

Musholm A/S

Strandvejen 101, 4281 Goerlev

Company reg. no. 17 89 59 07

Annual report

1 April 2017 - 31 March 2018

The annual report have been submitted and approved by the general meeting on the 27 August 2018.

Michael Budtz
Chairman of the meeting

Contents

	<u>Page</u>
Reports	
Management's report	1
Independent auditor's report	2
Management's review	
Company data	5
Group enterprises	6
Consolidated financial highlights	7
Financial highlights for the parent company	8
Management's review	9
Consolidated annual accounts and annual accounts 1 April 2017 - 31 March 2018	
Profit and loss account	11
Balance sheet	12
Consolidated statement of changes in equity	16
Statement of changes in equity of the parent enterprise	16
Cash flow statement	17
Notes	18
Accounting policies used	29

Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Musholm A/S for the financial year 1 April 2017 to 31 March 2018.

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

We consider the accounting policies used appropriate, and in our opinion, the consolidated annual accounts and the annual accounts provide a true and fair view of the assets, the liabilities and the financial position, consolidated and for the company respectively as on 31 March 2018, and of the results of the activities, consolidated and of the company respectively and of consolidated cash flows in the financial year 1 April 2017 to 31 March 2018.

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

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

Goerlev, 27 August 2018

Managing Director

Niels Ebbe Dalsgaard
CEO

Board of directors

Michael Budtz
Chairman

Niels Ebbe Dalsgaard

Koichi Okamura

Jacob Stenholm Jensen

Independent auditor's report

To the shareholders of Musholm A/S

Opinion

We have audited the consolidated annual accounts and the annual accounts of Musholm A/S for the financial year 1 April 2017 to 31 March 2018, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity and notes, consolidated and for the company respectively and consolidated cash flow statement. The consolidated annual accounts and the annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated annual accounts and the annual accounts give a true and fair view of the assets, liabilities and financial position, consolidated and for the company respectively at 31 March 2018 and of the results of the company's operations, consolidated and for the company respectively and of consolidated cash flows for the financial year 1 April 2017 to 31 March 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

The management's responsibilities for the consolidated annual accounts and the annual accounts

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

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

Independent auditor's report

Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts

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

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

- Identify and assess the risks of material misstatement in the consolidated annual accounts and the annual accounts, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the consolidated annual accounts and the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts and the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated annual accounts and the annual accounts, including the disclosures in the notes, and whether the consolidated annual accounts and the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the business activities within the group to express an opinion on the consolidated annual accounts. 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

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

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

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

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

Copenhagen, 27 August 2018

Redmark

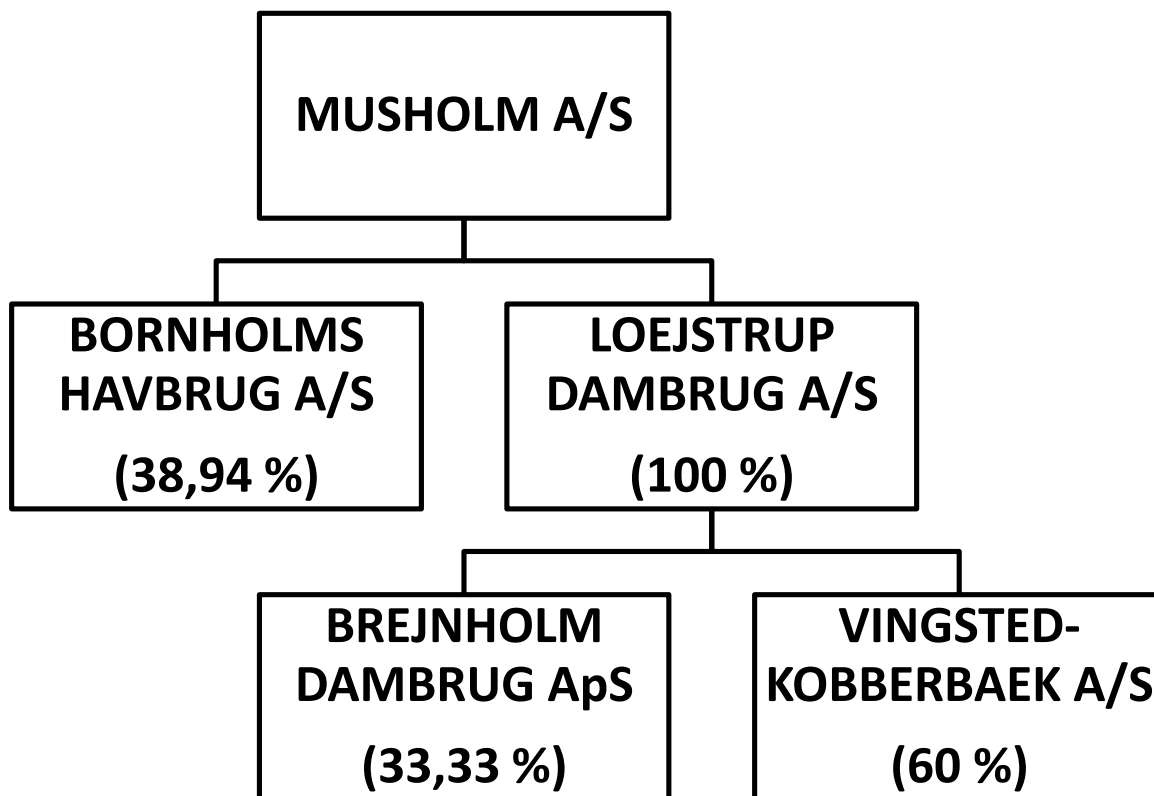
State Authorised Public Accountants
Company reg. no. 29 44 27 89

Anders Schelde-Mollerup Funder

State Authorised Public Accountant
MNE-nr. 30220

Company data

The company	Musholm A/S Strandvejen 101 4281 Goerlev
	Phone +45 58 85 90 07
	Company reg. no. 17 89 59 07
	Financial year: 1 April - 31 March 34th financial year
Board of directors	Michael Budtz, Chairman Niels Ebbe Dalsgaard Koichi Okamura Jacob Stenholm Jensen
Managing Director	Niels Ebbe Dalsgaard, CEO
Auditors	Redmark, Statsautoriseret Revisionspartnerselskab Dirch Passers Allé 76 2000 Frederiksberg
Bankers	Spar Nord Bank A/S, Slotsvolden 7, 4300 Holbaek
Lawyer	Kromann Reumert Advokatfirma, Sundkrogsgade 5, 2100 Copenhagen
Subsidiaries	Loejstrup Dambrug A/S, Goerlev Vingsted-Kobberbaek A/S, Bredsten
Associated enterprises	Brejnholm Dambrug ApS, Toerring Bornholms Havbrug A/S, Nexoe



Consolidated financial highlights

DKK in thousands.	<u>2017/18</u>	<u>2016/17</u>	<u>2015/16</u>	<u>2014/15</u>	<u>2013/14</u>
Profit and loss account:					
Net turnover	235.723	256.529	216.169	204.953	244.587
Gross profit	55.943	37.507	20.147	19.270	30.188
Results from operating activities	38.714	22.089	5.435	7.515	16.322
Net financials	-1.575	-1.605	-2.476	-2.756	-1.977
Results for the year	28.964	16.024	2.236	3.430	11.466
Balance sheet:					
Balance sheet sum	136.916	108.558	97.530	108.457	93.546
Investments in tangible fixed assets	23.648	16.906	9.933	10.821	12.827
Equity	91.277	62.313	46.087	43.851	40.421
Cash flow:					
Operating activities	25.316	24.858	23.098	-1.325	10.693
Investment activities	-22.815	-17.129	-11.610	-9.489	-11.668
Financing activities	-1.721	-3.662	-11.364	10.908	162
Cash flow in total	780	4.067	124	94	-813
Employees:					
Average number of full time employees	42	45	47	46	43
Key figures in %:					
Gross margin	23,7	14,6	9,3	9,4	12,3
Profit margin	16,4	8,6	2,5	3,7	6,7
Solvency ratio	66,3	57,2	47,3	40,4	43,2
Return on equity	37,5	29,6	9,7	8,1	33,1

The calculation of key figures and ratios does in all material respects follow the Danish Association of Finance Analysts' recommendations and does only in a few respects deviate from the recommendations.

Financial highlights for the parent company

DKK in thousands.	<u>2017/18</u>	<u>2016/17</u>	<u>2015/16</u>	<u>2014/15</u>	<u>2013/14</u>
Profit and loss account:					
Net turnover	231.815	255.735	215.702	204.122	243.888
Gross profit	49.955	34.263	16.952	16.147	27.427
Results from operating activities	36.678	21.092	4.036	6.208	15.153
Net financials	10	-684	-1.206	-1.548	-754
Results for the year	28.697	15.998	2.236	3.430	11.466
Balance sheet:					
Balance sheet sum	126.807	99.950	87.465	94.523	82.209
Investments in tangible fixed assets	7.333	6.457	5.887	10.035	11.294
Equity	90.782	62.085	46.087	43.851	40.421
Employees:					
Average number of full time employees	33	37	39	41	39
Key figures in %:					
Gross margin	21,5	13,4	7,9	7,9	11,2
Profit margin	15,8	8,2	1,9	3,0	6,2
Solvency ratio	71,6	62,1	52,7	46,4	49,2
Return on equity	37,5	29,6	5,0	8,1	33,1

The calculation of key figures and ratios does in all material respects follow the Danish Association of Finance Analysts' recommendations and does only in a few respects deviate from the recommendations.

The key figures appearing from the survey have been calculated as follows:

$$\text{Gross margin} = \frac{\text{Gross results} \times 100}{\text{Net turnover}}$$

$$\text{Profit margin (EBIT margin)} = \frac{\text{Results from primary activities (EBIT)} \times 100}{\text{Net turnover}}$$

$$\text{Equity share} = \frac{\text{Equity less minority interests, closing balance} \times 100}{\text{Assets in total, closing balance}}$$

$$\text{Return on equity} = \frac{\text{*Results} \times 100}{\text{Average equity exclusive of minority interests}}$$

***Results** Results for the year with deduction of minority interests' share of same

Management's review

The principal activities of the group

Musholm A/S is an aquaculture company - farming, processing and selling trout and trout roe. The aquaculture activities are carried out at smolt stations in Jutland and sea farms in the Great Belt. The processing activities are taking place at factories in Reersoe and Korsoer.

Furthermore, the company is trading fish products from other Danish and foreign producers. Approx. 85% of the annual turnover came from export sales primarily to markets in Western and Eastern Europe and Southeast Asia.

Development in activities and financial matters

Musholm A/S

The production of trout on the sea farms – from start in April, feeding and growth until the harvest from October went well due to cool seawater temperatures during the summer period.

The roe production was much smaller than previous years, and the sea farm suffered a big loss of trout during end of harvest in December. Totally the turnover fell with approx. 8% compared to previous year.

The global market for salmon and roe was characterized by good prices and strong demand through the whole year.

The positive annual result for the Musholm group of approx. 29 mill. dkk after tax must be characterized as very satisfactory.

The company group has realized a positive result as outlined in the annual report for 2016/2017.

Musholm plans to continue the investments to improve production, quality and environment on the mussel farm, smolt stations, sea farms and factories in order to develop an economically and environmentally sustainable production of trout with ASC-certification according to the WWF-standards for environment and quality for responsible aquaculture.

Loejstrup Dambrug A/S

Loejstrup Dambrug A/S is a subsidiary company of Musholm A/S and produces mainly trout eggs, juveniles and smolt to the mother company on several hatcheries and smolt stations. The production in Loejstrup Dambrug was positively influenced by the cool summer weather. Investments in modernization of the smolt stations have been carried out in 2017/2018. Loejstrup Dambrug A/S has realized a result of approx. 0,5 mill.dkk after tax which must be characterized as satisfactory.

General risks

The company group's risks can generally be divided into 4 categories that relate to aquaculture, processing, commercial and political conditions.

Management's review

Aquaculture

Aquaculture with farming of trout at hatchery, smolt stations and sea farm contains varying risks. Among the most significant challenges are disease, extreme weather conditions, breakdown of machinery, natural flora and fauna, biological conditions (growth, genetics, breeding, feed quality) and physical damages. These risks are all fundamental conditions in aquaculture and prevention of them are a part of the daily operations. Damages and losses can be partly covered by insurance agreements.

Processing

Processing involves risks related to quality at the same level as other food producers. To cover these risks work is being done with food safety, traceability and HACCP-procedures in the processing and the risks can to some extent be covered with insurances for product responsibility.

Commercial risks

Exports sales of trout and roe is, among other things, challenged by debtor – and currency risks, technical trade barriers, price dumping of salmon and trout from foreign producers and changing international market conditions. Debtors can be credit insured and currency positions can be hedged with forward exchange transactions.

Political risks

Political risks include the especially restrictive Danish environmental regulations, which increase the cost level and limit the possibilities for development compared with competing producers in Europe, protectionism on foreign markets and negative media campaigns about salmon and aquaculture.

The expected development

Musholm A/S

A positive result is expected for the coming production year 2018/2019 with good demand for sea farmed trout and trout roe.

Loejstrup Dambrug A/S

A positive result is expected for the coming production year 2018/2019.

Events subsequent to the financial year

No events materially affecting the assessment of the Annual report have occurred after the balance sheet day.

Profit and loss account 1 April - 31 March

DKK in thousands.

Note	Group		Parent enterprise		
	2017/18	2016/17	2017/18	2016/17	
1	Net turnover	235.723	256.529	231.815	255.735
	Change in inventories of finished goods and work in progress	3.930	656	-5.084	-3.972
	Other operating income	-790	-100	-638	-75
	Raw materials and consumables used	-178.457	-215.438	-172.883	-214.183
	Other external costs	-4.463	-4.140	-3.255	-3.242
	Gross results	55.943	37.507	49.955	34.263
2	Staff costs	-9.047	-7.534	-7.714	-7.052
	Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-8.182	-7.884	-5.563	-6.119
	Operating profit	38.714	22.089	36.678	21.092
	Income from equity investments in group enterprises	0	0	759	354
	Income from equity investments in associated enterprises	286	325	-100	160
	Other financial income from group enterprises	0	0	415	254
	Other financial income	54	17	49	17
3	Other financial costs	-1.915	-1.947	-1.113	-1.469
	Results before tax	37.139	20.484	36.688	20.408
4	Tax on ordinary results	-8.175	-4.460	-7.991	-4.410
5	Results for the year	28.964	16.024	28.697	15.998
	The group results are presented as follows:				
	Shareholders in Musholm A/S	28.697	15.998		
	Minority interests	267	26		
		28.964	16.024		

Balance sheet 31 March

DKK in thousands.

Assets		Group		Parent enterprise	
		2018	2017	2018	2017
Note					
Fixed assets					
6	Farming licenses and rights	3.701	4.095	639	858
	Intangible fixed assets in total	3.701	4.095	639	858
7	Land and property	7.688	5.758	1.812	1.958
8	Production plant and machinery	36.104	33.241	27.351	26.491
9	Other plants, operating assets, and fixtures and furniture	9.468	3.913	660	1.048
10	Tangible assets under construction and prepayments for tangible assets	12.444	8.820	0	0
11	Decoration rented premises	1.057	102	1.025	102
	Tangible fixed assets in total	66.761	51.834	30.848	29.599
12	Equity investments in group enterprises	0	0	7.384	6.625
13	Equity investments in associated enterprises	2.313	1.977	0	0
	Financial fixed assets in total	2.313	1.977	7.384	6.625
	Fixed assets in total	72.775	57.906	38.871	37.082

Balance sheet 31 March

DKK in thousands.

Assets		Group		Parent enterprise	
		2018	2017	2018	2017
<u>Note</u>					
Current assets					
14	Inventory	47.147	35.155	21.492	16.156
	Inventories in total	47.147	35.155	21.492	16.156
	Trade debtors	4.835	4.887	3.737	4.643
	Amounts owed by group enterprises	0	0	52.684	33.357
	Amounts owed by associated enterprises	3.273	610	270	610
	Tax receivables from group enterprises	0	0	201	0
	Other debtors	2.793	2.749	783	1.116
15	Accrued income and deferred expenses	940	2.878	3.616	2.642
	Debtors in total	11.841	11.124	61.291	42.368
	Available funds	5.153	4.373	5.153	4.344
	Current assets in total	64.141	50.652	87.936	62.868
	Assets in total	136.916	108.558	126.807	99.950

Balance sheet 31 March

DKK in thousands.

Note	Group		Parent enterprise		
	2018	2017	2018	2017	
Equity and liabilities					
Equity					
16	Contributed capital	714	714	714	714
	Reserves for net revaluation as per the equity method	814	580	5.654	4.994
	Results brought forward	89.254	60.791	84.414	56.377
	Equity before non-controlling interest.	90.782	62.085	90.782	62.085
	Minority interests	495	228	0	0
	Equity in total	91.277	62.313	90.782	62.085
Provisions					
17	Provisions for deferred tax	5.104	5.246	2.604	3.470
	Provisions in total	5.104	5.246	2.604	3.470
Liabilities					
	Subordinate loan capital	0	11.668	0	11.668
18	Mortgage debt	4.588	5.164	3.247	3.408
19	Debt certificate	859	1.717	0	0
20	Bank debts	10.864	2.856	10.864	2.856
	Long-term liabilities in total	16.311	21.405	14.111	17.932

Balance sheet 31 March

DKK in thousands.

Note	Group		Parent enterprise	
	2018	2017	2018	2017
Equity and liabilities				
Short-term part of long-term liabilities	5.250	2.898	3.975	1.636
Bank debts	971	1	0	1
Trade creditors	12.372	9.890	9.775	7.733
Corporate tax	2.825	3.922	2.825	3.904
Tax payables to group enterprises	0	0	723	158
Other debts	2.806	2.883	2.012	3.031
Short-term liabilities in total	24.224	19.594	19.310	16.463
Liabilities in total	40.535	40.999	33.421	34.395
Equity and liabilities in total	136.916	108.558	126.807	99.950

21 Mortgage and securities

22 Contingencies

23 Related parties

Consolidated statement of changes in equity

DKK in thousands.

	Contributed capital	Reserves for net revaluation as per the equity method	Results brought forward	Minority interests
Equity 1 April 2016	714	306	45.067	0
Share of results	0	325	0	0
Profit or loss for the year brought forward	0	0	15.724	0
Dividend from associated company	0	-51	0	0
Minority interests	0	0	0	228
Equity 1 April 2017	714	580	60.791	228
Share of results	0	286	0	0
Profit or loss for the year brought forward	0	0	28.463	0
Dividend from associated company	0	-52	0	0
Minority interests	0	0	0	267
	714	814	89.254	495

Statement of changes in equity of the parent enterprise

DKK in thousands.

	Contributed capital	Reserves for net revaluation as per the equity method	Results brought forward
Equity 1 April 2016	714	4.481	40.892
Share of results	0	513	0
Profit or loss for the year brought forward	0	0	15.485
Equity 1 April 2017	714	4.994	56.377
Share of results	0	660	0
Profit or loss for the year brought forward	0	0	28.037
	714	5.654	84.414

Cash flow statement 1 April - 31 March

DKK in thousands.

<u>Note</u>	Group	
	<u>2017/18</u>	<u>2016/17</u>
Results for the year	28.964	16.024
24 Adjustments	17.932	13.949
25 Change in working capital	-10.304	-2.430
Cash flow from operating activities before net financials	36.592	27.543
Interest received and similar amounts	53	16
Interest paid and similar amounts	-1.915	-1.947
Cash flow from ordinary activities	34.730	25.612
Corporate tax paid	-9.414	-754
Cash flow from operating activities	25.316	24.858
Purchase of tangible fixed assets	-23.648	-16.906
Sale of tangible fixed assets	933	167
Other cash flows from investment activities	-100	-390
Cash flow from investment activities	-22.815	-17.129
Repayments of debt	-1.773	-3.915
Dividend paid	52	51
Cash in group enterprise - minority (opening)	0	202
Cash flow from financing activities	-1.721	-3.662
Changes in available funds	780	4.067
Available funds 1 April 2017	4.373	306
Available funds 31 March 2018	5.153	4.373
Available funds		
Available funds	5.153	4.373
Available funds 31 March 2018	5.153	4.373

Notes

DKK in thousands.

	Group		Parent enterprise	
	2017/18	2016/17	2017/18	2016/17
1. Net turnover				
Denmark	36.798	30.666	32.890	29.872
Outside Denmark	198.925	225.863	198.925	225.863
	235.723	256.529	231.815	255.735
2. Staff costs				
Salaries and wages	22.913	21.354	18.326	17.598
Pension costs	1.840	1.526	1.447	1.297
Other costs for social security	190	212	162	194
Other staff costs	1.250	1.343	920	1.041
	26.193	24.435	20.855	20.130
Total personnel expenses are presented as follows:				
Raw materials and consumables used	17.146	16.901	13.141	13.078
Staff costs	9.047	7.534	7.714	7.052
	26.193	24.435	20.855	20.130
Average number of employees	42	45	33	37
3. Other financial costs				
Other financial costs	1.915	1.947	1.113	1.469
	1.915	1.947	1.113	1.469

Notes

DKK in thousands.

	Group		Parent enterprise	
	<u>2017/18</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2016/17</u>
4. Tax on ordinary results				
Tax on the results for the year	8.317	4.717	8.857	4.815
Adjustment for the year of deferred tax	-142	-216	-866	-405
Utilization of tax losses from previous years	<u>0</u>	<u>-41</u>	<u>0</u>	<u>0</u>
	<u>8.175</u>	<u>4.460</u>	<u>7.991</u>	<u>4.410</u>
5. Proposed distribution of the results				
Reserves for net revaluation as per the equity method			660	513
Allocated to results brought forward			<u>28.037</u>	<u>15.485</u>
Distribution in total			<u>28.697</u>	<u>15.998</u>

Notes

DKK in thousands.

	Group		Parent enterprise	
	31/3 2018	31/3 2017	31/3 2018	31/3 2017
6. Farming licenses and rights				
Cost 1 April 2017	8.463	8.463	4.948	4.948
Cost 31 March 2018	8.463	8.463	4.948	4.948
Amortisation and writedown 1 April 2017	-4.368	-3.974	-4.091	-3.872
Amortisation and writedown for the year	-394	-394	-218	-218
Amortisation and writedown 31 March 2018	-4.762	-4.368	-4.309	-4.090
Book value 31 March 2018	3.701	4.095	639	858
7. Land and property				
Cost 1 April 2017	20.183	19.751	14.819	14.854
Additions during the year	2.359	467	76	0
Disposals during the year	0	-35	0	-35
Cost 31 March 2018	22.542	20.183	14.895	14.819
Depreciation and writedown 1 April 2017	-14.425	-14.074	-12.860	-12.675
Depreciation and writedown for the year	-429	-386	-223	-221
Depreciation and writedown, assets disposed of	0	35	0	35
Depreciation and writedown 31 March 2018	-14.854	-14.425	-13.083	-12.861
Book value 31 March 2018	7.688	5.758	1.812	1.958

Notes

DKK in thousands.

	Group		Parent enterprise	
	<u>31/3 2018</u>	<u>31/3 2017</u>	<u>31/3 2018</u>	<u>31/3 2017</u>
8. Production plant and machinery				
Cost 1 April 2017	74.024	77.383	60.332	64.312
Additions during the year	9.426	6.826	6.239	6.206
Disposals during the year	<u>-7.311</u>	<u>-10.185</u>	<u>-7.080</u>	<u>-10.185</u>
Cost 31 March 2018	<u>76.139</u>	<u>74.024</u>	<u>59.491</u>	<u>60.333</u>
Revaluation 1 April 2017	<u>1.800</u>	<u>1.800</u>	<u>0</u>	<u>0</u>
Revaluation 31 March 2018	<u>1.800</u>	<u>1.800</u>	<u>0</u>	<u>0</u>
Depreciation and writedown 1 April 2017	-42.583	-46.785	-33.842	-38.849
Depreciation and writedown for the year	-5.631	-5.870	-4.639	-5.065
Depreciation and writedown, assets disposed of	<u>6.379</u>	<u>10.072</u>	<u>6.341</u>	<u>10.072</u>
Depreciation and writedown 31 March 2018	<u>-41.835</u>	<u>-42.583</u>	<u>-32.140</u>	<u>-33.842</u>
Book value 31 March 2018	<u>36.104</u>	<u>33.241</u>	<u>27.351</u>	<u>26.491</u>

Notes

DKK in thousands.

	Group		Parent enterprise	
	31/3 2018	31/3 2017	31/3 2018	31/3 2017
9. Other plants, operating assets, and fixtures and furniture				
Cost 1 April 2017	13.407	13.917	3.724	4.621
Additions during the year	7.183	842	0	210
Disposals during the year	-1.113	-1.352	0	-1.107
Cost 31 March 2018	19.477	13.407	3.724	3.724
Amortisation and writedown 1 April 2017	-9.494	-9.651	-2.676	-3.261
Depreciation and writedown for the year	-1.628	-1.142	-388	-522
Depreciation and writedown, assets disposed of	1.113	1.299	0	1.107
Amortisation and writedown 31 March 2018	-10.009	-9.494	-3.064	-2.676
Book value 31 March 2018	9.468	3.913	660	1.048
10. Tangible assets under construction and prepayments for tangible assets				
Cost 1 April 2017	8.820	90	0	0
Additions during the year	12.397	8.730	0	0
Disposals during the year	-8.773	0	0	0
Cost 31 March 2018	12.444	8.820	0	0
Book value 31 March 2018	12.444	8.820	0	0

Notes

DKK in thousands.

	Group		Parent enterprise	
	31/3 2018	31/3 2017	31/3 2018	31/3 2017
11. Decoration rented premises				
Cost 1 April 2017	560	519	559	519
Additions during the year	1.056	41	1.018	41
Cost 31 March 2018	1.616	560	1.577	560
Depreciation and writedown 1 April 2017	-458	-365	-457	-365
Depreciation and writedown for the year	-101	-93	-95	-93
Depreciation and writedown 31 March 2018	-559	-458	-552	-458
Book value 31 March 2018	1.057	102	1.025	102

	Parent enterprise	
	31/3 2018	31/3 2017
12. Equity investments in group enterprises		
Acquisition sum, opening balance 1 April 2017	500	500
Cost 31 March 2018	500	500
Revaluations, opening balance 1 April 2017	6.125	5.771
Results for the year	759	354
Revaluation 31 March 2018	6.884	6.125
Book value 31 March 2018	7.384	6.625

Group enterprises:

	Domicile	Share of ownership
Loejstrup Dambrug A/S	Goerlev	100 %
Vingsted-Kobberbaek A/S	Bredsten	60 %

Notes

DKK in thousands.

	Group		Parent enterprise	
	31/3 2018	31/3 2017	31/3 2018	31/3 2017
13. Equity investments in associated enterprises				
Acquisition sum, opening balance 1 April 2017	1.007	1.007	740	740
Cost 31 March 2018	1.007	1.007	740	740
Revaluation, opening balance 1 April 2017	580	306	-1.130	-1.290
Results for the year	286	325	-100	160
Dividend	-52	-51	0	0
Revaluation 31 March 2018	814	580	-1.230	-1.130
Offsetting against debtors	492	390	490	390
Set off against debtors and provisions for liabilities	492	390	490	390
Book value 31 March 2018	2.313	1.977	0	0
Associated enterprises:				
			Domicile	Share of ownership
Brejnholm Dambrug ApS			Toerring	33,33 %
Bornholms Havbrug A/S			Nexoe	38,94 %
14. Inventory				
Raw materials and consumables	26.450	26.826	1.725	8.633
Indirect production cost concerning fish production	5.663	3.838	5.663	3.838
Produced and purchased trade goods	14.089	2.207	14.089	2.207
Raw materials	945	2.284	15	1.478
	47.147	35.155	21.492	16.156

Notes

DKK in thousands.

	Group		Parent enterprise	
	31/3 2018	31/3 2017	31/3 2018	31/3 2017
15. Accrued income and deferred expenses				
Other prepayments	552	623	223	387
Prepaid tax	388	255	388	255
Prepayment Brejnholm Dambrug ApS	0	2.000	3.005	2.000
	940	2.878	3.616	2.642

16. Contributed capital

Contributed capital 1 April 2017	714	714	714	714
	714	714	714	714

The share capital consists of 714,000 shares, each with a nominal value of DKK 1.00. No shares hold particular rights.

	Group		Parent enterprise	
	31/3 2018	31/3 2017	31/3 2018	31/3 2017
17. Provisions for deferred tax				
Provisions for deferred tax 1 April 2017	5.246	5.462	3.470	3.875
Deferred tax of the results for the year	-142	-216	-866	-405
	5.104	5.246	2.604	3.470

The following items are subject to deferred tax:

Intangible fixed assets	415	391	141	189
Tangible fixed assets	2.952	2.751	2.340	2.245
Current assets	1.737	2.104	123	1.036
	5.104	5.246	2.604	3.470

Notes

DKK in thousands.

	Group		Parent enterprise	
	31/3 2018	31/3 2017	31/3 2018	31/3 2017
18. Mortgage debt				
Mortgage debt in total	5.165	5.723	3.408	3.564
Share of amount due within 1 year	<u>-577</u>	<u>-559</u>	<u>-161</u>	<u>-156</u>
	4.588	5.164	3.247	3.408
Share of liabilities due after 5 years	<u>2.762</u>	<u>3.059</u>	<u>2.543</u>	<u>2.728</u>
19. Debt certificate				
Debt certificate in total	1.718	2.576	0	0
Share of amount due within 1 year	<u>-859</u>	<u>-859</u>	<u>0</u>	<u>0</u>
	859	1.717	0	0
Share of liabilities due after 5 years	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20. Bank debts				
Bank debts in total	14.678	4.336	14.678	4.336
Share of amount due within 1 year	<u>-3.814</u>	<u>-1.480</u>	<u>-3.814</u>	<u>-1.480</u>
	10.864	2.856	10.864	2.856
Share of liabilities due after 5 years	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

21. Mortgage and securities

Spar Nord Bank A/S has, as collateral for all debt with the parent company (Musholm A/S), received a letter of indemnity (business mortgages) nom. TDKK 30.000.

Spar Nord Bank A/S has, as collateral for debt concerning the parent company (Musholm A/S), received a letter of indemnity nom. TDKK 5.848 in feeding fleet Niels Bjoern, which under production equipment has a book value of TDKK 3.355.

Notes

DKK in thousands.

Mortgage and securities (continued)

Spar Nord Bank A/S has, as collateral for debt concerning the parent company (Musholm A/S), received a letter of indemnity nom. TDKK 4.358 in feeding fleet Thor Anton, which under production equipment has a book value of TDKK 1.009.

Spar Nord Bank A/S has, as collateral for debt concerning the parent company (Musholm A/S), received a mortgage deed nom. TDKK 11.000 with pledge in buildings on cadastre no. 90b Reersoe By, which has a book value of TDKK 1.042.

Spar Nord Bank A/S has, as collateral for debt concerning the parent company (Musholm A/S), received a letter of indemnity nom. TDKK 4.000 with pledge in leasehold rights in buildings on leased land cadastre no. 90b Reersoe By.

Spar Nord Bank A/S has, as collateral for debt concerning the parent company (Musholm A/S), received a letter of indemnity nom. TDKK 4.000 in working boat Mari, which under production equipment has a book value of TDKK 3.134.

Group

Spar Nord Bank A/S has, as collateral for debt concerning the group, received a letter of indemnity nom. TDKK 6.500 with pledge in cadastre no. 5a Loejstrup Hgd with a book value of TDKK 1.994.

Parent company

As security for mortgage debt is given a pledge in buildings, which has a book value of TDKK 770.

22. Contingencies

Contingent liabilities

The company guarantees for the subsidiary's debt to Spar Nord Bank A/S. As of 31/3 2018 the debt amounts to TDKK 971. The company has also submitted a statement of support towards the subsidiary in terms of making the necessary liquidity available for the implementation of the subsidiary's operating and investing activities so far to the end of March 2019.

Operating leases

The group has entered into operating and rent leases with residual obligations in the period of irrevocability of TDKK 5.236.

Notes

DKK in thousands.

Contingencies (continued)

Joint taxation

The company is the administration company of the group of companies subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

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

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

23. Related parties

Transactions

According to the Danish Financial Statement Act section 98 c transactions with related parties are not disclosed as all transactions have been affected at arm's length.

	Group	
	<u>2017/18</u>	<u>2016/17</u>
24. Adjustments		
Depreciation and amortisation	8.182	7.884
Income from equity investments in associated enterprises	-286	-325
Other financial income	-54	-17
Other financial costs	1.915	1.947
Tax on ordinary results	8.175	4.460
	<u>17.932</u>	<u>13.949</u>
25. Change in working capital		
Change in inventories	-11.992	2.974
Change in debtors	-717	-969
Change in trade creditors and other liabilities	2.405	-4.435
	<u>-10.304</u>	<u>-2.430</u>

Accounting policies used

The annual report for Musholm A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (medium sized enterprises).

Except for a few reclassifications, the accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the group is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the group is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Accounting policies used

The consolidated annual accounts

The consolidated annual accounts comprise the parent company Musholm A/S and those group enterprises of which Musholm A/S directly or indirectly owns more than 50 % of the voting rights or in other ways has controlling interest. As it appears from the group chart, enterprises of which the group owns between 20 and 50 % of the voting rights and exercises considerable, but not controlling interest are considered associated enterprises.

By the consolidation, elimination of intercompany income and costs, shareholding, intercompany balances and dividends and realised and unrealised gains and losses from transactions among the consolidated enterprises takes place.

Equity interests in group enterprises are settled by the proportional share of the group enterprises' trade value of net assets and liabilities at the date of acquisition.

Newly acquired or newly established enterprises are recognised in the consolidated annual accounts as of the date of acquisition. Disposed or terminated enterprises are recognised in the consolidated annual accounts until the date of disposal. In relation to newly acquired, disposed or terminated enterprises, comparative figures are not adjusted.

Minority interests

The items of the group enterprises are recognised by 100 % in the consolidated annual accounts. The minority interests' proportionate share of the profit or loss and the equity of the group enterprises are adjusted annually, and they are recognised as a separate item below the profit and loss account and as a separate item in the balance sheet respectively.

The profit and loss account

Net turnover

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

Cost of sales

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income/costs

Other operating income and costs comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

Accounting policies used

Other external costs

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

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

Net financials

Financial income and expenses include interest as well as realised and unrealised foreign exchange adjustments on receivables and liabilities. Net financials are recognised with the amounts concerning the financial year.

Results from equity investments in group enterprises and associated enterprises

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

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

Tax of the results for the year

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

The parent enterprise and the Danish group enterprises are subject to the Danish rules on compulsory joint taxation of the consolidated Danish enterprises. The parent enterprise acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

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

Accounting policies used

The balance sheet

Intangible fixed assets

Farming licenses and rights

Farming licenses and rights are measured at cost with deduction of accrued amortisation. Farming licenses and rights are amortised on a straight-line basis over 20 years.

Farming licenses and rights are without any time limit and depreciation is therefore according to maximum of useful life.

Tangible fixed assets

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

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

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

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

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

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

Buildings	20 years
Production equipment	10 years
Production facilities	5-10 years
Other plants, operating assets, fixtures and furniture	5 years

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

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

Accounting policies used

Leasing contracts

All other leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The group's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

Decoration of rented premises

Decoration of rented premises are measured at cost with deduction of accrued depreciation. Depreciation takes place on a straight-line basis over the estimated useful life of the asset, which is set at 5 years.

Financial fixed assets

Equity investments in group enterprises and associated enterprises

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

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

Inventories

Raw materials and auxiliaries are measured at cost.

Works in progress and manufactured goods are measured at cost comprising costs of raw materials and auxiliaries with the addition of production costs as well as other costs that can directly or indirectly be attributed to the produced goods.

Trade goods are measured at cost or net realization value if this is lower.

Debtors

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

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Accounting policies used

Equity

Reserves for net revaluation as per the equity method

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

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

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

Corporate tax and deferred tax

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

Musholm A/S is jointly taxed with the Danish group companies and acts in this respect as the administration company. According to the rules of joint taxation, Musholm A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Payable and receivable joint taxation contributions are recognised in the balance sheet as "Receivable corporate tax" or "Payable corporate tax".

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

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

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

Liabilities

Financial liabilities are recognised at the borrowing proceeds received less incurred transaction costs. In subsequent periods, financial liabilities are measured at amortized cost.

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

Loans in foreign currencies

Loans in foreign currencies are recognised in the balance sheet at the exchange rate of the day of transaction, to the extent there has been no hedging.

Accounting policies used

The cash flow statement

The cash flow statement shows the cash flow of the group for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

Cash flow from operating activities

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

Cash flow from investment activities

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

Cash flow from financing activities

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.