Lacto Foods A/S

Lysholt Allé 3, DK-7100 Vejle

CVR no. 21 65 88 71

Annual report 2018

Approved at the Company's annual general meeting on 8 May 2019

Chairman:

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Leslie John Wright

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Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Lacto Foods A/S for the financial year 1 January - 31 December 2018.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

Vejle, 8 May 2019
Executive Board:

Jens Bruun Haugstrup
Executive Board

Board of Directors:

Leslie John Wright Chairman	Susanne Hougaard Steffensen
Jens Bruun Haugstrup	Peter Nielsen

Independent auditor's report

To the shareholder of Lacto Foods A/S

Opinion

We have audited the financial statements of Lacto Foods A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the 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 as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement 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.

Independent auditor's report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 the note disclosures, and whether the financial statements represent 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 internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Horsens, 8 May 2019
Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Klarskov Larsen
State Authorised Public Accountant
mne32736

Management's review

Company details

Name	Lacto Foods A/S
Address, Postal code, City	Lysholt Allé 3, DK-7100 Vejle
CVR no.	21 65 88 71
Established	11 May 1999
Registered office	Vejle
Financial year	1 January - 31 December
Website	www.lactofoods.dk
E-mail	jens@lactofoods.dk
Telephone	+45 88 44 56 34
Board of Directors	Leslie John Wright, Chairman Susanne Hougaard Steffensen Jens Bruun Haugstrup Peter Nielsen
Executive Board	Jens Bruun Haugstrup, Executive Board
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Holmboes Allé 12, 8700 Horsens, Denmark

Management's review

Financial highlights

DKK'000	2018	2017	2016	2015	2014
Key figures					
Revenue	286,765	397,227	470,739	223,295	448,064
Gross margin	-126	8,800	3,317	5,190	8,866
Ordinary operating profit/loss	-704	7,216	-618	2,103	4,240
Net financials	-658	-1,147	-3,822	-1,963	-1,480
Profit/loss for the year	63	5,788	2,800	916	3,714
Total assets	57,758	70,527	131,494	188,465	82,734
Share capital	2,500	2,500	2,500	2,500	2,500
Equity	19,063	24,962	21,942	29,018	33,045
Financial ratios					
Operating margin	-0.2%	1.8%	-0.1%	0.9 %	0.9 %
Gross margin	0.0%	2.2%	0.7%	2.3%	2.0%
Return on assets	-1.1%	7.1%	-0.4%	1.6%	5.1%
Equity ratio	33.0%	35.4%	16.7%	15.4%	39.9%
Return on equity	0.3%	24.7%	11.0%	3.0%	12.7%
Average number of employees	1	2	4	5	4

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations on the calculation of financial ratios. For terms and definitions, please see the accounting policies.

Management's review

Business review

The Company is engaged in international trade with dairy products.

Financial review

In 2018, the Company's revenue amounted to DKK 286,765 thousand against DKK 397,227 thousand last year. The income statement for 2018 shows a profit of DKK 63 thousand against a profit of DKK 5,788 thousand last year, and the balance sheet at 31 December 2018 shows equity of DKK 19,063 thousand.

Management considers the Company's financial performance in the year as unsatisfactory.

Special risks

Exchange rate risks

As the Company's activites are conducted at export markets the results of operation, cash flows and net equity may be affected by fluctuations in a number of foreign currencies, primarily GBP, USD and EUR. It is company policy to hedge the commercial exchange rate risks on purchases and export sales. Hedging is effected by means of foreign currency forward contracts and is applicable merely to confirmed orders. The Company does not engage in speculative exchange rate dispositions.

Credit risks

As a natual part of the Company's business conduct, the main part of the products are sold on terms of credit. Thus, trade receivables represent a material asset. In order to minimize the risk of loss the Company introduced a credit policy implying that all customers are credit rated, and that outstanding accounts are closely monitored. For a material part of the sales credit insurance contracts have been closed, thus reducing the credit risk to an acceptable level .

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Outlook

Positive normal results of operation are expected for 2019.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2018	2017
	Revenue	286,765	397,227
	Raw materials and consumables	-285,330	-386,551
	Other external expenses	-1,561	-1,876
	Gross margin	-126	8,800
2	Staff costs	-579	-1,401
	Depreciation and impairment of property, plant and equipment	0	-182
	Profit/loss before net financials	-705	7,217
	Income from investments in group entities	1,127	1,059
3	Financial income	62	0
4	Financial expenses	-720	-1,147
	Profit/loss before tax	-236	7,129
5	Tax for the year	299	-1,341
	Profit for the year	63	5,788

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2018	2017
	ASSETS		
	Fixed assets		
6	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	0	0
		0	0
7	Investments		
	Investments in group entities	8,168	8,100
		8,168	8,100
	Total fixed assets	8,168	8,100
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	26,948	29,636
		26,948	29,636
	Receivables		
	Trade receivables	11,288	10,825
	Receivables from group entities	9,696	19,471
	Joint taxation contribution receivable	205	0
	Other receivables	1,336	1,918
	Prepayments	117	572
		22,642	32,786
	Cash	0	5
	Total non-fixed assets	49,590	62,427
	TOTAL ASSETS	57,758	70,527

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2018	2017
	EQUITY AND LIABILITIES		
	Equity		
8	Share capital	2,500	2,500
	Retained earnings	16,563	16,500
	Dividend proposed for the year	0	5,962
	Total equity	19,063	24,962
	Provisions		
	Deferred tax	4	99
	Total provisions	4	99
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Bank debt	6,658	13,399
	Trade payables	9,934	1,301
	Payables to group entities	22,041	28,838
	Income taxes payable	0	1,351
	Other payables	58	577
		38,691	45,466
	Total liabilities other than provisions	38,691	45,466
	TOTAL EQUITY AND LIABILITIES	57,758	70,527

1 Accounting policies
9 Contractual obligations and contingencies, etc.
10 Collateral
11 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Dividend proposed for the year	Total
	Equity at 1 January 2017	2,500	19,442	0	21,942
12	Transfer, see "Appropriation of profit"	0	-175	5,962	5,787
	Adjustment of hedging instruments at fair value	0	175	0	175
	Extraordinary dividend distributed	0	-2,942	0	-2,942
	Equity at 1 January 2018	2,500	16,500	5,962	24,962
12	Transfer, see "Appropriation of profit"	0	63	0	63
	Dividend distributed	0	0	-5,962	-5,962
	Equity at 31 December 2018	2,500	16,563	0	19,063

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Lacto Foods A/S for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

In accordance with section 112(2) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the parent company, as its cash flows are reflected in the consolidated cash flow statement.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future assets or liabilities are recognised in other receivables or other payables, respectively, and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods, in the form of dairy products, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Other fixtures and fittings, tools and equipment	3 - 5 years

Profit from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, declared dividends from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Investments in subsidiaries

Equity investments in subsidiaries and associates are measured according to the equity method.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin	$\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$
Gross margin ratio	$\frac{\text{Gross margin x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activites x 100}}{\text{Average assets}}$
Equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax x 100}}{\text{Average equity}}$

Financial statements 1 January - 31 December

Notes to the financial statements

	DKK'000	2018	2017
2	Staff costs		
	Wages/salaries	467	1,055
	Pensions	74	259
	Other social security costs	4	19
	Other staff costs	34	68
		579	1,401
	Average number of full-time employees	1	2

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

3	Financial income		
	Interest receivable, group entities	49	0
	Other financial income	13	0
		62	0
4	Financial expenses		
	Interest expenses, group entities	418	418
	Other financial expenses	302	729
		720	1,147
5	Tax for the year		
	Estimated tax charge for the year	-205	1,302
	Deferred tax adjustments in the year	-94	39
		-299	1,341

6 Property, plant and equipment

DKK'000	Other fixtures and fittings, tools and equipment
Cost at 1 January 2018	876
Cost at 31 December 2018	876
Impairment losses and depreciation at 1 January 2018	876
Impairment losses and depreciation at 31 December 2018	876
Carrying amount at 31 December 2018	0

Financial statements 1 January - 31 December

Notes to the financial statements

7 Investments

DKK'000	Investments in group entities
Cost at 1 January 2018	15,102
Cost at 31 December 2018	15,102
Value adjustments at 1 January 2018	-7,002
Dividend distributed	-1,059
Share of the profit/loss for the year	1,127
Value adjustments at 31 December 2018	-6,934
Carrying amount at 31 December 2018	8,168

For competitive reasons, information about the name, domicile and legal form of the subsidiary have been left out, as disclosure of such information could be highly detrimental to the entity.

DKK'000	2018	2017
8 Share capital		
Analysis of the share capital:		
2,500 A shares of DKK 1,000.00 nominal value each	2,500	2,500
	2,500	2,500

Analysis of changes in the share capital over the past 5 years:

DKK'000	2018	2017	2016	2015	2014
Opening balance	2,500	2,500	2,500	2,500	2,500
	2,500	2,500	2,500	2,500	2,500

9 Contractual obligations and contingencies, etc.

Other contingent liabilities

DKK'000	2018	2017
Other contingent liabilities	307,280	11,087
	307,280	11,087

The Company is jointly taxed with its parent, Fayrefield Foods A/S, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2017 and onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 January 2017.

Financial statements 1 January - 31 December

Notes to the financial statements

10 Collateral

Trade receivables at a carrying amount of DKK 11,288 thousand at 31 December 2018, have been put up as security for bank debt, totalling DKK 6,658 thousand.

11 Related parties

Lacto Foods A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Fayrefield Foods A/S	Vejle	Shareholder

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Fayrefield Foods A/S	Vejle	Fayrefield Food A/S, Lysholdt Alle 3,2., DK-7100 Vejle

Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

DKK'000	2018	2017
12 Appropriation of profit		
Recommended appropriation of profit		
Proposed dividend recognised under equity	0	5,962
Extraordinary dividend distributed in the year	0	2,942
Retained earnings/accumulated loss	63	-3,116
	63	5,788