



The Annual Report has been presented and adopted
at the annual meeting on 29 May 2019

Maiken Lorensen

Schou-Fondet ANNUAL REPORT

1 January - 31 December 2018

Schou-Fondet
Palsgaardvej 10,
7130 Juelsminde.
CVR-NR. 17 58 20 11

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COMPANY DETAILS

Foundation	Schou-Fondet Palsgaardvej 10 7130 Juelsminde CVR No.: 17 58 20 11 Established: 31 December 1957 Registered Office: Hedensted Financial Year: 1 January - 31 December
Presidium	Rasmus Christiansen Mette Marciniak Mikkelsen Anders Brix Birger Brix Ole Gunner Mouritsen
Board of Executives	Anders Brix
Auditor	BDO Statsautoriseret revisionsaktieselskab Roms Hule 4, 1. sal 7100 Vejle

STATEMENT BY BOARD OF DIRECTORS AND MANAGEMENT

Today the Board of Directors and management have discussed and approved the Annual Report of Schou-Fondet for the financial year 1 January - 31 December 2018.

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

In our opinion the Consolidated Financial Statements and the Foundation's Financial Statements give a true and fair view of the Foundation's financial position at 31 December 2018 and of the results of the Foundation's operations and cash flows for the financial year 1 January - 31 December 2018.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

We recommend the Annual Report be approved at the Annual General Meeting.

Juelsminde, 29 May 2019

Board of Executives

Anders Brix

Board of Directors

Rasmus Christiansen

Mette Marciniak Mikkelsen

Anders Brix

Birger Brix

Ole Gunner Mouritsen

INDEPENDENT AUDITOR'S REPORT

To the Board of directors of Schou-Fondet

Opinion

We have audited the Consolidated Financial Statements and the Foundation's Financial Statements of Schou-Fondet for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Foundation's, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Foundation's Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Foundation's Financial Statements give a true and fair view of the assets, liabilities and financial position of the Group and the Foundation's at 31 December 2018 and of the results of the Group and the Foundation's operations as well as the consolidated cash flows of the Group for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Foundation's 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibility for the Consolidated Financial Statements and the Foundation's Financial Statements

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

In preparing the Consolidated Financial Statements and the Foundation's Financial Statements, Management is responsible for assessing the Group's and the Foundation'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 Consolidated Financial Statements and the Foundation's Financial Statements unless Management either intends to liquidate the Group or the Foundation or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Foundation's Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Foundation's Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements and the Foundation's Financial Statements.

INDEPENDENT AUDITOR'S REPORT

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 Consolidated Financial Statements and the Foundation's 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Consolidated Financial Statements and the Foundation's 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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements and the Foundation's 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 Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Foundation's Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and the Foundation's Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Consolidated Financial Statements and the Foundation's 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 Consolidated Financial Statements and the Foundation's Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Consolidated Financial Statements and the Foundation's 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, we conclude that Management's Review is in accordance with the Consolidated Financial Statements and the Foundation's Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management's Review.

INDEPENDENT AUDITOR'S REPORT

Vejle, 29 May 2019

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Frank Lau
State Authorised Public Accountant
MNE no. mne32054

FINANCIAL HIGHLIGHTS OF THE GROUP

	2018	2017	2016	2015	2014
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Income statement					
Net revenue.....	1,427,583	1,263,797	1,188,890	1,093,732	997,557
Gross profit.....	452,629	408,899	396,787	365,003	316,320
Operating profit/loss.....	143,017	120,124	137,744	106,810	87,527
Financial income and expenses, net.....	-147	6,745	-2,514	8,713	8,147
Profit for the year before tax.....	120,302	149,375	137,662	127,332	105,525
Profit for the year.....	85,114	116,390	99,358	90,318	77,155
Profit for the year incl. minority interests.....	82,125	112,168	95,253	87,001	75,172
Balance sheet					
Balance sheet total.....	1,719,824	1,600,198	1,506,288	1,388,513	1,311,377
Equity.....	1,504,525	1,415,859	1,318,900	1,219,738	1,160,002
Equity incl. minority interests.....	1,481,224	1,395,503	1,300,106	1,211,742	1,153,061
Cash flows					
Investment in tangible fixed assets.....	-52,478	-31,090	-24,740	-39,676	-71,197
Average number of full-time employees					
.....	513	471	410	390	380
Ratios					
Gross margin.....	31.7	32.4	33.4	33.4	31.7
Profit margin.....	10.0	9.5	11.6	9.8	8.8
Rate of return.....	16.2	14.5	16.0	12.6	11.4
Solvency ratio.....	86.1	87.2	86.3	87.3	87.9
Return on equity (excl. minority interests).....	5.7	8.3	7.6	7.4	6.7
Index for net revenue.....	143	127	119	110	100

FINANCIAL HIGHLIGHTS OF THE GROUP

The ratios stated in the list of key figures and ratios have been calculated as follows:

Gross margin:	$\frac{\text{Gross profit} \times 100}{\text{Net revenue}}$
Profit margin:	$\frac{\text{Operating profit/loss} \times 100}{\text{Net revenue}}$
Rate of return:	$\frac{\text{Profit/loss on ordinary activities} \times 100}{\text{Average invested capital}}$
Invested capital:	Intangible fixed assets (ex goodwill) + tangible assets + inventories + receivables + other working current assets - trade payables - other provisions - other long and short term working liabilities
Solvency ratio:	$\frac{\text{Equity ex. minorities, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$
Return on equity (ex minorities):	$\frac{\text{Profit/loss after tax ex minorities} \times 100}{\text{Average equity ex minorities}}$

MANAGEMENT'S REVIEW

Main activities

The main activity of the foundation is property leasing. Most of the properties are leased to group companies.

The main activities of the group are production and sale of ingredients for the food sector and for technical applications, furthermore the group have activities within farming, forestry and investment.

Results and financial development

The foundation's profit before tax is reduced with 30 million DKK compared with 2017 and the group's profit before tax is reduced with 29 million DKK compared with 2017.

Compared with 2017 the profit for the foundation as well as the group has been reduced. This is mainly due to a combination of a profit on the sale of an associated company in 2017 and a reduction of loss related to investment in Scanflavour A/S.

All shares in Scanflavour A/S were sold in 2018.

The operating profit has on group level increased with 23 million DKK compared with 2017.

The above taken into consideration, the management considers the result for the year as being satisfactory.

The result for the year compared with the expected development

The foundation's and the group's profit for 2018 is in line with the expectations presented in the annual report for 2017.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the company's financial position.

Special risks

Operating risks

The group's primary business risk is the dependence of the economic development in the markets where the products are sold and the ability to constantly be able to have a competitive cost price.

Price risks

A substantial part of the raw materials follows the price development on the international commodity market; this is a general risk for the industry.

Currency risks

Trading in foreign currencies entails that result, cash flow and equity is affected by the development of exchange rates and interests for a range of currencies. The company's policy is that sales in other currencies than EUR and DKK are hedged.

Currency risks related to investments in subsidiaries are not hedged.

Interest risk

Due to the positive cash position the interest risk is limited.

MANAGEMENT'S REVIEW

Environment

The daily operations are carried out with respect for the environment, we refer to the CSR report mentioned in the following.

Know-how capacity

The most important resource is the employees. The development of the business is dependent on an ongoing education of the employees and that the employees show dedication, flexibility and adaptability. The ambition is, to have an ongoing development of employees through education, to support their dedication via information from the management, and to support the employees where adaptability is needed.

Research and development activities

To maintain and improve the market position large resources are continuously invested in research and development. IP-rights related to product innovations are secured via patents at the earliest possible stage.

Outlook

The company and the group expects that the growth will continue in 2019 and that the earnings will improve compared with 2018.

Corporate social responsibility

As far back as 1908, and long before "Corporate Social Responsibility" (CSR) was conceptualised, Palsgaard's founder Einar Viggo Schou established a strong tradition in responsibility. For him, this meant looking after employees and their families, the local communities in which Palsgaard operates, and society in general. More than a century on, CSR is still a strategic part of our business.

Palsgaard's activities extend to over 100 countries, but we always bring with us a commitment to sustainability. We conduct ourselves in a financially responsible manner to maintain a profitable business through innovation, process optimisation and risk minimisation. This ensures that we remain a reliable supplier for our customers and an attractive, safe and caring workplace for our employees

CSR is strategic for Palsgaard's activities and is overseen by a dedicated CSR Steering Committee. A CSR Working Committee is chaired by a senior CSR Specialist, with member representation from all departments in the company. Our CSR report details our strategic work within CSR.

The Report on corporate social responsibility for 2018 according to § 99a of the Danish Financial Statements Act is published on the webpage:

<http://novicell.ipapercms.dk/PalsgaardAS/CSR/palsgaard-csr-report-2018/>

For further CSR related information, we refer to our webpage:

<https://www.palsgaard.com/en/responsibility/palsgaard-and-corporate-social-responsibility/100-years-of-responsible-behaviour>

Report on the Gender Distribution in Management

Target

The gender distribution in the board of directors do not comply with the intentions of the legislation. To comply the distribution had to be 3 - 2 instead of 4 - 1. It is always the foundation's intention to comply with the legislation, but the qualifications for the position will prevail. The foundation expects to comply with the intentions of the legislation before 2028.

Policies

The foundation and the group has a policy regarding the proportion of gender in the management levels of the entities in the group. When choosing between equally qualified candidates, the general diversity among the employees shall be taken into consideration. The board of directors will once a year review the gender proportion to assess if the proportion is in line with the policy.

MANAGEMENT'S REVIEW

Report on distribution policy

Statutory report on distribution policy cf. section § 77b of the Danish Financial Statements Act.

According to the Statues, the objectives of Schou-Fondet are:

- A. to own companies that the Board of Directors of the Foundation may find appropriate for the fulfilment of the other objects of the Foundation,
- B. to preserve and further develop the Palsgaard Estate with all its splendours, as a beautiful and pleasant workplace for all employees,

to preserve the main building through maintenance and renewal in a manner consistent with the architecture and history of the building, not as a lifeless monument but in accordance with its purpose and structure as a vibrant family home for either the Director of the Foundation's activities or for another person linked to the Foundation, who is considered to be a suitable candidate by the Board of Directors of the Foundation in terms of publicly representing the Foundation,
- C. to establish, own and support independent companies within research and development in connection with the areas that the Foundation's Board of Directors may find appropriate to promote the activities of the Foundation.
- D. to support the Palsgaard Foundation to the extent that Schou-Fondet deems to be consistent with the other objects of Schou-Fondet.

MANAGEMENT'S REVIEW

Report on good fund management etc.

Statutory report on foundation governance, cf. section 77a of the Danish Financial Statements Act

The foundation is covered by the Recommendations on Foundation Governance, which are available on the website of the Committee on Foundation Governance www.godfondsledelse.dk.

“Comply or explain”

Section 77a of the Financial Statements Act, which is covered by the Commercial Foundations Act (Lov om erhvervsdrivende fonde) states that foundations must include a report by the board of directors on foundation governance, cf. section 60 of the Commercial Foundations Act, in the management commentary or in the notes.

According to section 60 of the Commercial Foundations Act the report contains information on how the commercial foundation has addressed the Recommendations. The board of directors can choose to comply with the Recommendations or explain what they have chosen to do instead.

Failure to comply with a Recommendation is not considered as a breach of rules but merely implies that the board of directors has chosen a different approach.

Reporting must reflect the current type of management at the date of the annual report. In the event of significant changes during the year, or after the balance sheet date, this should be described in the report on foundation governance. It is important that board of directors consider the individual Recommendations.

Recommendation	The foundation complies	The foundation does not comply and explains
1. Transparency and communication		
1.1. IT IS RECOMMENDED that the board of directors adopt guidelines for external communication, including who can make public statements on behalf of the foundation and on what matters. The guidelines should address the need for transparency and stakeholders' needs and possibilities to obtain relevant up-to-date information about the circumstances of the foundation.	Yes	
2. Tasks and responsibilities of the board of directors		
2.1 Overall tasks and responsibilities		
2.1.1 IT IS RECOMMENDED that, in order to secure the activities of the commercial foundation in accordance with the purposes and interests of the foundation, at least once a year the board of directors take a position on the overall strategy and distribution policy of the foundation on the basis of the articles of association.	Yes	
2.2 Chairman and vice-chairman of the board of directors		
2.2.1 IT IS RECOMMENDED that the chairman of the board of directors organise, convene and chair meetings of the board of directors in order to ensure effective board work and to establish the best conditions for the work of the board members individually and collectively.		According to the rules of procedure § 1 the board of directors normally meet every third month. For practical purposes the CEO convenes and lead the board meetings.
2.2.2 IT IS RECOMMENDED that if, in addition to the position as chairman, in exceptional circumstances, the chairman of the board of directors is requested to perform specific operating functions for the commercial foundation, a board resolution be passed which ensures that the board of directors retains its independent, overall management and control function. Appropriate allocation of responsibilities should be ensured between the chairman, the vice-chairman, the other members of the board of directors and the executive board, if any.	Yes	
2.3 Composition and organization of the board of directors		
2.3.1 IT IS RECOMMENDED that the board of directors regularly assess and stipulate the competences that the board of directors is to possess in order to perform the tasks incumbent upon the board of directors as well as possible.	Yes	
2.3.2 IT IS RECOMMENDED that, with due respect of any right in the articles of association to make appointments, the board of directors ensures a structured, thorough and transparent process for selection and nomination of candidates for the board of directors.	Yes	

MANAGEMENT'S REVIEW

Recommendation	The foundation complies	The foundation does not comply and explains
2.3.3 IT IS RECOMMENDED that members of the board of directors are appointed on the basis of their personal qualities and competences taking into account the collective competences of the board and when composing and nominating new members of the board the need for introducing new talent is weighed against the need for continuity and the need for diversity is considered in relation to commercial and grants experience, age and gender.	Yes	
2.3.4 IT IS RECOMMENDED that in the management review in the annual report and on the commercial foundation's website, there is an account of the composition of the board of directors, including its diversity, and that the following information is provided on each board member: <ul style="list-style-type: none"> • the name and position of the member, • the age and gender of the member, • date of original appointment to the board whether the member has been re-elected, and expiry of the current election period, • any special competences possessed by the member, • other managerial positions held by the member, including positions on executive boards, boards of directors and supervisory boards and board committees in Danish and foreign foundations, enterprises and institutions, as well as other demanding organisation tasks, • whether the member has been appointed by authorities/providers of grants etc., and • whether the member is considered independent. 	Yes	
2.3.5 IT IS RECOMMENDED that the majority of the members of the board of directors of the commercial foundation are not also members of the board of directors or executive board of the foundation's subsidiary(ies), unless it is a fully owned actual holding company.	Yes	
2.4 Independence		
2.4.1 IT IS RECOMMENDED that an appropriate proportion of the board of directors be independent. If the board of directors (excluding employee representatives) is composed of up to four members, at least one member should be independent. If the board of directors is composed of between five and eight members, at least two members should be independent. If the board of directors is composed of nine to eleven members, at least three members should be independent, and so on. To be considered independent, this person may not: <ul style="list-style-type: none"> • be or within the past three years have been member of the executive board, or senior employee in the foundation, or a subsidiary or associated company to the foundation, • within the past five years have received larger emoluments, including distributions or other benefits from the foundation/group or a subsidiary or associated company to the foundation in other capacity than as member of the board of directors or executive board of the foundation, • within the past year have had a significant business relationship (e.g. personal or indirectly as partner or employee, shareholder, customer, supplier or member of the executive management of companies with corresponding connection) with the foundation/group or a subsidiary or associated company of the foundation, • be or within the past three years have been employed or partner at the external auditor, • have been a member of the board of directors or executive board of the foundation for more than 12 years, • have close relatives with persons who are not considered as independent, • is the founder or a significant donor if the purpose of the foundation is to grant support to this person's family or others who are especially close to this person, or • a member of the management of an organisation, another foundation or similar, which receives or repeatedly within the past five years have received significant donations from the foundation 	Yes	
2.5 Appointment period		
2.5.1 IT IS RECOMMENDED that members of the board of directors be appointed for a minimum period of two years and a maximum period of four years.		According to the statutes the members of the board of directors are appointed indefinitely.
2.5.2 IT IS RECOMMENDED that an age limit for members of the board of directors be set, which is published in the management review or on the foundation's website.	Yes Age limit 70 years	

MANAGEMENT'S REVIEW

Recommendation	The foundation complies	The foundation does not comply and explains
2.6 Evaluation of the performance of the board of directors and the executive board		
2.6.1 IT IS RECOMMENDED that the board of directors establish an evaluation procedure in which the board of directors, the chairman and the contributions and performance of individual members are evaluated annually and the result is discussed by the board of directors.		The foundation has no fixed evaluation procedure, but the board of directors evaluate their individual and the total contribution and performance continuously during the year.
2.6.2 IT IS RECOMMENDED that once a year the board of directors evaluate the work and performance of the executive board and/or the administrator (where relevant) in accordance with predefined clear criteria.		The foundation has no fixed evaluation procedure for the executive board, but the work and performance of the executive board is evaluated of the board of directors continuously during the year.
3. Remuneration of management		
3.1.1 IT IS RECOMMENDED that the members of the board of directors of commercial foundations be remunerated with a fixed remuneration and that members of a possible executive board be remunerated with a fixed remuneration, possibly combined with a bonus which should not be dependent upon accounting results. The remuneration should reflect the work and responsibilities consequential to the position.	Yes	
3.1.2 IT IS RECOMMENDED that the annual financial statements provide information about the full remuneration received by each member of the board of directors and executive board (if relevant) from the commercial foundation and from other enterprises in the group. Furthermore there should be information on any other remuneration which members of the board of directors, except for employee representatives, have received for performing tasks for the foundation, subsidiaries of the foundation or enterprises in the same group as the foundation.		The annual report has information of the remuneration of the board of executives and the board of directors in total. If the remuneration is specified personal data is considered being disclosed.

MANAGEMENT'S REVIEW

Members of the board of directors:

Member	Accession date	Competences	Management positions	Independent
Rasmus Christiansen (Chairman) Born 1952	01.03.2002	Management and finance	<i>Board positions:</i> Hellebjerg A/S (Group company) Anita d'Foged A/S (Group company) Hellebjerg Invest A/S (Group company) Palsgaard A/S (Group company) Einar A/S (Group company) Palsgaard Gods A/S (Group company) Copenhagen Airports International A/S Glostrup Park Hotel A/S ForSea AB, Sverige Grupa Aeroportuario del Sureste, S.A.B. de C.V., Mexico	No
Birger Brix Born 1953	21.09.2016	Management and M&A	<i>Board positions:</i> Palsgaard Gods A/S (Group company) Boco Seafood A/S Kangamiut Holding A/S AA Jensen Gruppen A/S Industriudvikling <i>Executive positions</i> BKBRIX Invest ApS	No.
Ole G. Mouritsen Born 1950 Copenhagen University	23.03.2010	Physics and chemistry etc.	<i>Board positions:</i> Nexus A/S (Group company) Palsgaard Gods A/S (Group company) Center Smag for livet Det Danske Gastronomiske Akademi	Yes
Mette Marciniak Mikkelsen Born 1968 Slots- og Kulturstyrelsen	01.01.2017	Architecture, buildings, parks, sculptures, culture, history	<i>Board positions:</i> Hellebjerg A/S (Group Company) Nexus A/S (Group Company) Anita d'Foged A/S (Group Company) Hellebjerg Invest A/S (Group Company) Palsgaard A/S (Group Company) Einar A/S (Group Company) Palsgaard Gods A/S (Group Company) <i>Sole proprietorship:</i> MARCINIAK naturstensrestaurering	Yes
Anders Brix Born 1978 Schou-Fondet Palsgaard Gods	01.06.2018	Management, finance and M&A	<i>Board positions:</i> Hellebjerg A/S (Group company) Nexus A/S (Group company) Anita d'Foged A/S (Group company) Hellebjerg Invest A/S (Group company) Palsgaard A/S (Group company) Einar A/S (Group company) MSP Holding 2013 A/S <i>Executive positions</i> Schou-Fondet (Group company) Palsgaard Gods A/S (Group company) Anita d'Foged A/S (Group company) Hellebjerg A/S (Group company) Hellebjerg Invest A/S (Group company)	No

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	Group		Foundation	
		2018 DKK '000	2017 DKK '000	2018 DKK '000	2017 DKK '000
NET REVENUE.....	1	1,427,583	1,263,797	10,673	10,545
Cost of sales.....		-808,152	-696,377	0	0
Other operating income.....		622	779	0	0
Other external expenses.....	2	-167,424	-159,300	-1,159	-1,084
GROSS PROFIT.....		452,629	408,899	9,514	9,461
Staff costs.....	3	-258,339	-229,218	-2,625	-1,869
Depreciation and amortisation.....		-50,196	-58,312	-3,086	-2,931
Other operating expenses.....		-1,077	-1,245	-142	0
OPERATING PROFIT.....		143,017	120,124	3,661	4,661
Income from investments an subsidiaries and associates.....	4	-20,729	43,209	79,246	108,667
Income from other investments and securities.....		9,441	-2,271	0	0
Other financial income.....	5	12,390	14,105	35	28
Impairment of asset investments.....		-1,839	-20,703	0	0
Other financial expenses.....		-21,978	-5,089	-4	-200
PROFIT BEFORE TAX.....		120,302	149,375	82,938	113,156
Tax on profit/loss for the year.....	6	-35,188	-32,985	-813	-988
PROFIT FOR THE YEAR.....	7	85,114	116,390	82,125	112,168

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group		Foundation	
		2018 DKK '000	2017 DKK '000	2018 DKK '000	2017 DKK '000
Development projects completed .		600	0	0	0
Intangible fixed assets acquired ...		2,666	2,248	0	0
Goodwill.....		71,520	77,021	0	0
Development projects in progress and prepayments.....		10,929	5,469	0	0
Intangible fixed assets.....	8	85,715	84,738	0	0
Land and buildings.....		284,683	270,586	55,176	58,071
Production plant and machinery...		137,334	147,140	0	0
Other plant, machinery, tools and equipment.....		38,619	38,746	1,234	307
Tangible fixed assets in progress and prepayment.....		6,153	2,374	0	0
Tangible fixed assets.....	9	466,789	458,846	56,410	58,378
Investments in subsidiaries.....		0	0	1,420,487	1,337,645
Investments in associates.....		12,218	13,043	0	0
Other securities.....		85,347	73,583	0	0
Receivables from group enterprises.....		0	0	0	0
Receivables from associated enterprises.....		16,915	17,500	0	0
Rent deposit and other receivables.....		703	797	0	0
Fixed asset investments.....	10	115,183	104,923	1,420,487	1,337,645
FIXED ASSETS.....		667,687	648,507	1,476,897	1,396,023
Raw materials and consumables...		98,465	90,367	0	0
Finished goods and goods for resale.....		210,393	165,900	0	0
Inventories.....		308,858	256,267	0	0
Trade receivables.....		291,832	248,001	492	454
Receivables from group enterprises.....		0	0	913	1,288
Other receivables.....		31,680	39,624	0	1
Corporation tax receivable.....		6,901	4,115	0	0
Prepayments and accrued income.		8,584	12,942	0	17
Receivables.....		338,997	304,682	1,405	1,760
Investments in subsidiaries.....		290	0	0	0
Other securities and investments..		212,698	93,791	0	0
Current investments.....		212,988	93,791	0	0
Cash and cash equivalents.....		191,294	296,951	11,589	5,376
CURRENT ASSETS.....		1,052,137	951,691	12,994	7,136
ASSETS.....		1,719,824	1,600,198	1,489,891	1,403,159

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group		Foundation	
		2018 DKK '000	2017 DKK '000	2018 DKK '000	2017 DKK '000
Share capital.....		25,000	25,000	25,000	25,000
Reserve for revaluation.....		6,457	6,446	0	0
Reserve for net revaluation under the equity method.....		691	1,516	1,368,955	1,286,113
Other reserves.....		1,500	1,500	1,500	1,500
Reserve for development costs.....		9,492	4,266	0	0
Retained earnings.....		1,438,084	1,356,775	85,769	82,890
Minority shareholders.....		23,301	20,356	0	0
EQUITY.....		1,504,525	1,415,859	1,481,224	1,395,503
Pensions and similar obligations...		589	573	93	93
Provision for deferred tax.....	11	20,396	18,956	6,726	6,901
PROVISION FOR LIABILITIES.....		20,985	19,529	6,819	6,994
Mortgage debt.....		0	10,725	0	0
Bank loan.....		0	15	0	0
Long-term liabilities.....	12	0	10,740	0	0
Short-term portion of long-term liabilities.....	12	0	944	0	0
Bank debt.....		2,373	153	0	0
Prepayments received.....		1,794	3,118	0	0
Trade payables.....		100,085	79,911	261	262
Payables to group enterprises.....		300	2,896	446	0
Corporation tax.....		20,910	701	390	28
Other liabilities.....		68,713	66,110	751	372
Accruals and deferred income.....		139	237	0	0
Current liabilities.....		194,314	154,070	1,848	662
LIABILITIES.....		194,314	164,810	1,848	662
EQUITY AND LIABILITIES.....		1,719,824	1,600,198	1,489,891	1,403,159
Contingencies etc.	13				
Charges and securities	14				
Related parties	15				
Derivative financial instruments	16				

EQUITY

	Group				
	Share capital	Other restricted reserves	Retained earnings	Minority shareholders	Total
Equity at 1 January 2018.....	25,000	13,728	1,356,775	20,356	1,415,859
Capital increase.....				267	267
Foreign exchange adjustments.....		11	218	-311	-82
Other adjustments.....			3,367		3,367
Proposed distribution of profit.....		-825	82,950	2,989	85,114
Transferred to reserve for development costs.....		5,226	-5,226		
Equity at 31 December 2018.....	25,000	18,140	1,438,084	23,301	1,504,525

Specification of other restricted reserves:

	Group				
	Reserve for revaluation	Reserve for net revaluation under the equity method	Other reserves	Reserve for development costs	Other restricted reserves total
Equity at 1 January 2018.....	6,446	1,516	1,500	4,266	13,728
Foreign exchange adjustments.....	11				11
Proposed distribution of profit.....		-825			-825
Transferred to reserve for development costs.....				5,226	5,226
Equity at 31 December 2018.....	6,457	691	1,500	9,492	18,140

	Foundation				
	Share capital	Reserve for net revaluation under the equity method	Other reserves	Retained earnings	Total
Equity at 1 January 2018.....	25,000	1,286,113	1,500	82,890	1,395,503
Other adjustments.....		3,596			3,596
Proposed distribution of profit.....		79,246		2,879	82,125
Equity at 31 December 2018.....	25,000	1,368,955	1,500	85,769	1,481,224

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group	
	2018 DKK '000	2017 DKK '000
Profit/loss for the year.....	85,114	116,390
Reversed depreciation of the year.....	50,196	58,312
Reversed realization gains.....	553	15
Reversed unrealised exchange gains.....	0	20,703
Profit/loss from associates.....	1,434	-43,207
Profit/loss from subsidiaries.....	19,294	0
Adjustment of other financial income.....	-7,556	2,589
Reversed tax on profit/loss for the year.....	35,189	32,985
Other adjustments.....	3,304	-20,452
Corporation tax paid.....	-16,329	-43,711
Change in inventory.....	-52,591	-32,140
Change in receivables.....	-31,530	-31,857
Change in current liabilities (ex bank and tax).....	18,759	12,197
Other cash flows from operating activities.....	0	-17,951
CASH FLOWS FROM OPERATING ACTIVITY.....	105,837	53,873
Purchase of intangible fixed assets.....	-7,190	-3,935
Purchase of tangible fixed assets.....	-52,478	-31,090
Purchase of financial assets, other securities and equity investments.....	-139,100	0
Sale of financial assets.....	0	121,001
Repayment of long-term lending and current investments.....	-3,529	-13,450
CASH FLOWS FROM INVESTING ACTIVITY.....	-202,297	72,526
Repayments of loans.....	-11,684	-8,851
Minority interests' share of capital increase.....	267	0
Dividend paid in the financial year.....	0	-323
CASH FLOWS FROM FINANCING ACTIVITY.....	-11,417	-9,174
CHANGE IN CASH AND CASH EQUIVALENTS.....	-107,877	117,225
Cash and cash equivalents at 1 January.....	296,798	179,573
CASH AND CASH EQUIVALENTS AT 31 DECEMBER.....	188,921	296,798
Specification of cash and cash equivalents at 31 December:		
Cash and cash equivalents.....	191,294	296,951
Bank debt.....	-2,373	-153
CASH AND CASH EQUIVALENTS, NET DEBT.....	188,921	296,798

NOTES

	Group		Foundation		Note
	2018 DKK '000	2017 DKK '000	2018 DKK '000	2017 DKK '000	
Net revenue					1
Segment details (geography)					
Domestic.....	578,004	520,418	10,673	10,545	
Foreign.....	849,579	743,379	0	0	
	1,427,583	1,263,797	10,673	10,545	
Fee to statutory auditors					2
BDO-Network.....	1,395	1,264			
Others.....	1,207	1,064			
	2,602	2,328			
Specification of fee:					
Statutory audit.....	1,407	1,347			
Other services.....	1,195	981			
	2,602	2,328			
Staff costs					3
Average number of employees					
Group: 513 (2017: 471)					
Foundation: 1 (2017: 1)					
Wages and salaries.....	218,494	193,120	2,023	1,227	
Pensions.....	27,709	25,520	598	629	
Social security costs.....	9,850	7,490	4	13	
Other staff costs.....	2,286	3,088	0	0	
	258,339	229,218	2,625	1,869	
Remuneration of management and board of directors.....	6,974	7,588	1,957	1,857	
	6,974	7,588	1,957	1,857	
Income from investments an subsidiaries and associates					4
Result of investments in group enterprises.....	-19,295	-84,581	79,246	108,667	
Result of investments in associated enterprises.....	-1,434	127,790	0	0	
	-20,729	43,209	79,246	108,667	

NOTES

	Group		Foundation		Note
	2018 DKK '000	2017 DKK '000	2018 DKK '000	2017 DKK '000	
Other financial income					5
Group enterprises.....	495	707	35	28	
Other interest income.....	11,895	13,398	0	0	
	12,390	14,105	35	28	
Tax on profit/loss for the year					6
Calculated tax on taxable income of the year.....	34,176	38,977	988	1,141	
Adjustment of tax in previous years.	-428	0	0	0	
Adjustment of deferred tax.....	1,440	-5,992	-175	-153	
	35,188	32,985	813	988	
Proposed distribution of profit					7
Allocation to reserve for net revaluation under the equity method.....	-825	-7,118	79,246	108,667	
Retained earnings.....	82,950	119,286	2,879	3,501	
Minority interests' share of results of subsidiaries.....	2,989	4,222	0	0	
	85,114	116,390	82,125	112,168	
Intangible fixed assets					8
			Group		
			Development projects completed	Intangible fixed assets acquired	
Cost at 1 January 2018.....			0	2,656	
Exchange adjustment at closing rate.....			0	-30	
Transfer.....			750	0	
Additions.....			0	540	
Cost at 31 December 2018.....			750	3,166	
Amortisation at 1 January 2018.....			0	408	
Exchange adjustment at closing rate.....			0	20	
Depreciation for the year.....			150	72	
Depreciation at 31 December 2018.....			150	500	
Carrying amount at 31 December 2018.....			600	2,666	

NOTES

	Note
Intangible fixed assets	8

	Group	
	Goodwill	Development projects in progress and prepayments
Cost at 1 January 2018.....	110,032	5,469
Transfers to/from other items.....	0	-750
Additions.....	0	6,700
Disposals.....	0	-490
Cost at 31 December 2018.....	110,032	10,929
Amortisation at 1 January 2018.....	33,011	0
Depreciation for the year.....	5,501	0
Depreciation at 31 December 2018.....	38,512	0
Carrying amount at 31 December 2018.....	71,520	10,929

The Group's development costs relate to the development of new products for technical use and the food industry. The development is proceeding as planned and is expected to be completed within 1-3 years.

Tangible fixed assets	9
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	Group	
	Land and buildings	Production plant and machinery
Cost at 1 January 2018.....	385,526	528,192
Exchange adjustment.....	1,986	3,488
Additions.....	21,252	16,772
Disposals.....	0	-15,365
Cost at 31 December 2018.....	408,764	533,087
Revaluation at 1 January 2018.....	7,467	0
Exchange adjustment.....	11	0
Revaluation at 31 December 2018.....	7,478	0
Depreciation and impairment losses at 1 January 2018.....	122,406	381,052
Exchange adjustment.....	427	2,151
Reversal of depreciation of assets disposed of.....	0	-14,935
Depreciation for the year.....	8,726	27,485
Depreciation and impairment losses at 31 December 2018...	131,559	395,753
Carrying amount at 31 December 2018.....	284,683	137,334
Value of recognised assets, excluding revaluation under section 41 (1).....	277,205	

NOTES

	<u>Group</u>		Note
	Other plants, machinery, tools and equipment	Tangible fixed assets in progress and prepayment	
Tangible fixed assets (continued)			9
Cost at 1 January 2018.....	105,884	2,374	
Exchange adjustment.....	122	0	
Additions.....	10,699	6,153	
Disposals.....	-5,402	-2,374	
Cost at 31 December 2018.....	111,303	6,153	
Depreciation and impairment losses at 1 January 2018.....	67,137		
Exchange adjustment.....	125		
Reversal of depreciation of assets disposed of.....	-2,348		
Depreciation for the year.....	7,770		
Depreciation and impairment losses at 31 December 2018...	72,684		
Carrying amount at 31 December 2018.....	38,619	6,153	
	<u>Foundation</u>		
	Land and buildings	Other plants, machinery, tools and equipment	
Cost at 1 January 2018.....	121,127	582	
Additions.....	0	1,851	
Disposals.....	0	-733	
Cost at 31 December 2018.....	121,127	1,700	
Depreciation and impairment losses at 1 January 2018.....	63,056	275	
Depreciation for the year.....	2,895	191	
Depreciation and impairment losses at 31 December 2018...	65,951	466	
Carrying amount at 31 December 2018.....	55,176	1,234	

NOTES

	Group			Note
	Investments in associates	Other securities	Receivables from group enterprises	
Fixed asset investments				10
Cost at 1 January 2018.....	11,527	89,500	27,850	
Additions.....	0	13,441	0	
Disposals.....	0	-9,050	-27,850	
Cost at 31 December 2018.....	11,527	93,891	0	
Revaluation at 1 January 2018.....	1,516	-15,917	0	
Dividend.....	0	-9,815	0	
Revaluation and impairment losses for the year.....	-1,434	8,140	0	
Changes in equity.....	24	0	0	
Other adjustments.....	585	9,048	0	
Revaluation at 31 December 2018.....	691	-8,544	0	
Impairment losses and amortisation at 1 January 2018.....	0	0	27,850	
Correction of previous years' impairment losses	0	0	-27,850	
Impairment losses and amortisation at 31 December 2018.....	0	0	0	
Carrying amount at 31 December 2018.....	12,218	85,347	0	
		Group		
		Receivables from associated enterprises	Rent deposit and other receivables	
Cost at 1 January 2018.....		17,500	797	
Disposals.....		0	-94	
Cost at 31 December 2018.....		17,500	703	
Impairment losses for the year.....		585	0	
Impairment losses and amortisation of goodwill at 31 December 2018.....		585	0	
Carrying amount at 31 December 2018.....		16,915	703	

NOTES

	<u>Foundation</u>	
	Investments in subsidiaries	
Fixed asset investments (continued)		10
Cost at 1 January 2018.....	51,532	
Cost at 31 December 2018.....	51,532	
Revaluation at 1 January 2018.....	1,286,113	
Profit/loss for the year.....	79,246	
Equity movements.....	3,596	
Revaluation at 31 December 2018.....	1,368,955	
Carrying amount at 31 December 2018.....	1,420,487	

Investments in subsidiaries

Name and registered office	Ownership
Palsgaard Gods A/S, Juelsminde.....	100 %

Investments in associates

Name and registered office	Ownership
MSP Holding A/S, Hedensted.....	33,3 %
Boco Seafood A/S, Lemvig.....	37,5 %

Provision for deferred tax

Provisions for deferred tax relate to differences between accounting and tax values of intangible assets and property, plant and equipment as well as inventories.

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	<u>Group</u>		<u>Foundation</u>	
	2018 DKK '000	2017 DKK '000	2018 DKK '000	2017 DKK '000
Deferred tax, beginning of year.....	18,956	24,948	6,901	7,054
Deferred tax of the year, income statement and equity.....	1,440	-5,992	-175	-153
Provision for deferred tax 31 December 2018.....	20,396	18,956	6,726	6,901

NOTES

	Note
Long-term liabilities	12

	Group				
	31/12 2018 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2017 total liabilities	Repayment 2018
Mortgage debt.....	0	0	0	11,669	944
Bank loan.....	0	0	0	15	0
	0	0	0	11,684	944

Contingencies etc.	13
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Contingent liabilities

The Group has committed itself as a limited partnership for further payment of capital contributions of DKK ('000) 21,245.

The Group has entered into operating lease agreements with an average annual lease payment of DKK ('000) 1,069 DKK.

The lease agreements have a total residual lease payment of DKK ('000) 1,545 DKK. The remaining period of the lease agreements is 0-3 years.

Charges and securities	14
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The Group

As security for engagements with banks, letters of indemnity amounting to DKK ('000) 10,000 have been registered. At 31 December 2018 the bank debt amounts to DKK ('000) 0.

Owner's mortgages are registered of an amount of DKK ('000) 40,731 and letters of indemnity of DKK ('000) 10,000 on the Group's land and buildings. The owner's mortgage letters and indemnity letters are their own depository.

Related parties	15
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Other related parties having performed transactions with the company

The company'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 and their relatives. Related parties include also companies in which the above mentioned group of persons has material interests.

Transactions with related parties

The company did not carry out any substantial transactions that were not concluded on market conditions.

NOTES

Note

Derivative financial instruments

16

The Group uses forward exchange contracts to cover the Group's risks related to variability in cash flows due to fluctuations in exchange rates.

The Group has entered into forward exchange contracts at 31 December 2018 to hedge future purchases of USD, ZAR, MYR and CNY totaling to DKK ('000) 44,418.

The fair value of forward exchange contracts relating to hedging of future purchases and sales in foreign currencies is included in the item "Other liabilities". At 31 December 2018, DKK ('000) 1,248 and at 31 December 2017 DKK ('000) 672.

ACCOUNTING POLICIES

The Annual Report of Schou-Fondet for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, large enterprise.

The Annual Report is prepared consistently with the accounting principles applied last year.

Consolidated financial statements

The consolidated financial statements include the parent company Schou-Fondet and its subsidiaries in which Schou-Fondet 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 structure.

The consolidated financial statements consolidate the financial statements of the foundation and the subsidiaries 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.

Acquired enterprises are recognised in the consolidated financial statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods. At calculation of the fair value of properties used in the business a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, built on an overall assessment of the production equipment.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries' 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 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 are recognised in the income statement upon acquisition. Differences from acquired enterprises amounts to DKK ('000) 71,520.

Investments in associates are measured in the balance sheet at the proportional share of the value of the enterprises, calculated under the accounting policies of the foundation 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 subsidiaries are recognised in full in the consolidated financial statements. The minority interests' proportional share of the results and equity of the subsidiaries is stated as separate items in the allocation of profit/loss and in individual main items under 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.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible fixed assets.

Other operating expenses

Other operating expenses include items of a secondary nature in relation to the enterprises' principal activities, including loss from sale of intangible and tangible fixed assets.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operating lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Investments in subsidiaries and associates

The income statement of the parent company recognises the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

The income statement of the owning company recognises the proportional share of the results of each associate after proportional elimination of intercompany profits/losses and deduction of amortisation of goodwill.

Income from other investments

Income from other securities includes interest income, realized and unrealized capital gains and losses.

Financial income and expenses

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

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 may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

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 20 years.

Patents are measured at the lower of cost less accumulated amortisation or the recoverable amount. Patents are amortised over the residual patent term, normally 5-10 years.

Development costs comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the company's development activities and which fulfil the criteria for recognition.

Capitalised development costs are measured at the lower of cost less accumulated amortisation or recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 5 years.

The amortisation period is estimated based on the activities of which the intangible assets are related to and are estimated based on the expected useful life.

Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.

Tangible fixed assets

Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and write-down. Land is not depreciated.

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:

	Useful life	Residual value
Buildings.....	25-33 years	0 %
Production plant and machinery.....	5-10 years	0 %
Other plant, 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 in the income statement as other operating income or other operating expenses.

Fixed asset investments

Investments in subsidiaries and associates are measured in the foundation's balance sheet under the equity method.

Investments in subsidiaries and associates are measured in the balance sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the foundation'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.

ACCOUNTING POLICIES

Acquired enterprises are recognised in the consolidated financial statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods. Upon calculation of the fair value of properties used in the business a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, built on an overall assessment of the production equipments.

Net revaluation of investments in subsidiaries 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.

Subsidiaries and associates with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the foundation's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds accounts receivable, the residual amount is recognised under provision for liabilities to the extent that the foundation's has a legal or actual liability to cover the subsidiary's and associates' deficit.

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

Impairment of fixed assets

The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, it is written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories

Inventories are measured at cost using the average cost method. If the net realisable value is lower than cost, it is written down to the lower value.

The cost of finished goods as well as raw materials and consumables is calculated at acquisition price with addition of 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 and capitalised development costs relating to the products.

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.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment to meet expected losses.

Accruals, assets

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

ACCOUNTING POLICIES

Securities and investments

Securities and investments, recognised as current assets, comprise public quoted bonds, shares and other current investments that are measured at fair market value on the balance sheet date. Public quoted securities are measured at quoted price.

Securities and investments includes investments in subsidiaries which are measured in the group's balance sheet under the equity method

Subsidiaries are not consolidated in the group financial statements according to section 114(2) of the Danish Financial Statements Act. In accordance with section 127(4) of this Act, no further justification is required.

Cash and cash equivalents

Cash and cash equivalents include cash bank deposits.

Other provisions for liabilities

Provisions include expected costs relating to pension obligations.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet at 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.

The company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the balance sheet under current assets and liabilities, respectively.

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. Any changes in deferred tax resulting from changes in tax rates are recognised in the Income Statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing 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.

Amortised cost of current liabilities usually corresponds to nominal value.

Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.

ACCOUNTING POLICIES

Derivative financial instruments

The initial recognition measures derivative financial instruments in the balance sheet at cost price and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in receivables and liabilities, respectively.

Change in fair value of derivative financial instruments classified as and complying with the criteria for hedging of the fair value of a recognised asset or a recognised liability is recognised in the Income Statement together with possible changes in the fair value of the hedged asset or the hedged liability.

Change in fair value of derivative financial instruments classified as and complying with the criteria for hedging of future cash flows is recognised under receivables or payables and under equity. If the future transaction results in recognition of assets or liabilities, all amounts recognised under equity are transferred from equity and recognised under initial cost for the asset or liability, respectively. If the future transaction results in income or expenses amounts recognised under equity are transferred to the Income Statement for the period where the income statement was affected by the hedged amount.

As regards possible derivative financial instruments, which do not comply with the criteria for classification as hedging instruments, any changes in fair value are recognised on a current basis in the income statement.

Foreign currency translation

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.

If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognised directly in the equity.

Receivables, payables 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 receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

The income statements of foreign subsidiaries and associates fulfilling the criteria for being independent entities are translated at an average exchange rate for the month and balance sheet items are translated at the rate of exchange on the balance sheet date. Exchange differences arising from translation of the equity of foreign subsidiaries at the beginning of the year to the rates of the balance sheet date and from translation of income statements from average rate to the rates of the balance sheet date are recognised directly in the equity.

Exchange adjustment of intercompany accounts with foreign subsidiaries that are deemed to be an addition to or deduction from the equity of independent subsidiaries are recognised directly in the equity.

CASH FLOW STATEMENT

The cash flow statement shows 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.

ACCOUNTING POLICIES

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 cash in hand.