INSEPA A/S

Kalvebod Brygge 39-41,
1560 København V

Annual Report 2016

The annual report 2016 was adopted by the Annual General Meeting on 28 March 2017

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(chairman)

CVR-nr. 27 90 77 25

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Insepa A/S for the financial year 1 January – 31 December 2016.

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

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the company's financial position on 31 December 2016 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2016.

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

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

Copenhagen, 28 March 2017

Executive Board:

Klaus B. Nielsen

Board of Directors:

Sven-Gunnar Schough
Chairman

Christopher Thomas

Diane Hughes

Independent auditor's report

To the shareholders of Insepa A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Insepa A/S for the financial year 1 January – 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as a consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2016 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the consolidated financial statements and the parent company financial statements

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

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent 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 consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditors' responsibility

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company 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 additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent 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 consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

Auditors' responsibility

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 consolidated financial statements or the parent company 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 our procedures, we conclude that the Management's review is in accordance with the consolidated financial statements and the parent company 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.

Aarhus, 28 March 2017

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR. No. 30700228

Morten Friis	Gert Foldager
State Authorised Public Accountant	State Authorised Public Accountant

Management's review

Company details

INSEPA A/S
Kalvebod Brygge 39-41
DK-1560 København V

Telephone:	0045 5690 6000
Fax:	0045 5690 6001

Registration No.:	27 90 77 25
Established:	11 June 2004
Registred office:	Copenhagen, Denmark

Board of Directors

Sven-Gunnar Schough (Chairman)
Diane Hughes
Christopher Thomas

Executive Board

Klaus B. Nielsen, CEO

Auditors

ERNST & YOUNG, Godkendt Revisionspartnerselskab, CVR. No. 30700228
Værkmestergade 25
Postboks 333
DK-8100 Aarhus C
Denmark

Annual general meeting

The annual general meeting is to be held on 28 March 2017.

Management's review

Financial highlights

(DKKm)	2016	2015	2014	2013	2012
Key figures					
Revenue	2.429	2.303	2.141	2.141	2.142
Ordinary operating profit	67	2	82	111	39
Profit/loss before tax and extraordinary items	35	-29	44	88	19
Non-controlling shareholders' interest	0	0	0	0	12
Profit/loss of the year	19	-55	34	64	21
Non-current assets	411	445	414	383	389
Current assets	917	1.116	1.011	859	916
Total assets	1.328	1.561	1.425	1.242	1.307
Share capital	0	0	0	10	10
Equity	447	435	465	434	375
Non-controlling shareholders' interest	0	0	0	0	0
Provisions	18	14	13	8	7
Non-current liabilities other than provisions	104	110	99	68	77
Current liabilities other than provisions	759	1.002	848	732	846
Cash flows from operating activities	339	21	-83	186	119
Cash flows from investing activities	-40	-66	-91	-47	-47
Portion relating to investment in property, plant and equipment	-42	-53	-48	-53	-35
Cash flows from financing activities	-296	57	169	-135	-63
Total cash flows	3	12	-5	4	9
Key figures					
Solvency ratio	33,7	27,9	32,6	35,0	28,9
Return on equity	4,3	-12,2	7,6	15,9	5,6
Average number of full-time Employees	2.430	2.215	2.016	1.592	1.597

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Solvency ratio:	Equity at year end x 100/Total equity and liabilities at year end
Return on equity:	Profit for the year after tax x 100/Average equity

Management's review

Principal activities of the Group

Insepa A/S' (International Seafood and Packaging A/S) activity is ownership of the subsidiaries A. Espersen A/S (Espersen Group), and Beck Pack Systems A/S (Beck Pack Systems) and Cartolit A/S (Cartolit). The main activity of the Espersen Group is production of frozen cod fillet blocks, breaded products of various fish species and production of frozen fish products for the retail and food service markets. The procurement of raw materials as well as the sale take place both in Denmark and worldwide.

Beck Pack Systems' and Cartolit's main activities are production and sale of packaging to the fish processing industries in Denmark and worldwide.

Local engagement

Through the Foundation of Director J.P.A. Espersen and wife, Mrs. Dagny Espersen, the Group contributes to charities in a still increasing extent in the local areas where Espersen operates.

Development in activites and financial position

Profit/loss for the year

In 2016, Insepa realized a gain of DKK 19 million after tax compared to a result of -55 mDKK in 2015 and same level in 2014. The result in 2015 includes the 20 mDKK bonus for the management related to 2006-2015, which in 2015 was shown as extraordinary expenses in the profit and loss statement. The revenue is higher than in 2015 and comes from a higher revenue in Espersen as a result of higher prices, Beck Pack Systems and Cartolit as there has been a higher volume.

In 2016, Espersen has realized an unsatisfactory result (after tax) of -33 mDKK, but is an improvement of 43 mDKK compared to 2015 and showing a positive trend.

Overall we had a volume on the same level as in 2015 and also equally split between two divisions Primary, handling fillets and blocks and Consumer, handling value-added products.

This result is mainly influenced by Primary division due to three main areas;

- Fresh cod from Baltic sea lost MSC certification during Q1-2016, so we had to replace orders with H&G from Barents sea.
- Assortment turned out differently as there were a high marked demand for blocks increasing during the year, where we followed our major B2B customers in supplying.
- Brexit, that caused a significant drop in GBP, but we decided to stay-on in a period of transition to keep the customers.

Opposite we have had a positive development in our chilled segment compared to 2016.

The process of terminating the processing in China was done according to plan.

Management's review
Continued

For Consumer we have improved compared to 2015 despite the European markets have been tough on the pricing, but we have improved our efficiency at our factories. In Russia there has been a good development and plant is now fully utilized.

In 2016, Beck Pack Systems and Cartolit continued to deliver very satisfactory results. The results, which are an improvement compared to 2015, are achieved at a higher level of activity compared to the level in 2015.

Beck Pack Systems and Cartolit has a combined booked value of 131 mDKK and are not part of the core fish business. Based on the lasts three years of financial performance including a positive annual cash flow of not less than 60 mDKK per year, their fair conservative market value would be not less than 500 mDKK above the booked value.

Cash flow from operating activities has been positive by DKK 339 million, which primarily come from Espersen. This is made possible by strong focus on working capital and reduced inventories, as well as improved payment terms with both suppliers and customers. Compared to 2015 the solvency ratio increased by 3.8 %-point to 33.7 % at the end of 2016.

Outlook

Insepa expects a positive result for 2017, which is higher compared to 2016, but still will be below the level in 2013, which was the best in the last five years period. Operations in Espersen will focus on further contribution improvements within the area of primary processing and continue focus on growth in Consumer. Expect lower activity level in Beck Pack Systems and Cartolit.

Furthermore, a stable cash flow level of 100 mDKK is expected as raw material prices seem to have stabilized, but the development in USD exchange rate may still influence the result. Management also expects an improved equity ratio.

Risks

General risks

The Group's main concern is the dependence on raw material procurement. Espersen depends on a good development of the whitefish stocks, including especially cod and is working both locally and globally to secure a sustainable fishing. Beck Pack Systems and Cartolit depend on a stable global fishing. A further risk could be an environmental disaster and the consequences for global fishing.

Exchange and financial risks

A considerable part of the Group's purchases and sales are performed in foreign currency, and fluctuations in the rates of exchange may short-term influence the result of the Group; long-term these fluctuations are, however, included in the market. From beginning of 2016 Espersen has hedged strategical partners in connection to commercial agreement and approx. 50% of coming 12 months other currency cash flows according to decided staircase model end of 2015.

To ensure the expected profit on contracted orders, mainly exchange futures are used.

Management's review

In relation to the new strategy it is also decided to move all financing facility to Insepa level and hereafter Insepa will act as internal bank. This setup is now in place and will be implemented during 2nd quarter 2017.
As before the activities are based on working capital financing, and in the new setup, we have sufficient liquidity frame going forward.

Changes of the interest rate have limited influence the Group's result as we have interest swaps covering the mortgage and 1/3 of free cash flow.

Credit risks

The credit risks of the Group primarily relate to trade debtors. As a rule, an international credit insurance institution insures all debtors in order to minimise credit risks.

Intellectual capital

The intellectual capital necessary for the current product development is available within the organization of the Group.

The production activities of the Group are primarily processed on standard production equipment and the high seniority of the staff is a contributing factor to the higher yield and profits.

Environmental issues

It is important for the Group to act in an ethical correct way, to support and work for sustainable fishing and to have a good image towards our business partners and local communities.

Social responsibility

The Insepa holding company has as such no individual corporate CSR policy nor any environmental and human rights policy, but the company's attitude towards these matters does not differ from the general policy stated for A. Espersen Group.

Reference is therefore made to Insepa's primary subsidiary, A. Espersen A/S's CSR policy.

The CSR report is available at Espersen's site:
http://www.espersen.com/commitment/reports---awards.

Subsequent events

No events have occurred after year-end closing which could significantly affect the evaluation of the financial position of the company.

Goals and policies for the under-represented gender

As on 1 April 2013 the changes of legislation came into force, aiming to ensure equal assessment for women and men to the management positions within the 1100 largest companies in Denmark.

Management's review

Target figure for women in Board of Directors

When choosing new candidates Insepa's Board of Directors emphasis competences, qualifications and work experience.

The Group's goal is to the extent possible to increase the number of women in the Board of Directors within a period of 4 years. Insepa's goal is that before 2018, 20 % of the members of the board should be women. The present situation is that 2 of the Group's board of directors has female member, which count for 25% in A. Espersen A/S and 33,33% in Insepa A/S.
Hereby we have reached the above target figure.

Policy to increase the number of the under-represented gender at other management levels.

The Group employs candidates based on subject specific competences, work experience and personality and provides the same possibilities to all employees. The Group wants to enhance that all employees can reach their full potential in accordance with personal ambitions and goals.

As regards female leaders the Group has today a certain under-representation of women at all management levels. However, the Group's branch(s) are relatively dominated by men, which is clear from the limited number of female managers in the fish manufacturing branch. In future the number of female managers in the Group will reflect the normal level of the fish manufacturing branch.

Therefore, we focus on the gender ratio in connection with both internal recruitment of leaders and instructions to external recruitment agencies. In connection with employments and recruitments to management positions the goal is to have both male and female candidates.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Accounting policies

The annual report of INSEPA A/S for 2016 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

Effective 1 January 2016, the Company has adopted act no. 738 of 1 July 2015. This implies changes in the recognition and measurement in the following areas:

1. Yearly reassessment of residual values of property, plant and equipment
2. Method applied to intra-group business combinations
3. Restructuring in connection with business combinations
4. Amortisation period, intangible assets

Re 1: In future, residual values of property, plant and equipment are subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment other than those relating to the Company's land. Consequently, the change is made in accordance with section 4 of the executive order on transitional provisions[1] with future effect only as a change in accounting estimates with no impact on equity.

Re 2: In connection with business combinations involving entities controlled by the Parent Company, the book value method is applied going forward, meaning that the combination is considered complete at the time of acquisition without any restatement of comparative figures. Previously, the combination was considered completed at the beginning of the financial year with restatement of comparative figures.

Re 3: Going forward, only restructuring costs which are recognised in the acquired entity before the date of acquisition and which are not agreed as part of the acquisition will be recognised in the acquisition balance sheet and, accordingly, the calculation of goodwill. Costs relating to restructuring decided by the acquiring entity must be recognised in the income statement in future. Previously, provisions for restructuring decided in connection with the business combination were recognised.

Re 4: Intangible assets are amortised over the useful life of the assets. The amortisation period in respect of goodwill extends from 5 to 20 years. Previously, the maximum amortisation period in respect of intangible assets was 20 years. The changes has been made with future effect as a change in accounting estimate.

None of the above changes impacts on the income statement or the balance sheet for 2016 or the comparative figures.

Apart from the above new and changed presentation and disclosure requirements, which follow from act. no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

[1] The executive order on transitional provisions based in connection with application of certain provisions in the Danish Financial Statements Act, as amended by act no. 738 of 1 June 2015 regarding amendments to the Danish Financial Statements Act and a number of other acts.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Recognition and measurement

Assets are recognised in the balance sheet when it is 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 balance sheet when an outflow of economic benefits is probable and when the value of the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Accounting policies

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, INSEPA A/S, and subsidiaries in which INSEPA A/S directly or indirectly holds more than 50% of the voting rights or over which it otherwise exercises control. Entities in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates, see the group chart.

The consolidated financial statements have been prepared as a consolidation of the Parent Company's and the individual subsidiaries' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains in so far as they do not reflect impairment.

In the consolidated financial statements, the items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the Group's profit/loss and equity, respectively, but are disclosed separately.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Business combinations

Recently acquired or formed entities are recognised in the consolidated financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated in respect of recently acquired or sold entities.

Gains or losses on disposal of subsidiaries and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated selling costs.

Corporate acquisitions are accounted for using the purchase method according to which the acquired entity identifiable assets and liabilities are measured at fair value at the date of acquisition. Restructuring costs recognised in the acquired entity before the date of acquisition and not agreed as part of the acquisition are part of the acquisition balance sheet and, hence, the calculation of goodwill. Costs relating to restructuring decided by the acquiring entity must be recognised in the income statement. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill) is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset.

Negative differences (negative goodwill) are recognised as income in the income statement at the time of acquisition when the general revenue recognition criteria are met.

Goodwill and negative goodwill from acquired entities may be adjusted until 12 months after the year of acquisition.

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, additions of assets and share conversions, etc. in which entities controlled by the Parent Company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquired entity are recognised in equity.

Non-controlling interests

On initial recognition, non-controlling interests are measured at the fair value of the non-controlling interests' ownership share or at the non-controlling interests' proportionate share of the fair value of the acquired entity's identifiable assets, liabilities and contingent liabilities.

In the former scenario, goodwill relating to the non-controlling interests' ownership share in the acquired entity is thus recognised, while, in the latter scenario, goodwill relating to the non-controlling interests' ownership share is not recognised. Measurement of non-controlling interests is chosen on a transaction-by-transaction basis and is stated in the notes in connection with the description of acquired entities.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at 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 rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Foreign subsidiaries and associates are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date.

Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of intra-group balances with independent foreign subsidiaries which are considered part of the investment in the subsidiary are recognised directly in equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

Accounting policies

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets and liabilities are recognised in other receivables or other payables and in equity.

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk to the buyer have taken place before year end, and provided that the income can be reliably measured and is expected to be received. Revenue is measured ex. VAT and taxes charged on behalf of third parties.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Raw materials and consumables

Raw materials and consumables comprise costs incurred to obtain revenue for the year, including production costs and cost of sale.

Staff costs

Staff costs comprise wages and salaries, including holiday allowances and pensions, and other social security cost etc. for the Company's employees. Refund received from public authorities are deducted from staff costs.

Other external costs

Other external costs comprise all other costs, among these administration, bad debts and fixed costs.

Other operating income

Other operating income comprises items secondary to the activities of the Company.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses which comprise depreciation, amortisation and impairment losses regarding goodwill, intangible assets and property and equipment are provided on a straight-line basis over the expected useful lives of the assets, based on the assessed useful lives.

Profits/losses from investments in subsidiaries and associates

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses.

The proportionate share of the results after tax of the associates is recognised in both the consolidated income statement and the parent company income statement after elimination of the proportionate share of intra-group profits/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

The Company is covered by the Danish rules on compulsory joint taxation of Insepa A/S Group's Danish subsidiaries. Subsidiaries form part of the joint taxation from the date when they are included in the consolidation of the consolidated financial statements and up to the date when they exit the consolidation.

INSEPA A/S is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

Consolidated financial statements and parent company financial statements 1 January – 31 December

The current Danish corporation tax is allocated by settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carry forward receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

Tax for the year comprises joint taxation contributions for the year and changes in deferred tax for the year – due to changes in the tax rate.

The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Acquired rights

Acquired rights are measured at cost amortised over the remaining period and adjusted for impairment losses.

Goodwill

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is between 5 and 20 years. The amortisation period is fixed on the basis of the expected repayment horizon, longest for strategically acquired business enterprises with strong market positions and long-term earnings profiles.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, other plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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 are as follows:

Buildings	5-50 years
Plant and machinery	3-10 years
Fixtures and fittings, other plant and equipment	3-10 years

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Investments in subsidiaries and associates

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

Investments in subsidiaries and associates are measured at the proportionate share of the entities' net asset value calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the purchase method of accounting.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Investments in subsidiaries and associates with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such entities are written down in so far as the amount receivable is considered irrecoverable. If the Parent Company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries and associates is recognised in the reserve for net revaluation according to the equity method in equity where the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be declared before the annual report of INSEPA A/S is adopted are not taken to the net revaluation reserve.

The purchase method of accounting is applied to corporate acquisitions, see the above description under "Consolidated financial statements".

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment and investments in subsidiaries and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by amortisation or depreciation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Securities and investments

Listed securities and investments are measured at fair value at the balance sheet date.

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.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads.

Receivables

Receivables are measured at amortised cost. Write-down is made for expected bad debt losses.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

Accounting policies

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries and associates is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realizable value.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Consolidated cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities that are readily convertible to cash and are subject to an insignificant risk of changes in value.

INCOME STATEMENT DKK'000

Note		Consolidated 2016	Consolidated 2015	Parent 2016	Parent 2015
1	Revenue	2.429.125	2.303.174	11.967	14.052
	Changes in inventories of finished goods	-125.737	37.482	0	0
	Other operating income	4.343	2.914	0	0
		2.307.732	2.343.570	11.967	14.052
	Raw materials, consumables, etc.	-1.602.876	-1.743.441	0	0
	Other external costs	-250.932	-248.410	-6.925	-12.135
	Gross profit	453.924	351.719	5.042	1.917
2	Staff costs	-330.627	-310.062	-4.205	-22.368
3-4	Depreciation, amortisation and impairment	-56.548	-60.087	-330	-416
	Operating profit/loss	66.749	-18.430	506	-20.867
5	Income from investments in subsidiaries	0	0	21.012	-35.231
6	Income from investments in associates	467	501	0	0
7	Interest expences	-32.089	-31.769	-3.991	-2.727
	Profit/loss before tax and extraordinary items	35.127	-49.698	17.528	-58.825
8	Corporation tax	-16.491	-5.142	1.091	3.901
	Profit/loss after taxes	18.636	-54.840	18.619	-54.924

Breakdown of Consolidated results of Operations:	2016	2015
Shareholders, Insepa A/S	18.620	-54.924
Non-controlling interests	16	84
	18.636	-54.840

BALANCE SHEET DKK'000

Note		Consolidated		Parent	
		2016	2015	2016	2015
	ASSETS				
	Non-current assets				
3	Intangible assets				
	Patents	0	0	0	0
	Acquired rights	0	3.479	0	0
	Goodwill	86.228	94.943	0	0
	Software	4.740	0	2.351	0
		90.968	98.422	2.351	0
4	Property, plant and equipment				
	Buildings	164.549	169.174	0	0
	Plant and machinery	120.393	111.536	0	0
	Other fixtures and operating equipment	9.481	13.792	744	1.064
	Ongoing projects	8.549	18.217	0	450
		302.972	312.719	744	1.514
	Investments				
5	Investments in subsidiaries	0	0	423.180	444.291
6	Investments in associated	9.088	8.522	0	0
9	Other securities, investments	3.857	20.874	2.998	15.226
	Other receivables	3.936	4.917	1.750	1.750
		16.881	34.313	427.928	461.267
	Total non-current assets	410.821	445.454	431.023	462.781
	Current assets				
	Inventories				
	Raw materials and consumables	187.036	172.566	0	0
	Finished goods and goods for resale	213.140	338.877	0	0
		400.177	511.443	0	0
	Receivables				
	Trade receivables	403.225	433.201	0	0
	Receivables from group enterprises	0	0	69.216	41.499
	Prepayments	2.280	2.515	526	1.797
10	Deferred tax	5.526	6.266	0	3.916
	Other receivables	71.924	126.147	8.326	69.151
		482.954	568.129	78.068	116.363
	Securities	0	492	0	0
	Cash at bank and in hand	39.693	36.121	0	0
	Total current assets	922.824	1.116.185	78.068	116.363
	TOTAL ASSETS	1.333.645	1.561.639	509.091	579.144

BALANCE SHEET DKK'000

Note		Consolidated 2016	Consolidated 2015	Parent 2016	Parent 2015
	EQUITY AND LIABILITIES				
	Equity				
	Share capital	10.000	10.000	10.000	10.000
	Reserve for net revaluation under the equity method	4.655	4.089	0	0
	Retained earnings	429.019	418.087	433.674	422.176
	Proposed dividends	3.000	3.000	3.000	3.000
	Shareholders, Insepa A/S	446.674	435.176	446.674	435.176
	Non-controlling shareholders	240	300	0	0
		446.914	435.476	446.674	435.176
	Provisions				
10	Deferred tax	18.031	14.082	326	0
		18.031	14.082	326	0
	Liabilities				
11	**Non-current liabilities**				
	Mortgage debt	102.523	109.777	0	0
		102.523	109.777	0	0
	Current liabilities				
	Mortgage debt	8.131	9.035	0	0
	Bank loans and overdrafts	386.729	672.861	4.295	5.643
	Trade payables	227.408	168.322	2.943	1.987
	Payables to group companies	0	0	33.438	114.235
	Corporate tax	7.690	12.311	0	0
	Other payables	136.218	139.775	21.414	22.103
		766.177	1.002.304	62.091	143.968
	Total liabilities	868.700	1.112.081	62.091	143.968
	TOTAL EQUITY AND LIABILITIES	1.333.645	1.561.639	509.091	579.144

12 Distribution of profit
13 Contingent liabilities and collateral
14 Fees paid to the auditor appointed at the general meeting
15 Currency and interest rate risk and the use of derivative financial instruments
16 Related parties

GROUP CASH FLOW STATEMENT DKK'000

Note		2016	2015
	Operating profit/loss	66.749	2.070
	Extraordinary expenses		-20.500
	Depreciations	56.548	60.087
	Adjustment from other non cash transactions	7.966	-18.432
	Cash flows from operations (operative activities) before changes in working capital	131.263	23.225
	Changes in inventories	111.266	37.255
	Changes in receivables	85.415	-53.189
	Changes in trade and other payables	50.502	40.275
	Cash flows from operations (operating activities)	378.446	47.566
	Interest income and expense	-22.501	-23.365
	Corporation tax paid	-16.886	-3.350
	Cash flows from operating activities	339.059	20.851
	Acquisition of associated enterprise		
	Acquisition of property, plant and equipment	-42.455	-52.787
	Disposal of property, plant and equipment	2.398	1.586
	Acquisition of non-tangible assets		-15.000
	Cash flow from investing activities	-40.057	-66.201
	External financing		
	Mortgage	-6.790	11.859
	Bank loans and overdrafts	-286.132	63.028
	Shareholders		
	Acquisition of non-controlling shares		-14.877
	Dividends paid/recieved	-3.000	-2.617
	Cash flows from financing activities	-295.922	57.393
	Net cash flows for the year	3.080	12.043
	Cash and cash equivalents at 1 January	36.613	24.570
	Cash and cash equivalents at 31 December	39.693	36.613

Cash and cash equivalents represent the total of cash and securities.

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements and the parent company financial statements as exchange rate adjustment is included in the individual balance sheet components.

STATEMENT OF CHANGES IN EQUITY

Equity - Consolidated

		Share capital	Reserve for net revalua-tion under the equity method	Retained earnings	Dividend	Total	**Non-contr.** interest	Total
	Equity at 1 January 2015	10.000	4.198	448.018	3.000	465.216	215	465.431
	Dividends paid	0	-383	383	-3.000	-3.000	0	-3.000
	Dividends proposed	0	0	0	3.000	3.000	0	3.000
12	Transferred from profit/loss for the year	0	501	-58.425	0	-57.924	85	-57.839
	Foreign exchange rate adjustments associated	0	-227	0	0	-227	0	-227
	Foreign exchange rate adjustments subsidiaries	0	0	11.573	0	11.573	0	11.573
	Derivative financial instruments at 31 Decembe	0	0	16.538	0	16.538	0	16.538
	Equity at 1 January 2016	10.000	4.089	418.087	3.000	435.176	300	435.476
								0
	Dividends paid	0	0	0	-3.000	-3.000	-75	-3.075
	Dividends proposed	0	0	-3.000	3.000	0	0	0
12	Transferred from profit/loss for the year	0	467	18.153	0	18.620	15	18.635
	Foreign exchange rate adjustments associated	0	99	0	0	99	0	99
	Foreign exchange rate adjustments subsidiaries	0	0	-972	0	-972	0	-972
	Derivative financial instruments at 31 Decembe	0	0	-3.249	0	-3.249	0	-3.249
								0
								0
	Equity at 31 December 2016	10.000	4.655	429.019	3.000	446.674	240	446.914

The share capital is broken down as follows

	tDKK	tDKK
20 shares of each	500	10.000
		10.000

During the latest 5 years the size of the share capital has not been changed.

STATEMENT OF CHANGES IN EQUITY DKK'000

Equity - Parent

		Share capital	Retained earnings	Dividend	Total
	Equity at 1 January 2015	10.000	452.216	3.000	465.216
	Dividends paid	0	0	-3.000	-3.000
	Dividends proposed	0	0	3.000	3.000
	Transferred from profit/loss for the year	0	-57.924	0	-57.924
	Foreign exchange rate adjustments associated	0	-227	0	-227
	Foreign exchange rate adjustments subsidiaries	0	11.573	0	11.573
	Derivative financial instruments at 31 December	0	16.538	0	16.538
	Equity at 1 January 2016	10.000	422.176	3.000	435.176
	Dividends paid	0	0	-3.000	-3.000
	Dividends proposed	0	-3.000	3.000	0
	Capital increase	0	0	0	0
12	Transferred from profit/loss for the year	0	18.620	0	18.620
	Foreign exchange rate adjustments associated	0	99	0	99
	Foreign exchange rate adjustments subsidiaries	0	-972	0	-972
	Derivative financial instruments at 31 December	0	-3.249	0	-3.249
	Ensurance net investment	0	0	0	0
	Equity at 31 December 2016	10.000	433.674	3.000	446.674

The share capital is broken down as follows

	tDKK	tDKK
20 shares of each	500	10.000
		10.000

During the latest 5 years the size of the share capital has not been changed.

NOTES DKK'000

Note

1 Segment information - Group

	2016	2015
Revenue in fish products and consumables to the domestic market	53.426	40.828
Revenue in fish products and consumables to the export market	2.375.699	2.262.346
	2.429.125	2.303.174

2 Staff costs

	Group		Parent	
	2016	2015	2016	2015
Wages and salaries	279.737	243.609	4.167	1.863
Pensions	31.869	29.731	38	0
Other social security costs	19.021	16.222	0	5
Extraordinary cost	0	20.500	0	20.500
	330.627	310.062	4.205	22.368

During the year under review the Group had 2,430 full-time employee (2,215 in 2015) of which 1 was employed in the parent company (1 in 2015).

Remuneration of the Executive Board and the Board of Directors in the parent company is DKK 4,167 thousand (1,868 in 2015). For the Group the remuneration of the Executive Board and the Board of Directors is DKK 4,899 thousand (4,597 in 2015).

NOTES DKK'000

Note

3 Intangible assets, Group

	Patents	Acquired rights	Goodwill	Software
Cost at 1 January 2016	162	21.773	159.842	10.221
Adjustments beginning	0	0	592	-34
Assets into service	0	0	0	2.157
Total cost 31 December 2016	162	21.773	160.434	12.344
Depreciation 1 January 2016	162	18.294	64.899	6.133
Adjustments beginning	0	0	97	-26
Depreciation year	0	3.479	9.210	1.497
Total depreciation 31 December 2016	162	21.773	74.206	7.604
Carrying amount at 31 December 2016	0	0	86.228	4.740

3 Intangible assets, Mother

	Software
Cost at 1 January 2016	1.566
Additions	0
Transferred to others	1.577
Total cost 31 December 2016	3.143
Depreciation 1 January	502
Depreciation year	290
Total depreciation 31 December	792
Carrying amount at 31 December	2.351

NOTES DKK'000

Note

4 Property, plant and equipment, Group

	Buildings	Plant and machin.	Other fix-tures and equipment	Ongoing pro-jects
Cost at 1 January 2016	411.101	560.789	63.003	18.217
Adjustments beginning	-2.253	-1.004	-467	-123
Additions	2.562	23.016	1.944	31.837
Disposals	0	-5.740	-2.150	-17.507
Transferred to others	5.172	13.508	3.038	-23.875
Total cost at 31 December 2016	416.582	590.569	65.368	8.549
Asset revaluation previous years	3.834	0	0	0
Total revaluations 31/12	3.834	0	0	0
Depreciation 1 January	245.761	449.253	53.299	0
Adjustments beginning	-1.529	-2.468	505	0
Depreciations disposals and activities	0	-3.766	-1.486	0
Depreciation year	11.635	27.157	3.569	0
Total depreciation 31 December 2016	255.867	470.176	55.887	0
Carrying amount at 31 December 2016	164.549	120.393	9.481	8.549

4 Property, plant and equipment, Parent

	Other fix-tures and equipment	Ongoing pro-jects
Cost at 1 January 2016	0	450
Additions	0	1.911
Transferred to others	784	-2.361
Total cost 31 December 2016	784	0
Depreciation 1 January 2016	0	0
Depreciation year	40	0
Total depreciation 31 December 2016	40	0
Carrying amount at 31 December 2016	744	0

NOTES DKK'000

Note

5 Investments in subsidiaries

	2016	2015
Cost at 1 January	654.438	491.438
Addition	0	163.000
Cost at 31 December	654.438	654.438
Adjustment 1 January	-210.147	-29.758
Adjustment previous years		-44
Dividends	-38.000	-173.000
Currency translation	-873	16.543
Derivatives	-3.249	16.538
Ensurance of acquisition, net		-5.195
Amortisation goodwill	-5.313	-5.484
Profit/loss for the year after tax	26.324	-29.747
Adjustments at 31 December	-231.258	-210.147
Carrying amount at 31 December	423.180	444.291

	Reg. Office	Stake	Share capital	Equity	Profit/ loss
A. Espersen A/S	Rønne	100%	TDKK 30.000	232.552	-33.263
Cartolit A/S	Århus	100%	TDKK 500	7.325	4.629
Beck Pack System A/S	Rønne	100%	TDKK 1.000	123.837	54.959
				363.714	26.325
Group goodwill				59.466	-5.313
				423.180	21.012

NOTES DKK'000

Note

6 Investments in associates

	2016	2015
Cost at 1 January	4.433	4.433
Cost at 31 December	4.433	4.433
Adjustments at 1 January	4.089	4.198
Currency adjustments	99	-227
Profit/loss of the year after tax	467	501
Dividend		-383
Adjustments at 31 December	4.655	4.089
Carrying amount at 31 December	9.088	8.522

	Reg. Office	Stake	Share capital	Equity	Profit/ loss
Scanfish AS	Norge	49%	TNOK 500	4.901	516
Bornholm Fisk A/S	Danmark	50%	TDKK 500	1.165	177
Sweryb International AB	Sverige	50%	TSEK 200	118	0
Espan Sp. z o.o.	Polen	50%	TPLN 4000	2.904	-226
				9.088	467

NOTES DKK'000

Note

7 Financial income and expenses

	Group		Parent	
	2016	2015	2016	2015
Income				
Foreign exchange adjustments	3.830	30.403	0	0
Interest income	171	3.725	67	67
Interest income subsidiaries	6.576	4.597	4.130	4.126
Profit and adjustments	0	2.478	0	0
securities	322	484	142	484
	10.899	41.687	4.339	4.677
Expenses				
Foreign exchange adjustments	883	32.246		7
Interest expence	22.672	26.284	4.002	4.804
Interest expense subsidiaries	6.576	3.874	208	0
Fees and other costs	2.825	1.530	2.345	157
Loss and adjustments securities	10.032	9.522	1.775	2.436
	42.988	73.456	8.330	7.404
	-32.089	-31.769	-3.991	-2.727

8 Tax on profit/loss for the year

Tax calculation:

	Group		Parent	
	2016	2015	2016	2015
Expected tax for the year	11.382	8.887	-5.290	0
Tax on equity entries	728	-1.748	0	0
Adjustments in respect of previous years	-960	381	-703	0
Impact of changed tax percentage	0	263	0	266
Adjustments in respect of deffered tax	5.341	-2.641	4.902	-4.167
Tax on profit/loss for the year	16.491	5.142	-1.091	-3.901

	2016	2015
Tax analysis		
Profit/loss from ordinary activity before tax	35.127	-29.198
Capital loss and adjustments securities	1.776	-5.998
Lower taxation foreing subsidiaries	9.871	71.477
Tax-deductible dividends	0	0
Depreciation goodwill	5.313	5.484
Profit/loss associates aftertax	-467	-501
Other adjustments	23.339	-19.383
Profit/loss before tax, adjusted	74.959	21.881
Tax on profit/loss in % of the above	22,0%	23,5%

NOTES DKK'000

Note

9

Investments

Other securities and investments	Group 2016	Group 2015	Parent 2016	Parent 2015
Cost at 1 January	25.262	10.385	18.506	3.629
Additions during the year	0	14.877	0	14.877
Disposal	-10.462	0	-10.050	0
cost at 31 December	14.800	25.262	8.456	18.506
Value adjustments to fair value at 1 January	-4.388	-4.068	-3.280	-1.328
Other value adjustments	-533	0	-533	0
Value adjustment regarding disposal	-6.164	0	-1.787	0
Value adjustments (day values)	142	-320	142	-1.952
Value adjustments to fair value at 31 Dec.	-10.943	-4.388	-5.458	-3.280
Carrying amount at 31 December	3.857	20.874	2.998	15.226

NOTES DKK'000

Note

10 Provisions for deferred tax

The amount relating to debtors, foreing exchange contracts, properties, plants and machinery is provided at the expected tax rate for each individual subsidiary and for the parent company.

At 31 December 2016, the Group recognised an asset totalling DKK 5.526 thousand. The tax asset consists of tax loss carry-forwards totalling DKK 3.952 thousand and non-utilised tax deductions in the form of timing differences totalling DKK 1.574 thousand.

Based on the budgets until 2020, Management considers it likely that there will be future taxable income against which non-utilised tax losses and tax deductions can be offset.

Changes during the year are specified as follows:

	Group		Parent	
	2016	2015	2016	2015
Deferred tax liabilities 1 January	7.816	7.520	-3.916	-15
	7.816	7.520	-3.916	-15
Adjustments beginning	272	-542	0	0
Adjustments previous years	-620	13	-660	0
Deffered tax equity entries	-304	3.329	0	0
Impact of changed tax percentage	0	66	0	266
Adjustments during the year	5.341	-2.570	4.902	-4.167
Carrying amount at 31 December	12.505	7.816	326	-3.916
Deferred tax liabilities 31 December	18.031	14.082		
Deferred tax assets 31 December	-5.526	-6.266		
	12.505	7.816		

11 Non-current liabilities

	Group		Parent	
	2016	2015	2016	2015
Mortgage debt falling due between 2 and 5 years after expiry of the financial year	71.252	76.023	0	0
Mortgage debt falling due after more than 5 years after expiry of the financial year	31.271	33.754	0	0
	102.523	109.777		0

NOTES DKK'000

Note

12 Proposed profit appropriation/distribution of loss

Proposed dividends	3.000	3.000
Retained earnings	15.620	-57.924
	18.620	-54.924

NOTES DKK'000

Note

13 Contingent liabilities and collateral

Contingent liabilities

Leasing and rent liabilities

	Buildings	Cars	Equipment	In total
Falling due 1 year after expiry of the financial year	4.315	858	121	5.294
Falling due between 1-5 years after expiry of the financial year	3.783	866	0	4.649
Falling due after more than 5 years after expiry of the financial year	11.691	228	0	11.919
	19.789	1.952	121	21.862

Insepa A/S has provided guarantee for the subsidiares' loans, amounting to maximally DKK 537,014 thousand. At 31th of December 2016 the subsidiary's total loan amounts to DKK 304,302 thousand. Insepa A/S has moreover provided a guarantee for the bank loans of the affiliates, amounting to maximally DKK 56,470 thousand. At 31th of December2016 the affiliates' total loan amounts to DKK 43,848 thousand.

Insepa A/S, A. Espersen A/S, Beck Pack Systems A/S and Cartolit A/S has on equal terms with the paren company's guarantee provided a guarantee for the Group's bank loan, amounting to maximally DKK 184,454 thousand. The Group's total bank loans at 31 of December 2016, for wich the company has provided guarantee, amounts to DKK 142,624 thousand.

The companies are unlimited and jointly liable with other group companies tax and withholding tax on dividends and interest within the jointly taxed group.

A. Espersen A/S
A. Espersen A/S has provided a guarantee for the Group's bank loan, amounting to maximally DKK 184,454 thousand. The Group's total bank loans at 31 december 2016, for which the company has provided guarantee, amounts to DKK 162,624 thousand.

A. Espersen A/S has provided a guarantee for the subsidiary Espersen Lietvua UAB loan, amounting to maximally DKK 50,000 thousand. At 31th of December 2016 the subsidiary's total loan amounts to DKK 42,579 thousand. A. Espersen has moreover provided a guarantee for the bank loan of the affiliate Beck Pack Systems A/S, amounting to maximally DKK 18,740 thousand. At 31th December 2016 the affiliates' total loan amounts to DKK 18,603 thousand.

The company is unlimited and jointly liable with other group campanies for corparate tax and withholding tax on dividends and interest within the lointly taxed group.

As colleral for the company's mortgage lending, amounting to DKK 35.257 thousand. A. Espersen has provided guarantees in its buildings with a carrying amount of DKK 51,519 thousand at the 31 December 2016.

A. Espersen har provided 2 letters of indemnity in the buildings mentioned above for the continually outstanding with the bank at the amount of DKK 20,000 thousand each.

NOTES DKK'000

Note

13 The subsidiary Espsersen Asia Ltd. has pledged receivables worth USD 3,270 thousand as security for its bank loan with at credit max. USD 12,000 thousand.

Beck Pack Systems A/S
As collateral for Beck Pack Systems A/S' mortgage lending, amounting to DKK 3,096 thousand, Beck Pack Systems has provided guarantees in its land and buildings with a carrying amount of DKK 7,836 thousand at the 31 December 2016.

The company has provided mortgage deeds amounting to DKK 5,300 thousand in the buildings mentioned above. One mortgage deed amounting to DKK 1,000 thousand is provided to secure the bank loans of the company, while the rest of the mortgage deeds are provided to secure other longterm liabilities.

Beck Pack Systems A/S has provided guarantee for the subsidiariy Beck Pack Systems, Inc's loans, amounting to maximally DKK 24,332 thousnad. At 31th of December 2016 the subsidiary's total loan amounts to DKK 16,429 thousand.

Beck Pack Systems A/S has provided a guarantee for the Group's bank loan, amounting to maximally DKK 184,454 thousand. The Group's total bank loans at 31 of December 2016, for wich the company has provided guarantee, amounts to DKK 142,624 thousand.

Cartolit A/S
Cartolit A/S has provided a guarantee for the Group's bank loan, amounting to maximally DKK 184,454 thousand. The Group's total bank loans at 31 of December 2016, for which the company has provided guarantee, amounts to DKK 142,624 thousand.

Collateral	Group	Parent
	381	0

14 Fee auditor appointed by general meeting

	Group		Parent	
Auditing	1.655	1.187	43	43
Statements with securities	0	75	0	0
Taxes	261	31	64	0
Other services	430	1.073	146	877
	2.346	2.366	253	920
Others				
Auditing	394	875	0	0
Andre ydelser	0	0	0	0
	394	875		0
Total fee	2.740	3.241	253	920

NOTES DKK'000

Note

15 Currency and interest rate risks and the use of derivative financial instruments

More than 2/3 of revenue is invoiced in foreign currencies, primarily in GBP, EUR and USD. A significant part of raw material purchases is made in USD and NOK and in the local currency in which the subsidiaries are located. In addition, the Company also has trading in EUR and SEK. Fluctuations in these currencies vis-à-vis Danish kroner have affected the Company's income statement.

Currency		Principal	Months	Fair value
Sale	GBP	15.721	0-12	-1.041
Sale	USD	13.482	0-9	-3.874
Sale	SEK	5.000	0-2	-46
Purchase	USD	126.485	0-24	46.310
Purchase	NOK	155.000	0-5	1.244
Purchase	PLN	60.000	0-12	352
Total				42.945

Hedging is made in accordance with the Company's finance policy.

Interest rate risks primarily relate to interest-bearing liabilities.

To control the interest rate risk, the Company uses interest instruments such as interest swaps as well as receivables carrying fixed and variable interest rates.

Drawing rights in credit institutions are based on variable interest rates, which means that interest will not result in any significant changes in the fair value of interest-bearing debt.

As regards drawings on credit institutions, interest-rate hedging has been made for:
DKK 50 million with expiry December 2023 at 2.10 % p.a. The market value at 31 December 2016 totalled at DKK 5,980 thousand which has been recognised in equity.

DKK 52.1 million with expiry April 2020 at 3.07 % p.a. The market value at 31 December 2016 totalled a negative DKK 5,633 thousand which has been recognised in equity.

NOTES DKK'000

Note

15 Currency and interest rate risks and the use of derivative financial instuments (continued)

DKK 50 million with expiry December 2023 at 2.229 % p.a. The market value at 31 December 2016 totalled a negative DKK 6,501 thousand which has been recognised in equity.

DKK 100 million with expiry December 2023 at 2.62 % p.a. The market value at 31 December 2016 totalled a negative DKK 17,709 thousand which has been recognised in equity.

As regards mortgage debts, interest swap has been made on
DKK 17,6 million with expiry end of December 2023 at 5.43 % p.a. The market value at 31 Decembe 2016 totalled a negative DKk 3,250 thousand which has been recognised in equity.

DKK 2,6 million with expiry December 2020 at 2.53 % p.a. The market value at 31 December 2016 totalled a negative DKK 135 thousand which has been recognised in equity.

DKK 20,1 million with expiry December 2030 at 3.10 % p.a. The marked value at 31 December 201 totalled a negative DKK 3,361 thousand which has been recognised in equity.

DKK 16 million with expiry December 2021 at 5.19 % p.a. The marked value at 31 December 2016 totalled a negative DKK 1,369 thousand which has been recognised in equity.

DKK 3.2 million with expiry December 2024 at 3,74 % p.a. The marked value at 31 December 2016 totalled a negative DKK 459 thousand which has been recognised in equity.

NOTES DKK'000

Note

16 Related party disclosures

Insepa A/S is a wholly-owned subsidiary of

Direktør J.P.A. Espersen og hustru, fru Dagny Espersens Fond
Fiskerivej 1
DK-3700 Rønne

Direktør J.P.A. Espersen og hustru, fru Dagny Espersens Fond holds the majority of the share capital in the entity.

Insepa A/S' related parties exercising significant influence comprise group enterprises and the companies' Board of Directors, Executive Boards, executive employees and their family members.

Further, related parties comprise companies in which the above persons have substantial interests.

Related party transactions are entered into and settled on an arm's length bases.