

Loejstrup Dambrug A/S

Strandvejen 101, 4281 Goerlev

Company reg. no. 19 39 10 78

Annual report

1 April 2018 - 31 March 2019

The annual report was submitted and approved by the general meeting on the 28 August 2019.

Michael Budtz
Chairman of the meeting

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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 Loejstrup Dambrug A/S for the financial year 1 April 2018 to 31 March 2019.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 March 2019 and of the company's results of its activities in the financial year 1 April 2018 to 31 March 2019.

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, 28 August 2019

Managing Director

Niels Ebbe Dalsgaard
Managing director

Board of directors

Michael Egede Budtz
Chairman of the board

Niels Ebbe Dalsgaard

Karl Iver Dahl-Madsen

Independent auditor's report

To the shareholder of Loejstrup Dambrug A/S

Opinion

We have audited the annual accounts of Loejstrup Dambrug A/S for the financial year 1 April 2018 to 31 March 2019, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 March 2019 and of the results of the company's operations for the financial year 1 April 2018 to 31 March 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

The management's responsibilities for the annual accounts

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

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

Auditor's responsibilities for the audit of the annual accounts

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

Independent auditor's report

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

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

Statement on the management's review

The management is responsible for the management's review.

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

Independent auditor's report

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

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

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

Copenhagen, 28 August 2019

Redmark

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

Anders Schelde-Møllerup Funder

State Authorised Public Accountant
mne30220

Company data

The company	Loejstrup Dambrug A/S Strandvejen 101 4281 Goerlev
	Phone 58 85 90 07
	Company reg. no. 19 39 10 78
	Financial year: 1 April - 31 March
Board of directors	Michael Egede Budtz, Chairman of the board Niels Ebbe Dalsgaard Karl Iver Dahl-Madsen
Managing Director	Niels Ebbe Dalsgaard, Managing director
Auditors	Redmark Statsautoriseret Revisionspartnerselskab Dirch Passers Allé 76 2000 Frederiksberg
Bankers	Spar Nord Bank A/S
Lawyer	Kromann Reumert
Parent company	Musholm A/S
Subsidiary	Vingsted-Kobberbaek A/S, Bredsten
Associated enterprise	Brejnholm Dambrug ApS, Toerring

Management's review

The significant activities of the company

Loejstrup Dambrug A/S is an aquaculture company – farming trout at hatcheries and smolt stations in Jutland and Zealand. Loejstrup Dambrug A/S is a subsidiary company of Musholm A/S and the production of trout eggs, juveniles and smolt is mainly for the mother company.

Development in activities and financial matters

The gross profit for the year is DKK 4.152.518 against DKK 3.618.048 last year. The results from ordinary activities after tax are DKK 872.904 against DKK 507.470 last year. The management consider the results satisfactory, and the result is inline with the forecasted result for 2018/19.

General risks

The company group's risks can generally be divided into 2 categories that relate to aquaculture and political conditions.

Aquaculture with farming of trout at hatcheries and smolt stations contains various risks.

Among the most significant challenges are disease, 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.

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 forecasted development

A positive result is expected for the coming production year 2019/2020.

Events subsequent to the end of the financial year

No events have occurred subsequent to the balance sheet date which would have material impact on the financial position of the company.

Profit and loss account 1 April - 31 March

All amounts in DKK.

<u>Note</u>	<u>2018/19</u>	<u>2017/18</u>
Gross profit	4.152.518	3.618.048
1 Staff costs	-46.500	-244.530
Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	<u>-3.046.383</u>	<u>-2.593.186</u>
Operating profit	1.059.635	780.332
2 Income from equity investment in group enterprise	585.787	400.033
3 Income from equity investment in associated enterprise	390.880	386.244
Other financial income from group enterprises	643	2.833
Other financial income	22.422	5.359
4 Other financial costs	<u>-1.180.911</u>	<u>-1.145.119</u>
Results before tax	878.456	429.682
5 Tax on ordinary results	<u>-5.552</u>	<u>77.788</u>
Results for the year	<u>872.904</u>	<u>507.470</u>
 Proposed distribution of the results:		
Reserves for net revaluation as per the equity method	870.867	734.577
Dividend for the financial year	105.800	51.700
Allocated from results brought forward	<u>-103.763</u>	<u>-278.807</u>
Distribution in total	<u>872.904</u>	<u>507.470</u>

Balance sheet 31 March

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Assets		
Fixed assets		
6 Farming licenses and rights	2.884.833	3.060.592
Intangible fixed assets in total	<u>2.884.833</u>	<u>3.060.592</u>
7 Land and property	6.327.189	5.875.954
8 Production plant and machinery	12.195.302	8.757.757
9 Other plants, operating assets, and fixtures and furniture	12.556.991	8.695.196
10 Tangible assets under construction and prepayments for tangible assets	183.700	12.444.215
Tangible fixed assets in total	<u>31.263.182</u>	<u>35.773.122</u>
11 Equity investment in group enterprise	1.327.202	741.415
12 Equity investment in associated enterprise	2.597.322	2.312.242
Financial fixed assets in total	<u>3.924.524</u>	<u>3.053.657</u>
Fixed assets in total	<u>38.072.539</u>	<u>41.887.371</u>
Current assets		
Raw materials and consumables	689.461	848.490
Work in progress	22.928.516	22.151.138
Inventories in total	<u>23.617.977</u>	<u>22.999.628</u>
Trade debtors	76.250	703.607
Receivables from group enterprises	1.223.490	0
Receivable corporate tax	322.410	723.294
Other debtors	4.856.008	2.010.153
Accrued income and deferred expenses	164.097	214.697
Debtors in total	<u>6.642.255</u>	<u>3.651.751</u>
Cash funds	23.781	920
Current assets in total	<u>30.284.013</u>	<u>26.652.299</u>
Assets in total	<u>68.356.552</u>	<u>68.539.670</u>

Balance sheet 31 March

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Equity and liabilities		
Equity		
13 Contributed capital	500.000	500.000
14 Reserves for net revaluation as per the equity method	3.354.674	2.483.807
15 Results brought forward	4.402.087	4.400.050
Equity in total	8.256.761	7.383.857
Provisions		
Provisions for deferred tax	2.820.191	2.492.229
Provisions in total	2.820.191	2.492.229
Liabilities		
16 Mortgage debt	910.348	1.340.560
16 Debt certificate	0	858.800
Long-term liabilities in total	910.348	2.199.360
16 Liabilities	1.289.012	1.274.942
Bank debts	0	15.475
Trade creditors	2.193.636	2.040.979
17 Debt to group enterprises	52.484.436	52.683.998
Other debts	402.168	448.830
Short-term liabilities in total	56.369.252	56.464.224
Liabilities in total	57.279.600	58.663.584
Equity and liabilities in total	68.356.552	68.539.670
18 Mortgage and securities		
19 Contingencies		
20 Related parties		

Notes

All amounts in DKK.

	<u>2018/19</u>	<u>2017/18</u>
1. Staff costs		
Salaries and wages	3.208.270	3.347.875
Pension costs	254.614	304.283
Other costs for social security	15.962	19.565
Other staff costs	<u>118.107</u>	<u>301.984</u>
	<u>3.596.953</u>	<u>3.973.707</u>
Average number of employees	<u>7</u>	<u>9</u>
Total personnel expenses are presented as follows:		
Raw materials and consumables used	3.550.453	3.729.177
Staff costs	<u>46.500</u>	<u>244.530</u>
	<u>3.596.953</u>	<u>3.973.707</u>
2. Income from equity investment in group enterprise		
Income from Vingsted-Kobberbaek A/S	<u>585.787</u>	<u>400.033</u>
	<u>585.787</u>	<u>400.033</u>
3. Income from equity investment in associated enterprise		
Income from Brejnholm Dambrug ApS	<u>390.880</u>	<u>386.244</u>
	<u>390.880</u>	<u>386.244</u>
4. Other financial costs		
Interest, group enterprises	845.796	415.444
Other financial costs	<u>335.115</u>	<u>729.675</u>
	<u>1.180.911</u>	<u>1.145.119</u>
5. Tax on ordinary results		
Tax of the results for the year	-322.410	-723.294
Adjustment for the year of deferred tax	<u>327.962</u>	<u>645.506</u>
	<u>5.552</u>	<u>-77.788</u>

Notes

All amounts in DKK.

	<u>31/3 2019</u>	<u>31/3 2018</u>
6. Farming licenses and rights		
Cost 1 April 2018	3.515.000	3.515.000
Cost 31 March 2019	<u>3.515.000</u>	<u>3.515.000</u>
Amortisation and writedown 1 April 2018	-454.408	-278.658
Amortisation for the year	-175.759	-175.750
Amortisation and writedown 31 March 2019	<u>-630.167</u>	<u>-454.408</u>
Book value 31 March 2019	<u>2.884.833</u>	<u>3.060.592</u>
7. Land and property		
Cost 1 April 2018	7.644.361	5.361.058
Additions during the year	795.111	2.283.303
Disposals during the year	-47.519	0
Cost 31 March 2019	<u>8.391.953</u>	<u>7.644.361</u>
Depreciation and writedown 1 April 2018	-1.768.407	-1.561.893
Depreciation for the year	-308.633	-206.514
Reversal of depreciation, amortisation and writedown, assets disposed of	12.276	0
Depreciation and writedown 31 March 2019	<u>-2.064.764</u>	<u>-1.768.407</u>
Book value 31 March 2019	<u>6.327.189</u>	<u>5.875.954</u>

Notes

All amounts in DKK.

	<u>31/3 2019</u>	<u>31/3 2018</u>
8. Production plant and machinery		
Cost 1 April 2018	16.652.629	13.696.806
Additions during the year	5.563.762	3.186.609
Disposals during the year	<u>-1.273.045</u>	<u>-230.786</u>
Cost 31 March 2019	<u>20.943.346</u>	<u>16.652.629</u>
Revaluation 1 April 2018	<u>1.800.000</u>	<u>1.800.000</u>
Revaluation 31 March 2019	<u>1.800.000</u>	<u>1.800.000</u>
Depreciation and writedown 1 April 2018	-9.694.872	-8.740.877
Depreciation for the year	-1.100.633	-991.498
Reversal of depreciation, amortisation and writedown, assets disposed of	<u>247.461</u>	<u>37.503</u>
Depreciation and writedown 31 March 2019	<u>-10.548.044</u>	<u>-9.694.872</u>
Book value 31 March 2019	<u>12.195.302</u>	<u>8.757.757</u>
9. Other plants, operating assets, and fixtures and furniture		
Cost 1 April 2018	15.619.900	9.632.561
Additions during the year	5.393.115	7.099.860
Disposals during the year	<u>-176.834</u>	<u>-1.112.521</u>
Cost 31 March 2019	<u>20.836.181</u>	<u>15.619.900</u>
Depreciation and writedown 1 April 2018	-6.924.704	-6.817.801
Depreciation for the year	-1.461.359	-1.219.424
Reversal of depreciation, amortisation and writedown, assets disposed of	<u>106.873</u>	<u>1.112.521</u>
Depreciation and writedown 31 March 2019	<u>-8.279.190</u>	<u>-6.924.704</u>
Book value 31 March 2019	<u>12.556.991</u>	<u>8.695.196</u>

Notes

All amounts in DKK.

	<u>31/3 2019</u>	<u>31/3 2018</u>
10. Tangible assets under construction and prepayments for tangible assets		
Cost 1 April 2018	12.444.215	8.820.323
Additions during the year	0	12.397.290
Disposals during the year	<u>-12.260.515</u>	<u>-8.773.398</u>
Cost 31 March 2019	<u>183.700</u>	<u>12.444.215</u>
Book value 31 March 2019	<u>183.700</u>	<u>12.444.215</u>
11. Equity investment in group enterprise		
Acquisition sum, opening balance 1 April 2018	<u>303.000</u>	<u>303.000</u>
Cost 31 March 2019	<u>303.000</u>	<u>303.000</u>
Revaluations, opening balance 1 April 2018	438.415	38.382
Results for the year	<u>585.787</u>	<u>400.033</u>
Revaluation 31 March 2019	<u>1.024.202</u>	<u>438.415</u>
Book value 31 March 2019	<u>1.327.202</u>	<u>741.415</u>
Group enterprise:		
	Domicile	Share of ownership
Vingsted-Kobberbaek A/S	Bredsten	60 %

Notes

All amounts in DKK.

	<u>31/3 2019</u>	<u>31/3 2018</u>
12. Equity investment in associated enterprise		
Acquisition sum, opening balance 1 April 2018	266.850	266.850
Cost 31 March 2019	<u>266.850</u>	<u>266.850</u>
Revaluation, opening balance 1 April 2018	2.045.392	1.710.848
Results for the year	390.880	386.244
Dividend	-105.800	-51.700
Revaluation 31 March 2019	<u>2.330.472</u>	<u>2.045.392</u>
Book value 31 March 2019	<u>2.597.322</u>	<u>2.312.242</u>
Associated enterprise:		
	Domicile	Share of ownership
Brejnholm Dambrug ApS	Toerring	33,33 %
13. Contributed capital		
Contributed capital 1 April 2018	500.000	500.000
	<u>500.000</u>	<u>500.000</u>
The share capital consists of 500 shares, each with a nominal value of DKK 1,000. No shares hold particular rights.		
14. Reserves for net revaluation as per the equity method		
Reserves for net revaluation 1 April 2018	2.483.807	1.749.230
Share of results	976.667	786.277
Dividend received from associated enterprise	-105.800	-51.700
	<u>3.354.674</u>	<u>2.483.807</u>

Notes

All amounts in DKK.

	<u>31/3 2019</u>	<u>31/3 2018</u>
15. Results brought forward		
Results brought forward 1 April 2018	4.400.050	4.627.157
Profit or loss for the year brought forward	-103.763	-278.807
Dividend associate - transferred from proposed distribution	105.800	51.700
	<u>4.402.087</u>	<u>4.400.050</u>

16. Liabilities

	<u>Instalments first year</u>	<u>Outstanding debt after 5 years</u>	<u>Debt in total 31 Mar 2019</u>	<u>Debt in total 31 Mar 2018</u>
Mortgage debt	430.212	109.042	1.340.560	1.756.703
Debt certificate	858.800	0	858.800	1.717.600
	<u>1.289.012</u>	<u>109.042</u>	<u>2.199.360</u>	<u>3.474.303</u>

17. Debt to group enterprises

Intercompany account with Musholm A/S	<u>52.484.436</u>	<u>52.683.998</u>
	<u>52.484.436</u>	<u>52.683.998</u>

18. Mortgage and securities

Spar Nord Bank A/S has as security for the parent company and consolidated debt received letter of indemnity nom. 6.500 thousand secured by property registration number 5a Løjstrup HGD which represent a book value of TDKK 2.405 at 31 March 2019.

Løjstrup Dambrug A/S has provided suretyship for Musholm A/S and Vingsted-Kobberbaek A/S in respect of all accounts with Spar Nord Bank A/S.

19. Contingencies

Contingent liabilities

The company has entered into rent leases with residual obligations in the period of irrevocability of TDKK 275.

Notes

All amounts in DKK.

19. Contingencies (continued)

Joint taxation

Musholm A/S, company reg. no 17895907 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

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

The total tax payable under the joint taxation amounts to DKK 5.226 thousand.

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

20. Related parties

Controlling interest

Musholm A/S
Strandvejen 101
4281 Goerlev
Denmark

Majority shareholder

Consolidated annual accounts

The Company is included in the consolidated financial statement for Musholm A/S, Strandvejen 101, Goerlev, Denmark.

Accounting policies used

The annual report for Loejstrup Dambrug A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

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 company 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 company 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.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

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

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

Accounting policies used

Other operating income 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.

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

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

Results from equity investments in group enterprise and associated enterprise

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

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

Tax of the results for the year

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

The company is subject to the Danish legislation concerning compulsory joint taxation of the parent company and the Danish group enterprises.

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 licences and rights

Licenses are measured at cost with deduction of accrued amortisation and are amortised over the contract period, however, for a maximum of 20 years.

Gain and loss from the sale of licenses are measured as the difference between the sales price with deduction of sales costs and the book value at the time of the sale. Gain or loss are recognised in the profit and loss account as other operating income or other operating expenses respectively.

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
Technical plants and machinery	10-20 years
Other plants, operating assets, fixtures and furniture	5-10 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

Writedown of fixed assets

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

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

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

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

Financial fixed assets

Equity investments in group enterprise and associated enterprise

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

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

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

Inventories

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

Accounting policies used

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management.

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.

Equity

Reserves for net revaluation as per the equity method

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

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

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

Corporate tax and deferred tax

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

According to the rules of joint taxation, Loejstrup Dambrug 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.

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.

Accounting policies used

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

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