi, Chairman
 Hisami Sakai
 Keith Moores
 Steven Arnold Yung

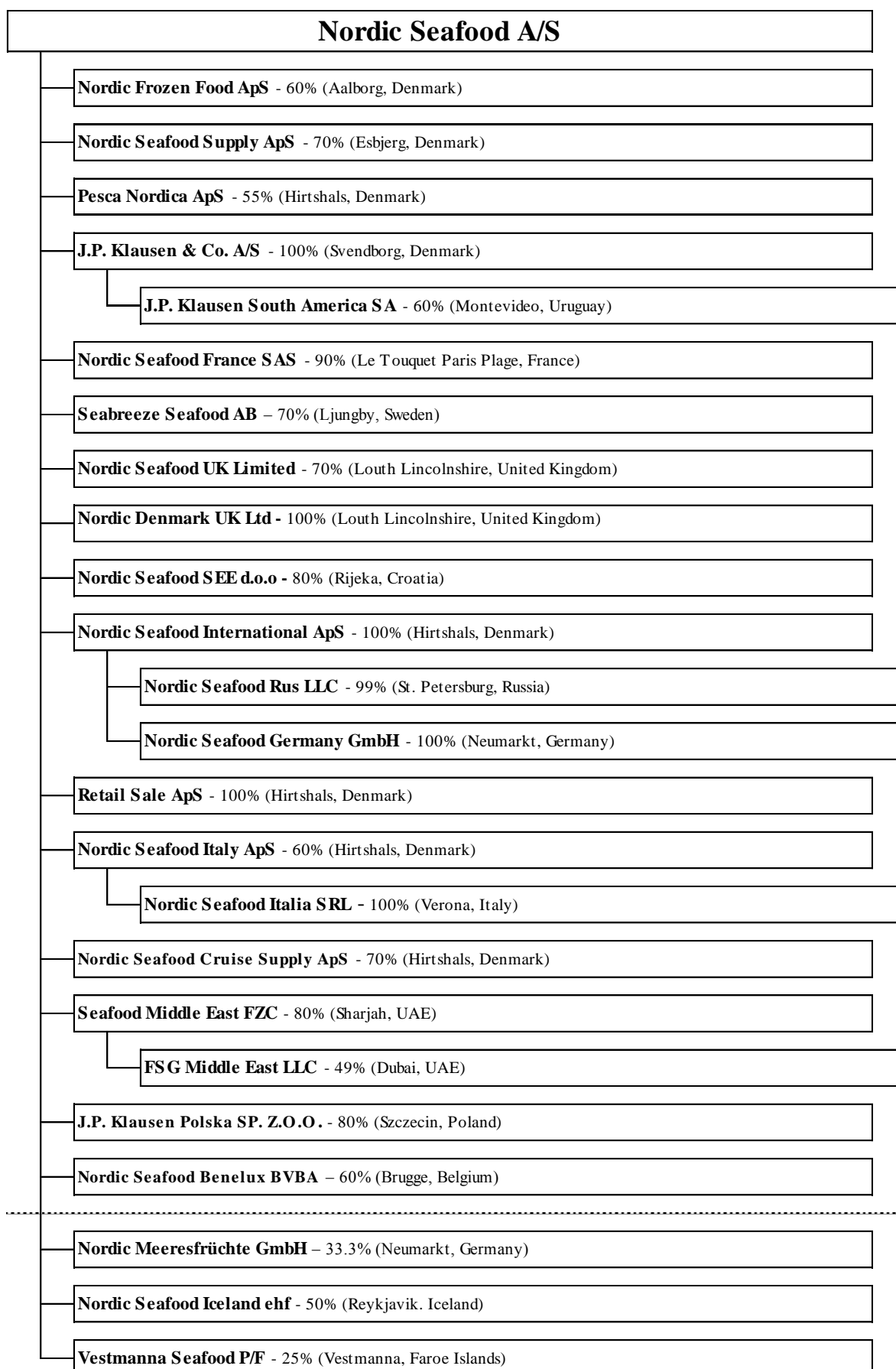
Executive Board Lars Hermes Olsen
 Carl Højrup

Auditors PricewaterhouseCoopers
 Statsautoriseret Revisionspartnerselskab
 Skelagervej 1A
 DK-9000 Aalborg

Bankers Spar Nord Bank A/S
 Skelagervej 15
 9000 Aalborg

Danske Bank
 Albani Torv 2
 5000 Odense C

GROUP CHART



KEY FIGURES AND RATIOS OF THE GROUP

	2019	2018	2017	2016	2015
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Income statement					
Net revenue	2.924.258	3.157.749	3.023.165	2.733.175	2.760.571
Gross profit.....	167.921	192.271	163.703	148.176	143.534
Operating profit	76.481	95.678	79.206	67.717	64.812
Profit before tax.....	66.322	85.513	72.297	60.966	57.358
Profit for the year	53.378	68.297	56.260	46.732	43.141
Balance sheet					
Fixed assets	71.143	75.517	78.732	59.769	35.348
Current assets	1.037.875	1.025.478	1.081.513	944.220	937.672
Balance sheet total.....	1.109.018	1.100.995	1.160.245	1.003.989	973.020
Equity	381.582	359.763	310.600	286.972	256.720
Provision for liabilities	3.182	4.204	2.166	3.117	1.513
Long-term liabilities	29.544	30.791	32.290	5.200	6.000
Current liabilities.....	694.710	706.237	815.189	708.700	708.787
Liabilities.....	724.254	737.028	847.479	713.900	714.787
Cash flows					
Cash flows from:					
- operating activities	64.638	105.565	-53.185	113.328	26.802
- investing activities	-2.628	-3.692	-24.800	-29.926	-3.646
including investment in tangible fixed assets.....	-4.555	-7.074	-21.450	-31.521	-5.360
- financing activities	-53.894	-70.271	26.873	-31.028	-12.324
Change in cash and cash equivalents for the year.....	8.116	31.602	-51.112	52.374	35.480
Ratios					
Gross margin	5,74%	6,09%	5,41%	5,42%	5,20%
(gross profit as % of revenue)					
Profit margin	2,62%	3,03%	2,62%	2,48%	2,35%
(operating profit as % of net revenue)					
Rate of return.....	6,92	8,46%	7,32%	6,85%	6,60%
(operating profit as % of aver. balance sheet total)					
Equity ratio (solvency ratio).....	34,41%	32,68%	26,77%	28,58%	26,38%
(equity as % of assets, end of year)					
Return on equity	17,89%	25,51%	24,20%	22,43%	23,20%
(profit before tax as % of aver. equity)					
Average number of employees.....	164	162	149	139	131
Index for net revenue.....	106	114	110	99	100
Index for gross profit.....	117	134	114	103	100
Index for profit before tax	116	149	126	106	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 2019 the Group realized a profit for the year of DKK 53,4 million compared to DKK 68,3 million in 2018.

Going into the year we knew that 2019 would be a challenging year with expectations below the realized profit in 2018. Despite that, the profit for the year and the financial development has not meet our expectations.

Events after the end of the financial year

The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have a great impact on the global economy.

Future prospects

The Company's outlook for the future will be negatively affected by the COVID-19 outbreak and the measures taken by governments in most of the world to mitigate the impacts of the outbreak.

Before the COVID-19 outbreak, Management expected a modest revenue growth and unchanged net profit for the year as compared to 2019. However, the COVID-19 outbreak has hit the European market, especially within the foodservice segment, and this will have a negative impact on both revenue and net profit for 2020. See also subsequent events disclosures in note 20. Management is monitoring developments closely. It is, however, too early yet to give an opinion to what extent COVID-19 will impact revenue and earnings in 2020.

Statutory statement on CSR in accordance with Section 99a of the Danish financial statement act

Sustainable development of the seafood business is imperative and a necessary for seafood to continue to feed the world. Nordic Seafood recognizes this responsibility and as a large player in the seafood market try and impose sustainable transformation of the supply chain. From Farm / Fishing to consumer.

Business model

Nordic Seafood is an international supplier of seafood and other food items. Products are imported from the whole world and distributed through Hirtshals. Sale is facilitated both from Hirtshals and through several sales offices, strategically located around Europe. Purchase is handled from our sales offices in cooperation with several hubs that handle quality control at the sites of production.

Assessment of risks related to our business model

We hold the highest standards of quality and food safety and we strive to do our business with respect for the natural resources and our supply chain. Global trade means global responsibilities and Nordic Seafood recognize this and act upon the inherent risks that come with the products purchased. Illegal fishing, overfishing, unsustainable farming and socially unacceptable productions to name the most important ones.

We are conscious of our responsibilities and integrate this in our policies on both practical and strategic levels of our activities. We have a close dialogue with our customers and other relevant stakeholders to ensure compliance with both market standards and customer expectations. We strive to present as wide a sustainable product range as feasibly possible.

MANAGEMENT'S REVIEW

Nordic Seafood applies a principle of “hands on” with suppliers and will engage in and cooperate with suppliers of potential even if there is room for improvement. It is the wish of Nordic Seafood to use its knowledge and monetary power to push suppliers in a sustainable direction. Business grants influence.

Policies and social responsibility

Nordic Seafood has internal guidelines, policies and goals which ensure that our employees work in a healthy working environment and that they have the best possible working conditions. We prioritize work safety in our factory and hold the safety of our staff to the highest standard. We have established and uphold policies on:

- Human rights and Labour
- Sustainability / Environment / Climate change
- Anticorruption and bribery

The policies lay out the framework of our social responsibilities and present our systematic approach to reducing the negative impact our products upon work force, the environment and ecology. They contain both our very principal standpoints and the tools we use in our CSR workflows.

2019 – Results

The results are categorized to match the Nordic Seafood policies.

Human rights and Labour

In the financial year 2019 there have been two work accidents. In the first incident, an employee cut himself on a saw (January) In the second incident an employee cut himself on a knife. Both have had a complete recovery and received further training in handling dangerous equipment.

Sustainability / Environment / Climate change

Nordic Seafood has joined the Global Sustainable Seafood Initiative (GSSI) to subsidize and support their efforts to make seafood sustainability certifications more transparent, accessible and known by the consumers. This is an important step in making the fish industry more sustainable. In 2019 our CSR manager joined their Expert working group in revising the aquaculture standard.

To evaluate the effect of Nordic Seafoods efforts, monitoring programs have been established. The CSR department will be able to extract comparable data to monitor progression. Data on volume and diversity of sustainable products will be included, as will the number of suppliers with a certified social standard. The aim is to use the data to target business areas where potential for improvement is present. It is also our aim to further improve and extend our sustainable products range. From 2018 to 2019 the number of sustainable species has increased from 35 to 38. Our volume of sustainable produce (seafood and vegetables) has increased from 33 to 37%.

Anticorruption and bribery

In the financial year 2019 there have been no incidents

MANAGEMENT'S REVIEW

Report of the Gender Composition in Management, cf. Section 99b of the Danish Financial Statements Act

Target for the Board of Directors

Nordic Seafood is owned and controlled by Nippon Suisan Kaisha Ltd (Nissui) which is listed in Japan. Nordic Seafoods 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 (or 40%) within the next 10 years.

Nordic Seafood has an equal opportunity policy applicable to all levels of management. Thereby the company will focus on attracting female candidates at all levels of management. The right qualifications will take precedence.

No changes have been implemented in 2019.

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 at all levels however the right qualifications will always be the most important parameter when occupying positions at all levels.

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	
		2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
NET REVENUE	19	2.924.258	3.157.749	1.555.673	1.684.284
Cost of goods sold		-2.694.301	-2.903.056	-1.441.347	-1.561.237
Other external expenses.....		-62.442	-62.674	-31.605	-28.916
Other operating income		406	252	92	18
GROSS PROFIT		167.921	192.271	82.813	94.149
Staff expenses	1,15	-82.311	-87.630	-42.561	-45.518
Depreciation, amortisation and write-down.....	2	-8.827	-8.824	-6.499	-6.621
Other operating expenses		-302	-139	0	-66
OPERATING PROFIT		76.481	95.678	33.753	41.944
Income from investments in subsidiaries.	3	0	0	22.485	28.322
Income from investments in associates....	4	1.760	1.038	1.760	-566
Interest income group enterprises		0	0	66	30
Other financial income		139	-105	6	10
Interest expenses group enterprises.....		-1.167	-1.023	-1.192	-1.136
Other financial expenses		-10.891	-10.075	-5.880	-3.913
PROFIT BEFORE TAX		66.322	85.513	50.998	64.691
Tax on profit for the year	5	-12.944	-17.216	-5.932	-8.183
PROFIT FOR THE YEAR		53.378	68.297	45.066	56.508
PROPOSED DISTRIBUTION OF PROFIT					
Minority interests' share of profit in subsidiaries		8.312	11.789	0	0
Dividend for the financial year.....		0	24.000	0	24.000
Allocation to reserve for net revaluation under the equity method.....		0	0	12.787	13.913
Retained profit		45.066	32.508	32.279	18.595
TOTAL		53.378	68.297	45.066	56.508

BALANCE SHEET 31 DECEMBER

ASSETS	Note	Group		Parent Company	
		31/12 2019 DKK '000	31/12 2018 DKK '000	31/12 2019 DKK '000	31/12 2018 DKK '000
Licenses and other rights		1.425	1.766	1.425	1.766
Goodwill		2.712	3.797	0	0
Intangible fixed assets	6	4.137	5.563	1.425	1.766
Land and buildings		46.964	49.755	46.964	49.755
Production plant and machinery.....		5.947	6.083	5.947	6.083
Other plants, fixtures and equipment		9.482	11.222	6.060	6.774
Tangible fixed assets	6	62.393	67.060	58.971	62.612
Investments in subsidiaries.....	7	0	0	139.636	129.797
Investments in associates.....	8	4.613	2.894	4.613	2.894
Fixed asset investments		4.613	2.894	144.249	132.691
FIXED ASSETS		71.143	75.517	204.645	197.069
Finished goods and goods for resale		574.123	549.428	403.227	407.572
Prepayments for goods		20.812	42.609	9.419	22.494
Inventories		594.935	592.037	412.646	430.066
Trade receivables.....		407.039	396.742	218.845	209.412
Receivables from group enterprises.....		0	0	3.261	1.716
Other receivables	9	6.799	9.949	4.932	2.841
Corporation tax		2.426	0	7.857	0
Prepayments and accrued income		3.415	3.225	2.451	2.139
Accounts receivable		419.679	409.916	237.346	216.108
Current investments		65	65	65	65
Cash	10	23.196	23.460	39	28
CURRENT ASSETS		1.037.875	1.025.478	650.096	646.267
ASSETS		1.109.018	1.100.995	854.741	843.336

BALANCE SHEET 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group		Parent Company	
		31/12 2019 DKK '000	31/12 2018 DKK '000	31/12 2019 DKK '000	31/12 2018 DKK '000
Share capital		1.650	1.650	1.650	1.650
Reserves for net revaluation under the equity method		0	0	71.968	60.410
Reserves for fair value of hedging instruments.....		-357	3.486	-337	1.461
Reserves for foreign currency translation		-105	-921	0	0
Retained profit		337.361	292.295	265.268	232.989
Proposed dividend for the year		0	24.000	0	24.000
Capital and reserves attributable to owners		338.549	320.510	338.549	320.510
Minority interests.....		43.033	39.253	0	0
EQUITY		381.582	359.763	338.549	320.510
Deferred tax		2.786	3.835	2.076	2.541
Provision for pensions and similar liabilities.....		396	369	0	0
PROVISION FOR LIABILITIES	11	3.182	4.204	2.076	2.541
Long-term liabilities	12	29.544	30.791	29.544	30.791
Current portion of long-term liabilities	12	1.643	1.500	1.643	1.500
Debt to banks	10	387.529	420.432	276.057	312.246
Prepayments received from customers		5.612	6.481	1.674	1.002
Trade payables.....		202.837	203.260	121.416	109.234
Payables to group enterprises.....		44.818	18.668	55.109	41.496
Payables to associates.....		2.793	232	2.872	1.717
Income taxes.....		0	9.466	0	2.663
Other payables	9	49.478	46.198	25.801	19.636
Current liabilities.....		694.710	706.237	484.572	489.494
LIABILITIES		724.254	737.028	514.116	520.285
EQUITY AND LIABILITIES		1.109.018	1.100.995	854.741	843.336
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STATEMENT OF CHANGES IN EQUITY

DKK '000	Group						Total
	Share capital	Reserve for hedging transactions	Reserve for foreign currency translation	Retained profit	Proposed dividend	Minority interests	
Equity at 1 January	1.650	3.486	-921	292.295	24.000	39.253	359.763
Dividend distributed	-	-	-	-	-24.000	-4.188	-28.188
Net profit/loss for the year.....	-	-	-	45.066	-	8.312	53.378
Currency translation	-	-	816	-	-	-208	608
Adjustment hedging instruments ..	-	-3.843	-	-	-	-136	-3.979
Equity at 31 December.....	1.650	-357	-105	337.361	0	43.033	381.582

DKK '000	Parent Company					Total
	Share capital	Net revaluation under the equity method	Reserve for hedging transactions	Retained profit	Proposed dividend	
Equity at 1 January	1.650	60.410	1.461	232.989	24.000	320.510
Dividend distributed	-	-	-	-	-24.000	-24.000
Net profit/loss for the year.....	-	12.787	-	32.279	0	45.066
Currency translation	-	816	-	-	-	816
Adjustment hedging instruments ..	-	-2.045	-1.798	-	-	-3.843
Equity at 31 December.....	1.650	71.968	-337	265.268	0	338.549

31/12 2019 **31/12 2018**
DKK '000 DKK '000

Share capital

1,650,007 shares in the denomination of DKK 1.650 1.650

CASH FLOW STATEMENT 1 JANUARY – 31 DECEMBER

	Note	Group		Parent Company	
		2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
Profit for the year		53.378	68.297	45.066	56.508
Reversed depreciation of the year		8.827	8.824	6.499	6.621
Other adjustments		1.796	-843	898	-874
Profit from subsidiaries, associates and current investment		-1.760	2.235	-24.245	-27.756
Reversed tax on profit for the year		12.944	17.216	5.932	8.183
Corporation tax paid.....		-24.725	-9.781	-16.409	-994
Change in inventory		-2.302	77.112	17.420	109.258
Change in accounts receivable		-12.767	-16.748	-7.964	21.047
Change in current liabilities		29.247	-40.747	25.074	-75.741
Cash flows from operating activities ..		64.638	105.565	52.271	96.252
Purchase of intangible fixed assets.....		0	-15	0	-15
Purchase of tangible fixed assets.....		-4.555	-7.074	-3.673	-4.522
Sale of tangible fixed assets		1.927	886	1.248	88
Purchase of financial investments		0	0	0	0
Sale of financial investments		0	2.511	0	25
Dividend received in the financial year..		0	0	11.458	13.843
Cash flows from investing activities ...		-2.628	-3.692	9.033	9.419
Proceeds from long-term borrowing		31.600	0	31.600	0
Repayments of long-term loans		-32.704	-6.687	-32.704	-6.688
Proceeds from short-term borrowing		0	0	0	0
Repayments from short-term borrowing		-24.602	-38.964	-24.602	-38.964
Dividend paid in the financial year		-28.188	-24.645	-24.000	-20.000
Injection of new capital		0	25	0	0
Cash flows from financing activities...		-53.894	-70.271	-49.706	-65.652
Change in cash and cash equivalents..		8.116	31.602	11.598	40.019
Cash and cash equivalents at 1 January .		8.858	-23.773	93.612	53.593
Exchange adjustment of cash and cash equivalents		-79	1.029	0	0
Cash and cash equivalents at 31 December	10	16.895	8.858	105.210	93.612

NOTES

	Group		Parent Company		Note
	2019	2018	2019	2018	
	DKK '000	DKK '000	DKK '000	DKK '000	
Staff expenses					1
Average number of employees.....	164	162	75	76	
Amount of total staff expenses:					
Wages and salaries	69.356	75.540	35.480	38.632	
Pensions	9.087	8.132	6.347	6.098	
Other social security expenses	3.868	3.958	734	788	
	82.311	87.630	42.561	45.518	
Depreciation, amortisation and write-down					2
Licenses and other rights	341	406	341	406	
Goodwill	1.085	1.085	0	0	
Properties	2.791	3.169	2.791	3.169	
Production plant and machinery.....	974	1.000	974	1.000	
Other plants, fixtures and equipment	3.636	3.164	2.393	2.046	
	8.827	8.824	6.499	6.621	
Income from investments in subsidiaries					3
Share of profit before tax	0	0	27.698	34.847	
Share of tax in subsidiaries	0	0	-5.213	-6.525	
	0	0	22.485	28.322	
Income from investments in associates					4
Share of profit before tax	2.419	1.007	2.419	-597	
Share of tax in associates	-659	31	-659	31	
	1.760	1.038	1.760	-566	
Tax on profit for the year					5
Computed tax on taxable income of the year.....	12.934	17.266	5.889	8.383	
Adjustment of deferred tax	125	-25	43	-202	
Adjustment of tax previous years	-115	-25	0	2	
	12.944	17.216	5.932	8.183	

NOTES

Note

Intangible fixed assets

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	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	7.373	39.860	7.373	0
Exchange adjustments	0	20	0	0
Additions	0	0	0	0
Disposals	0	0	0	0
Cost at 31 December	7.373	39.880	7.373	0
Amortisation at 1 January	5.607	36.063	5.607	0
Exchange adjustments	0	20	0	0
Amortisation	341	1.085	341	0
Amortisation sold assets	0	0	0	0
Amortisation at 31 December	5.948	37.168	5.948	0
Carrying amount at 31 December	1.425	2.712	1.425	0

NOTES

Note

Tangible fixed assets

6

	Group		
	Land and buildings	Production plant and machinery	Other plants, fixtures and equipment
	DKK'000	DKK'000	DKK'000
Cost at 1 January	76.719	23.484	20.904
Exchange adjustments	0	0	55
Additions	0	839	3.716
Disposals	0	-228	-2.907
Cost at 31 December	76.719	24.095	21.768
Depreciation at 1 January	26.964	17.401	9.682
Exchange adjustments	0	0	53
Depreciation	2.791	974	3.636
Depreciation sold assets	0	-227	-1.085
Depreciation at 31 December	29.755	18.148	12.286
Carrying amount at 31 December	46.964	5.947	9.482
	Parent Company		
	Land and buildings	Production plant and machinery	Other plants, fixtures and equipment
	DKK'000	DKK'000	DKK'000
Cost at 1 January	76.719	23.484	13.890
Additions	0	839	2.834
Disposals	0	-228	-2.255
Cost at 31 December	76.719	24.095	14.469
Depreciation at 1 January	26.964	17.401	7.116
Depreciation	2.791	974	2.393
Depreciation sold assets	0	-227	-1.100
Depreciation at 31 December	29.755	18.148	8.409
Carrying amount at 31 December	46.964	5.947	6.060

NOTES

	Parent Company		Note
	31/12 2019	31/12 2018	
	DKK '000	DKK '000	
Investments in subsidiaries			7
Cost at 1 January	70.205	70.345	
Disposals	0	-140	
Cost at 31 December	70.205	70.205	
Revaluation at 1 January	59.592	43.176	
Exchange adjustments	857	-652	
Dividend to parent company	-11.458	-13.841	
Profit for the year	22.485	28.322	
Adjustment of equity in subsidiaries	-2.045	2.471	
Revaluation, disposal	0	116	
Revaluation at 31 December	69.431	59.592	
Carrying amount at 31 December	139.636	129.797	

Name and registered office	Equity	Profit for the year	Ownership	Parent Company	
				Equity	Profit for the year
Nordic Frozen Food ApS, Aalborg, Denmark	30.510	1.988	60%	18.306	1.193
Nordic Seafood Supply ApS, Esbjerg, Denmark ..	3.407	1.074	70%	2.385	752
Pesca Nordica ApS, Hirtshals, Denmark	3.006	530	55%	1.653	291
J.P. Klausen & Co A/S, Svendborg, Denmark.....	42.718	9.802	100%	42.718	9.802
Nordic Seafood France SAS, Le Touquet Paris Plage, France	4.710	1.027	90%	4.239	924
Nordic Seafood UK Ltd Louth Lincolnshire, United Kingdom	12.171	2.722	70%	8.520	1.362
Nordic Denmark UK Ltd Louth Lincolnshire, United Kingdom.....	0	0	100%	0	0
Nordic Seafood International ApS Hirtshals, Denmark	6.045	100	100%	6.045	100
Nordic Seafood SEE d.o.o., Rijeka, Croatia	2.726	434	80%	2.181	347
Retail Sale ApS *), Hirtshals, Denmark	749	402	100%	100	0
Nordic Seafood Italy ApS, Hirtshals, Denmark....	11.084	3.649	60%	6.651	2.189
Seafood Middle East FZC, Dubai, UAE.....	28.918	3.595	80%	23.134	2.731
J.P. Klausen Polska Sp. z.o.o., Szczecin, Poland..	6.922	852	80%	5.537	682
Nordic Seafood Cruice Supply ApS Hirtshals, Denmark	4.189	1.778	70%	2.932	1.245
Seabreeze Seafood AB, Ljungby, Sweden.....	17.609	2.700	70%	12.326	1.890
Nordic Seafood Benelux BVBA Brugge, Belgium	327	104	60%	197	62
				136.924	23.570
Goodwill at 31 December 2019				2.712	
Goodwill, amortisation of the year					-1.085
				139.636	22.485

*) 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 2019	31/12 2018	31/12 2019	31/12 2018	
	DKK '000	DKK '000	DKK '000	DKK '000	
Investments in associates					8
Cost at 1 January	2.075	2.075	2.075	2.075	
Additions	0	0	0	0	
Disposals	0	0	0	0	
Cost at 31 December	2.075	2.075	2.075	2.075	
Revaluation at 1 January	819	1.507	819	1.507	
Exchange adjustment at closing rate	-41	-122	-41	-122	
Dividend to parent company	0	0	0	0	
Profit for the year	1.760	-566	1.760	-566	
Revaluation at 31 December	2.538	819	2.538	819	
Carrying amount at 31 December	4.613	2.894	4.613	2.894	

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	1.400	2.133	33,3%	467	711
Nordic Seafood Iceland ehf. Reykjavik, Iceland	4.850	1.045	50,0%	2.425	523
Vestmanna Seafood P/F Vestmanna, The Faroe Islands	6.884	2.105	25,0%	1.721	526
				4.613	1.760

Derivative financial instruments

9

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded.

At the balance sheet date, the fair value of derivative financial instruments amounts to:

	Group		Parent Company		Note
	31/12 2019	31/12 2018	31/12 2019	31/12 2018	
	DKK '000	DKK '000	DKK '000	DKK '000	
Assets	0	5.275		2.115	
Liabilities	1.652	0	1.182	0	

Forward exchange contracts have been concluded to hedge future purchase and sale of goods in foreign currencies. At the balance sheet date, the nominal value of the exchange contracts amounts to DKK 154 million for the Parent Company and DKK 230 million for the Group. According to group foreign currency policy all purchases and sales are hedged when it is likely that the underlying contract will be fulfilled. Purchase contracts have been hedged for at period of 1-11 months and sales contracts for a period of 1-8 months.

NOTES

	Group		Parent Company		Note
	31/12 2019	31/12 2018	31/12 2019	31/12 2018	
	DKK '000	DKK '000	DKK '000	DKK '000	
Cash and cash equivalents					10
Cash	23.196	23.460	39	28	
Debts to banks	-387.529	-420.432	-276.057	-312.246	
	-364.333	-396.972	-276.018	-312.218	
Reconciliation to cash flow statement					
Balances as above.....	-364.333	-396.975	-276.018	-312.218	
Debt to bank not considered as cash equivalents	381.228	405.830	381.228	405.830	
Cash and cash equivalents	16.895	8.858	105.210	93.612	
Deferred tax					11
Deferred tax liability at 1 January	3.835	2.166	2.541	1.951	
Amounts recognised in the income statement for the year	125	-25	43	-202	
Amounts recognised in equity for the year	-1.174	1.694	-508	792	
Deferred tax liability at 31 December ..	2.786	3.835	2.076	2.541	
Deferred tax concerns:					
Fixed assets.....	2.584	2.504	1.152	1.265	
Current assets.....	202	1.331	924	1.276	
	2.786	3.835	2.076	2.541	
Provision for pensions and similar liabilities					
Provision for pensions and similar liabilities at 1 January	369	0	0	0	
Amounts recognised in the income statement for the year	27	369	0	0	
Provision for pensions and simila liabilities at 31 December.....	396	369	0	0	
Provision for pensions and similar liabilities concerns:					
Short terms.....	0	0	0	0	
Long terms.....	396	369	0	0	
	396	369	0	0	

NOTES

						Note
Long-term liabilities						12
	Total	Total		Long-term	Debt	
	liabilities	liabilities	Repayment	liabilities	outstanding	
DKK '000	1/1 2019	31/12 2019	next year	31/12 2019	after 5 years	
Mortgage debt.....	32.291	31.187	1.643	29.544	22.840	
Parent company, total	32.291	31.187	1.643	29.544	22.840	
Group, total	32.291	31.187	1.643	29.544	22.840	

Contingencies etc.

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The Parent Company's payments under operation leases concerning cars is 182 DKK'000. The remaining terms is 2-25 month.

The Parent Company has issued joint and several surety for J.P. Klausen Co. A/S', Seafood Middle East FZC' and Nordic Seafood France SAS' engagement with banks.

The Group's payments for office premises concerning contracts which are terminable with 1-80 month notice is 3.326 DKK'000.

The Group's payments under operation leases concerning cars and computer equipment is 2.605 DKK'000. The remaining terms is 2-69 months.

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

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As security for the engagement with Realkredit Danmark the following has been deposited:

Mortgage deed on the property Søren Nordbysvej, matr.nr. 13 CM Horne By, nominal value DKK '000	31.187
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The book value of the above property is 46.964 DKK'000

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Related parties

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Nordic Seafood 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 Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Transactions with related parties have been performed on arm's length terms.

There has not been made any payments to the board, neither in the financial year 2019 nor in the financial year 2018. The payment (inclusive incentive payment) to the management amounts to 6.970 DKK'000 in the financial year 2019 against 7.607 DKK'000 in the financial year 2018.

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

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NOTES

	Group		Parent Company		Note
	2019	2018	2019	2018	
	DKK '000	DKK '000	DKK '000	DKK '000	
Proposed distribution of profit					17
Minority interests' share of profit in subsidiaries	8.312	11.789	0	0	
Dividend for the financial year.....	0	24.000	0	24.000	
Allocation to reserve for net revaluation under the equity method.....	0	0	12.787	13.913	
Retained profit	45.066	32.508	32.279	18.595	
	53.378	68.297	45.066	56.508	
Fee to auditors appointed by the General Meeting					18
Audit	512	500	231	220	
Other statement	126	138	82	82	
Tax and VAT consultancy	429	322	259	303	
Other services.....	53	84	8	39	
	1.120	1.044	580	644	
Segment details					19
Net revenue:					
Scandinavia	719.142	763.112	481.162	489.176	
Europe.....	1.646.742	1.815.840	1.008.783	1.129.264	
Other countries.....	558.374	578.797	65.728	65.844	
	2.924.258	3.157.749	1.555.673	1.684.284	
Events after the end of the financial year					20
<p>The Company's outlook for the future will be negatively affected by the COVID-19 outbreak and the measures taken by governments in most of the world to mitigate the impacts of the outbreak. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company.</p> <p>Before the COVID-19 outbreak, Management expected a modest revenue growth and unchanged net profit for the year as compared to 2019. However, the COVID-19 outbreak has hit the European market, especially within the foodservice segment, and this will have a negative impact on both revenue and net profit for 2020. Management is monitoring developments closely. It is, however, too early yet to give an opinion as to the extent of the negative implications on the Group's outlook. Therefore, Management finds itself unable to disclose reliably its outlook for the future in accordance with section 12 of the Danish Financial Statements Act.</p>					

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 fully 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.

Revenue

Information on geographical segments based on the Company's risks and returns and its internal financial reporting system. Geographical segments are regarded as the primary segments.

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 financial 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 (financials 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 cost I 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.

Provision for pensions and similar liabilities

The group has recognised provisions for pensions and liabilities of uncertain timing or amount including pension liabilities and legal disputes. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability.

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 short-term bank overdraft and liquid funds, that are part of ongoing liquidity management, where there are only insignificant risks of impairment.

The cash-flow statement cannot be deduced from the published account material alone.