Loejstrup Dambrug A/S

Strandvejen 101, 4281 Goerlev

Company reg. no. 19 39 10 78

Annual report

1 April 2019 - 31 March 2020

The annual report was submitted and approved by the general meeting on the 24 August 2020.

Michael Budtz
Chairman of the meeting

Contents

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

Today, the board of directors and the managing director have presented the annual report of Loejstrup Dambrug A/S for the financial year 1 April 2019 - 31 March 2020.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 March 2020 and of the company's results of activities in the financial year 1 April 2019 – 31 March 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Goerlev, 24 August 2020

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 financial statements of Loejstrup Dambrug A/S for the financial year 1 April 2019 - 31 March 2020, which comprise accounting policies, income statement, statement of financial position and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 March 2020 and of the results of the company's activities for the financial year 1 April 2019 - 31 March 2020 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 section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report 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 can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of 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 and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on 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 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 company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and contents of the financial statements, including disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 commentary
Management is responsible for the management commentary.

Our opinion on and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 24 August 2020

Redmark
Statsautoriseret Revisionspartnerselskab
Company reg. no. 29 44 27 89

Anders Schelde-Mollerup Funder
State Authorised Public Accountant
mne30220

Company information

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 commentary

The principal activities of the company
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.

Development in activities and financial matters
The gross profit for the year totals DKK 10.195.259 against DKK 8.101.943 last year. Income or loss from ordinary activities after tax totals DKK 415.775 against DKK 806.274 last year. The production and sales of freshwater trout from the smolt stations was influenced negatively by lower prices and increased production cost in 2019. Management consider the result as not satisfactory. However the result was inline with the forecasted result for 2019/20.

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

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.

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.

Expected developments
For the time being it is not completely clear what effect the corona crisis will have on the market for freshwater farmed trout for the coming season. A positive result is expected for the coming production year 2020/2021.

Events occurring after the end of the financial year
Except for the corona crisis no events have occurred subsequent to the balance sheet date which would have material impact on the financial position of the company.

Income statement 1 April - 31 March

All amounts in DKK.

Note		2019/20	2018/19
	Gross profit	**10.195.259**	**8.101.943**
1	Staff costs	-4.750.843	-3.698.011
	Depreciation, amortisation, and impairment	-4.240.081	-3.297.995
	Operating profit	**1.204.335**	**1.105.937**
	Income from equity investment in group enterprise	128.501	535.595
	Income from equity investment in associate	416.324	390.880
	Other financial income from group enterprises	6.548	643
	Other financial income	9.027	22.422
2	Other financial costs	-1.453.157	-1.248.288
	Pre-tax net profit or loss	**311.578**	**807.189**
3	Tax on net profit or loss for the year	104.197	-915
	Net profit or loss for the year	**415.775**	**806.274**
	Proposed appropriation of net profit:		
	Reserves for net revaluation according to the equity method	436.825	820.676
	Dividend for the financial year	108.000	105.800
	Allocated from retained earnings	-129.050	-120.202
	Total allocations and transfers	**415.775**	**806.274**

Statement of financial position at 31 March

All amounts in DKK.

Note	Assets	2020	2019
	Non-current assets		
4	Farming licenses and rights	2.919.011	2.884.833
	Total intangible assets	2.919.011	2.884.833
5	Property	13.754.758	6.327.189
6	Plant and machinery	33.779.412	26.019.508
7	Other fixtures and fittings, tools and equipment	809.546	523.997
8	Property, plant, and equipment under construction including pre-payments for property, plant, and equipment	1.682.460	183.700
	Total property, plant, and equipment	50.026.176	33.054.394
9	Equity investment in group enterprise	1.405.511	1.277.010
10	Equity investments in associate	2.905.646	2.597.322
	Total investments	4.311.157	3.874.332
	Total non-current assets	**57.256.344**	**39.813.559**
	Current assets		
	Raw materials and consumables	514.437	689.461
	Biological assets	30.120.700	22.928.516
	Total inventories	30.635.137	23.617.977
	Trade receivables	432.028	76.250
	Receivables from group enterprises	2.378.779	1.223.490
	Income tax receivables	855.558	322.410
	Other receivables	2.171.199	4.856.008
	Prepayments and accrued income	93.674	164.097
	Total receivables	5.931.238	6.642.255
	Cash on hand and demand deposits	213.274	23.781
	Total current assets	**36.779.649**	**30.284.013**
	Total assets	**94.035.993**	**70.097.572**

Statement of financial position at 31 March

All amounts in DKK.

Note	Equity and liabilities	2020	2019
	Equity		
11	Contributed capital	500.000	500.000
12	Reserve for net revaluation according to the equity method	3.741.307	3.304.483
13	Retained earnings	4.364.599	4.385.648
	Total equity	**8.605.906**	**8.190.131**
	Provisions		
	Provisions for deferred tax	3.566.915	2.815.554
	Total provisions	**3.566.915**	**2.815.554**
	Liabilities other than provisions		
	Mortgage loans	7.640.326	910.348
	Other mortgage loans	3.995.888	0
	Lease liabilities	3.242.336	1.586.024
	Other debts	321.166	0
14	Total long term liabilities other than provisions	15.199.716	2.496.372
14	Current portion of long term payables	2.103.307	1.515.276
	Trade payables	1.883.306	2.193.636
15	Payables to group enterprises	62.233.892	52.484.436
	Other payables	442.951	402.167
	Total short term liabilities other than provisions	66.663.456	56.595.515
	Total liabilities other than provisions	**81.863.172**	**59.091.887**
	Total equity and liabilities	**94.035.993**	**70.097.572**

16 Charges and security

17 Contingencies

18 Related parties

Notes

All amounts in DKK.

		2019/20	2018/19
1.	**Staff costs**		
	Salaries and wages	4.340.044	3.377.752
	Pension costs	300.896	254.614
	Other costs for social security	109.903	65.645
		4.750.843	**3.698.011**
	Average number of employees	10	7
2.	**Other financial costs**		
	Financial costs, group enterprises	943.475	845.796
	Other financial costs	509.682	402.492
		1.453.157	**1.248.288**
3.	**Tax on net profit or loss for the year**		
	Tax of the results for the year	-855.558	-322.410
	Adjustment for the year of deferred tax	751.361	323.325
		-104.197	**915**
4.	**Farming licenses and rights**		
	Cost 1 April 2019	3.515.000	3.515.000
	Additions during the year	209.928	0
	Cost 31 March 2020	**3.724.928**	**3.515.000**
	Amortisation and writedown 1 April 2019	-630.167	-454.408
	Amortisation for the year	-175.750	-175.759
	Amortisation and writedown 31 March 2020	**-805.917**	**-630.167**
	Carrying amount, 31 March 2020	**2.919.011**	**2.884.833**

Notes

All amounts in DKK.

		31/3 2020	31/3 2019
5.	**Property**		
	Cost 1 April 2019	8.391.953	7.644.361
	Additions during the year	7.879.621	795.111
	Disposals during the year	0	-47.519
	Cost 31 March 2020	**16.271.574**	**8.391.953**
	Depreciation and writedown 1 April 2019	-2.064.764	-1.768.407
	Depreciation for the year	-452.052	-308.633
	Reversal of depreciation, amortisation and writedown, assets disposed of	0	12.276
	Depreciation and writedown 31 March 2020	**-2.516.816**	**-2.064.764**
	Carrying amount, 31 March 2020	**13.754.758**	**6.327.189**
6.	**Plant and machinery**		
	Cost 1 April 2019	41.396.596	29.763.129
	Adjustment due to change of accounting policies	0	5.303.636
	Additions during the year	11.089.500	10.958.535
	Disposals during the year	0	-4.628.704
	Cost 31 March 2020	**52.486.096**	**41.396.596**
	Revaluation 1 April 2019	1.800.000	1.800.000
	Revaluation 31 March 2020	**1.800.000**	**1.800.000**
	Depreciation and writedown 1 April 2019	-17.177.087	-14.909.316
	Depreciation for the year	-3.329.597	-2.572.786
	Reversal of depreciation, amortisation and writedown, assets disposed of	0	305.014
	Depreciation and writedown 31 March 2020	**-20.506.684**	**-17.177.088**
	Carrying amount, 31 March 2020	**33.779.412**	**26.019.508**
	Right of use assets (financial leases) depreciation for the year	315.991	251.612
	Right of use assets (financial leases) are recognised at a carrying amount of	3.556.239	1.791.212

Notes

All amounts in DKK.

		31/3 2020	31/3 2019
7.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 April 2019	2.375.800	2.509.400
	Additions during the year	568.232	17.900
	Disposals during the year	0	-151.500
	Cost 31 March 2020	**2.944.032**	**2.375.800**
	Depreciation and writedown 1 April 2019	-1.851.803	-1.710.260
	Depreciation for the year	-282.683	-240.818
	Reversal of depreciation, amortisation and writedown, assets disposed of	0	99.275
	Depreciation and writedown 31 March 2020	**-2.134.486**	**-1.851.803**
	Carrying amount, 31 March 2020	**809.546**	**523.997**

		31/3 2020	31/3 2019
8.	**Property, plant, and equipment under construction including pre-payments for property, plant, and equipment**		
	Cost 1 April 2019	183.700	12.444.215
	Additions during the year	1.498.760	0
	Disposals during the year	0	-12.260.515
	Cost 31 March 2020	**1.682.460**	**183.700**
	Carrying amount, 31 March 2020	**1.682.460**	**183.700**

Notes

All amounts in DKK.

		31/3 2020	31/3 2019
9.	**Equity investment in group enterprise**		
	Acquisition sum, opening balance 1 April 2019	303.000	303.000
	Cost 31 March 2020	**303.000**	**303.000**
	Revaluations, opening balance 1 April 2019	974.010	438.415
	Results for the year	128.501	535.595
	Revaluation 31 March 2020	**1.102.511**	**974.010**
	Carrying amount, 31 March 2020	**1.405.511**	**1.277.010**

Group enterprise:

	Domicile	Equity interest
Vingsted-Kobberbaek A/S	Bredsten	60 %

		31/3 2020	31/3 2019
10.	**Equity investments in associate**		
	Acquisition sum, opening balance 1 April 2019	266.850	266.850
	Cost 31 March 2020	**266.850**	**266.850**
	Revaluation, opening balance 1 April 2019	2.330.472	2.045.392
	Results for the year	416.324	390.880
	Dividend	-108.000	-105.800
	Revaluation 31 March 2020	**2.638.796**	**2.330.472**
	Carrying amount, 31 March 2020	**2.905.646**	**2.597.322**

Associated enterprise:

	Domicile	Equity interest
Brejnholm Dambrug ApS	Toerring	33,33 %

		31/3 2020	31/3 2019
11.	**Contributed capital**		
	Contributed capital 1 April 2019	500.000	500.000
		500.000	**500.000**

Notes

All amounts in DKK.

	31/3 2020	31/3 2019

12. Reserve for net revaluation according to the equity method

	31/3 2020	31/3 2019
Reserves for net revaluation 1 April 2019	3.304.482	2.483.807
Share of results	544.825	926.476
Dividend received from associated enterprise	-108.000	-105.800
	3.741.307	**3.304.483**

13. Retained earnings

	31/3 2020	31/3 2019
Retained earnings 1 April 2019	4.385.649	4.400.050
Profit or loss for the year brought forward	-129.050	-120.202
Dividend associate - transferred from proposed distribution	108.000	105.800
	4.364.599	**4.385.648**

14. Liabilities other than provision

	Total payables 31 Mar 2020	Current portion of long term payables	Long term payables 31 Mar 2020	Outstanding payables after 5 years
Mortgage loans	8.237.953	597.627	7.640.326	5.220.325
Other mortgage loans	5.127.971	1.132.083	3.995.888	970.564
Lease liabilities	3.615.933	373.597	3.242.336	2.240.654
Other debts	321.166	0	321.166	0
	17.303.023	**2.103.307**	**15.199.716**	**8.431.543**

15. Payables to group enterprises

	31/3 2020	31/3 2019
Intercompany account with Musholm A/S	62.233.892	52.484.436
	62.233.892	**52.484.436**

16. Charges and security

As collateral for mortgage loans, TDKK 7.679, security has been granted on land and buildings representing a carrying amount of TDKK 6.753 at 31 March 2020.

Notes

All amounts in DKK.

16. Charges and security (continued)

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 Loejstrup HGD which represent a book value of TDKK 2.247 at 31 March 2020.

Loejstrup 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.

17. Contingencies

Joint taxation

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

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

The total tax payable under the joint taxation scheme is shown in the annual report for the administration company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

18. Related parties

Controlling interest

Musholm A/S	Majority shareholder
Strandvejen 101	
4281 Goerlev	
Denmark	

Consolidated financial statements

The company is included in the consolidated financial statements of Musholm A/S, Strandvejen 101, Goerlev, Denmark.

Accounting policies

The annual report for Loejstrup Dambrug A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

Changes in the accounting policies

The enterprise has opted for early adoption of Act no 1716 of 27 December 2018 on amending the Danish Financial Statements Act, etc., thereby changing accounting policies in the following areas:

- IFRS 15 will be applied as the basis of interpretation for the recognition of revenue
- IFRS 16 will be applied as the basis of interpretation for the classification and recognition of leases
- IAS 41 will be applied as the basis of interpretation for the classification and recognition of biological assets (biomass)

Consequences arising from the change in accounting policies are described below.

Change in accounting policies for revenue

The enterprise has chosen to apply IFRS 15 as the basis for interpretation in relation to recognition of revenue.

The enterprise will be applying the standard retrospectively with the accumulative effect of the initial application being recognised in equity opening balance, 2018/19 (full retrospective application).

The company has assessed the effect of adopting IFRS 15 and has concluded that there is no effect to the financial statements.

Change of accounting policies for leases

The enterprise has chosen to apply IFRS 16 as the basis for interpretation in relation to the classification and recognition of leases.

The enterprise will be applying the standard retrospectively with the accumulative effect of the initial application being recognised in equity opening balance 2018/19, (full retrospective application). The comparative figures for 2018/19 have been adjusted.

IFRS 16 no longer differentiates between operating and financial leases. Unlike previously, all leases are, with a few exceptions, recognised in the statement of financial position. Thus, previous operating leases are recognised in the opening balance at 1 April 2018.

Lease liabilities are recognised at a value corresponding to the present value of the remaining lease payments discounted by the enterprise’s marginal borrowing rate for the relevant asset types at 1 April 2018. Right-of-use assets are recognised at a value corresponding to the imputed lease liability adjusted for prepayments.

For earlier financial leases, measurement of the carrying amount of the right-of-use asset corresponds to the earlier carrying amount of the asset at 31 March 2018. Similarly, the lease is measured at the earlier carrying amount of the lease liability at 31 March 2018.

The change in accounting policies has also been implemented in the subsidiary and the effect has been presented in the below described.

As of 31 March 2020, the accumulated effects of the changes in accounting policies are:

- Profit for the year before tax is reduced by TDKK 122 (loss).
- Tax for the year of the change in accounting policies amounts to TDKK 9 (profit).
- Profit for the year after tax is reduced by TDKK 113 (loss).
- The total of the statement of financial position is increased by TDKK 3.506.
- Equity is decreased by TDKK 113.

For 2018/19, profit for the year after tax was reduced by TDKK 67, the total of the statement of financial position increased by TDKK 1.741 as of 31 March 2019, and equity decreased by TDKK 67 as of 31 March 2019.

Change of accounting policies for biological assets (biomass)

The enterprise has chosen to apply IAS 41 as the basis for interpretation in relation to the classification and recognition of biological assets (biomass).

The enterprise will be applying the standard retrospectively with the accumulative effect of the initial application being recognised in equity opening balance 2018/19, (full retrospective application).

IAS 41 requires biomass to be accounted for at the estimated fair value net of sales costs and harvesting costs. The calculation of the estimated fair value is based on market prices for harvested fish. In the accounts, the change in estimated fair value is entered to the income statement on a continuous basis.

The company has assessed the effect of adopting IAS 41 and has concluded that there is no effect to the financial statements.

Except the above changes the accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Some reclassifications have been made in the comparative figures.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

The enterprise will be applying IFRS 15 as its basis of interpretation for the recognition of revenue.

The revenue is recognised when the control of the identifiable individual performance obligations has been performed in respect of the customer whereby the customer gains control of the asset or the service. Sales remunerations are allocated proportionally to the individual performance obligations in the agreement.

Revenue is measured at fair value of agreed remunerations, less VAT and expenses. All forms of discount are recognised in revenue.

Revenue from contracts, including variable considerations such as quantity discounts and performance-related payments are recognised at the most probable consideration value. Revenue is not recognised until it is deemed most likely that changes in the estimated variable consideration will not subsequently result in the reversal of a material part of the amount, thus reducing revenue.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises and loss on receivables.

Staff costs

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

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses 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 income statement with the amounts concerning the financial year.

Results from equity investments in group enterprise and associate

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the group enterprise is recognised in the income statement as a proportional share of the group enterprises’ post-tax profit or loss.

After full elimination of intercompany profit or loss less amortised of consolidated goodwill, the equity investment in the associate is recognised in the income statement as a proportional share of the associates’ post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

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

Statement of financial position

Intangible assets

Farming licenses 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.

Profit and loss from the sale of licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

Property, plant, and equipment

Property is measured at cost plus revaluations and less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

Property is revaluated on the basis of regular, independent fair-value assessments. Net revaluation at fair value adjustment is recognised directly in equity less deferred tax and tied up in a particular revaluation reserve. Net impairment loss at fair value adjustment is recognised in the income statement.

The depreciable amount is cost plus revaluations at fair value less expected residual value after the end of the useful life of the asset. The amortisation period is fixed at the acquisition date and reassessed annually. If the residual value exceeds the carrying mount of the asset, depreciation is discontinued.

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in company equity.

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less 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 carrying amount, the depreciation is discontinued.

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

The cost comprises acquisition cost and costs directly associated with 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 when the useful lives of each individual components differ.

Accounting policies

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Buildings	20 years
Plant and machinery	10-20 years
Other fixtures and fittings, tools and equipment	5-10 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Right-of-use assets

The enterprise will be applying IFRS 16 as its basis of interpretation for the recognition of classification and recognition of leases.

Leases pertaining to property, plant, and equipment for which the enterprise has the right-of-use are recognised in the statement of financial position as right-of-use assets. The assets are, at initial recognition, measured at imputed cost, consisting of:

- The imputed lease liability
- Any lease payments paid prior to – or on – the starting date, less any lease incentives received
- Any direct start-up costs
- Any restoring costs

Hereafter, recognised leased assets are treated like the enterprise's remaining property, plant, and equipment.

Lease liabilities are recognised in the statement of financial position as liabilities other than provision and are measured, at initial recognition, at the present value of lease payments payable over the lease term. This includes a purchase option in the event that the enterprise expects to purchase the right-of-use asset. When determining the present value, the internal rate of return or, alternatively, the enterprise's borrowing rate is applied as discount rate.

Hereafter, the lease liability is treated like the remaining financial liabilities, i.e. at amortised cost.

The interest element of the lease payments is recognised in the income statement over the contractual term.

The following leases are not recognised as assets and liabilities in the statement of financial position:

- Leases with a duration of twelve months or less (short leases)
- Leases where the replacement value of the asset is less than DKK 30,000. (low-value assets)

For such leases, the lease payment is recognised in the income statement as an expense on a linear basis over the lease term.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible assets as well as equity investments in subsidiaries and associates 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 for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount 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 derived from the use of the asset or group of assets.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments

Equity in group enterprise and associate

Equity in group enterprise and associate recognised in the statement of financial position as a proportional share of the enterprise's equity value. This is calculated on the basis of the accounting policies of the parent less/plus unrealised intercompany profits and losses, and less/plus residual value of positive or negative goodwill measured by applying the purchase method.

Group enterprise and associate with negative equity are recognised at no value and, to the extent they are considered irrevocable, amounts owed by these companies are made subject to impairment by the parent's share of the equity. If the negative equity exceeds the receivables, the residual amount is recognised under liability provisions to the extent that the parent has a legal or actual liability to cover the negative equity of these subsidiaries.

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

Inventories

Inventories (raw materials and consumables) are measured at cost on the basis of weighted measured average prices. In cases when the net realisable value is lower than the cost, the latter is written down for impairment to this lower value.

Accounting policies

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

Biological assets (biomass)

IAS 41 requires biomass to be accounted for at the estimated fair value net of sales costs.

Biological assets are trouts produced on land in fresh water.

Historical cost is deemed a reasonable approach to fair value, as there is little biological transformation. This assessment must be seen in the light of the fact that smolts are currently realeased to sea at a stage, when their weight is still relatively low.

Estimated future costs are based on the Group´s prognoses per locality. Cost comprises mainly feed- and production costs.

In cases when the net realisable value is lower than the cost, the latter is written down for impairment to this lower value.

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries and associates proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

Accounting policies

The reserve cannot be recognised by a negative amount.

Income tax and deferred tax

Current tax receivables and tax liabilities are recognised in the statement of financial position with 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 receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Loejstrup Dambrug A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities other than provisions

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Also, capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

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