INSEPA A/S

Kalvebod Brygge 39-41, 1560 København V

Annual Report 2017

The annual report 2017 was adopted by the Annual General Meeting on 23 April 2018

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(chairman)

CVR-nr. 27 90 77 25

Contents

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 2017.

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 2017 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 2017.

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.

Rønne, 23 March 2017

Executive Board:

Klaus B. Nielsen
CEO

Board of Directors:

Sven-Gunnar Schough
Chairman

Christopher Thomas

Diane Hughes

Olav Holst-Dyrnes

Niels Walther-Rasmussen

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 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. 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 2017 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 2017 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" (hereinafter collectively referred to as "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 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.

Management's responsibilities for the 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 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 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 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

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 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 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, and 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 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 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 Group and the Parent 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.

Independent auditor's report

- 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.

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 Statements Act. We did not identify any material misstatement of the Management's review.

Aarhus, 23 March 2018

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR. No. 30700228

Morten Friis
State Authorised Public Accountant
MNE no: mne32732

Gert Foldager
State Authorised Public Accountant
MNE no: mne10871

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
Olav Holst-Dyrnes
Niels Walther-Rasmussen

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 23 April 2018.

Management's review

Financial highlights

(DKKm)	2017	2016	2015	2014	2013
Key figures					
Revenue	2.673	2.429	2.303	2.141	2.141
Ordinary operating profit	54	67	2	82	111
Profit/loss before tax and extraordinary items	5	35	-29	44	88
Non-controlling shareholders' interest	0	0	0	0	0
Profit/loss of the year	**2**	**19**	**-55**	**34**	**64**
Non-current assets	544	411	445	414	383
Current assets	958	920	1.116	1.011	859
Total assets	**1.502**	**1.331**	**1.561**	**1.425**	**1.242**
Share capital	10	10	10	10	10
Equity	**395**	**444**	**435**	**465**	**434**
Non-controlling shareholders' interest	0	0	0	0	0
Provisions	25	18	14	13	8
Non-current liabilities other than provisions	51	104	110	99	68
Current liabilities other than provisions	1.031	766	1.002	848	732
Cash flows from operating activities	-12	339	21	-83	186
Cash flows from investing activities	-170	-40	-66	-91	-47
Portion relating to investment in property, plant and equipment	-73	-42	-53	-48	-53
Cash flows from financing activities	196	-296	57	169	-135
Total cash flows	**14**	**3**	**12**	**-5**	**4**
Key figures					
Solvency ratio	26,3	33,4	27,9	32,6	35,0
Return on equity	0,5	4,3	-12,2	7,6	15,9
Average number of full-time Employees	3.169	2.430	2.215	2.016	1.592

Financial ratios are calculated in accordance with the Danish Finance Society.

Financial ratios

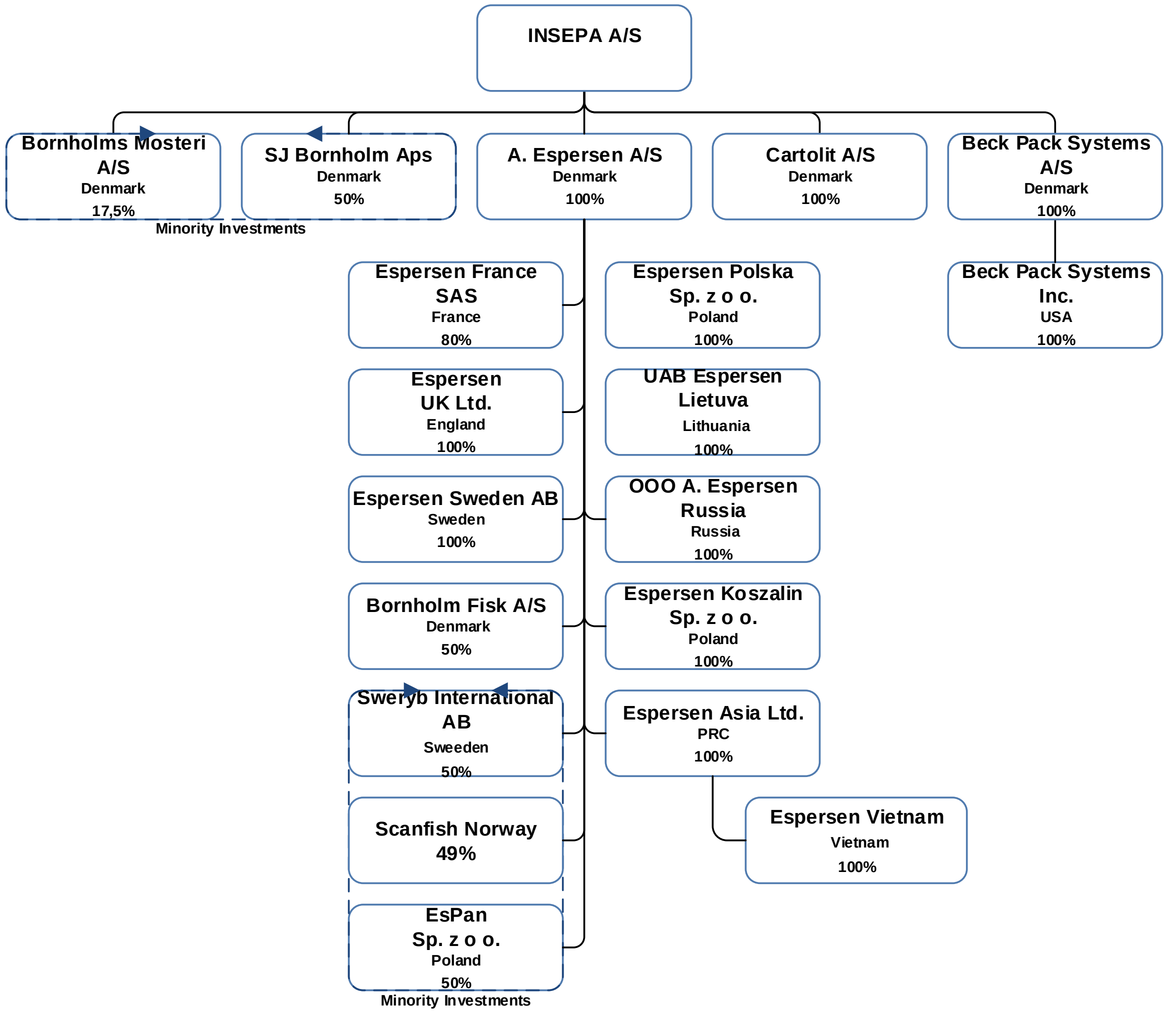
The financial ratios are calculated in accordance with the Danish Finance society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

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

Group chart



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), 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 and chilled 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.

The main activities of Beck Pack Systems and Cartolit 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 the local areas where Insepa operates.

Development in activites and financial position

Profit/loss for the year

In 2017, the Group realized an operating profit of 54 mDKK, which was 13 mDKK lower than previous year. 16 mDKK can be attributed to the packaging activities which had an exceptionally good year in 2016 positively influenced by some one-off items. The result in the Packaging Group is considered satisfactory, whereas results in the Espersen Group was significantly below expectations and highly unsatisfactory – despite being 6 mDKK better than previous year.

The Board and the Management have taken several actions in 2017 to change the unsatisfactory results in recent years in Espersen Group and the most important are described below.

In April 2017, the Espersen Group announced the intent to close their production facility in Fredericia no later than the end 2018 and move production to Poland as this will entail significant synergies in moving production to a newly acquired factory - described below - in Poland. This is now in process.

September 1st 2017, Espersen Group acquired a large factory with approx. 1,000 employees in Poland producing mainly flatfish for the Royal Greenland Group and at the same time entered into a long-term supply agreement for the seller. The company acquired, now named Espersen Koszalin, has performed better than planned and is an important strategic addition to the Espersen Group, and significant synergies from this acquisition are expected.

A project – Accelerated earnings Primary – has also been initiated with the purpose of changing the financial challenges in Primary that have continued to undermine the overall performance. This project will be monumental for the Primary operations in Poland.

Outlook

A significantly improved result for 2018 is expected from the Espersen Group stemming from the specific actions mentioned in the Management Report and initiated in 2017:

- Improving operations mainly in the Primary division by operational efficiencies and optimizing product portfolio as well as continued strong growth in our Chilled segment
- Full year effect of the acquisition made September 1st 2017
- Realization of synergies from moving production from the Fredericia plant to the acquired factory in Poland - though the major part of the synergies will only have full impact in 2019

The Packaging Group is expected to deliver a slightly improved result in 2018 – still at a very satisfactory level.

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 forwards are used.

Changes of the interest rate have limited influence on 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 minimize 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 A/S.

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.

Target figure for women in Board of Directors

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

Insepa's goal is that 20 % of the members of the board should be women.

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 2017 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

Change in accounting policies

The company has changed the accounting policies related to the inventory. Previously the inventory was measured at cost in accordance with the FIFO method, which has been changed to cost in accordance with the weighted average cost method. The change is made as it gives a more true and fair view of the inventory in the Financial Statement.

The change in accounting policies has reduced prior year equity by DKK 2,835,000. The change has no effect in the current year.

The comparative information for the three oldest years has not been changed as this is not possible to estimate.

The financial statement has in addition to the above been prepared in accordance with the same accounting policies as last year.

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.

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.

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

Consolidated financial statements

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.

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.

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

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.

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.

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.

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

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.

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.

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

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.

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.

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

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.

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 weighted average cost 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.

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

Receivables

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

Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

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 2017	Consolidated 2016	Parent 2017	Parent 2016
1	**Revenue**	2.673.406	2.429.125	10.916	11.967
	Changes in inventories of finished goods	30.465	-125.737	0	0
	Other operating income	5.124	4.343	0	0
		2.708.995	2.307.732	10.916	11.967
	Raw materials, consumables, etc.	-1.944.202	-1.602.876	0	0
	Other external costs	-272.819	-250.932	-6.907	-6.925
	Gross profit	491.974	453.924	4.009	5.042
2	Staff costs	-381.852	-330.627	-4.380	-4.205
3-4	Depreciation, amortisation and impairment	-56.515	-56.548	-761	-330
	Operating profit/loss	53.607	66.749	-1.132	506
5	Income from investments in subsidiaries	0	0	9.230	21.012
6	Income from investments in associates	507	467	0	0
7	Interest expences	-49.134	-32.089	-7.551	-3.991
	Profit/loss before tax and extraordinary items	4.980	35.127	547	17.528
8	Corporation tax	-2.513	-16.491	1.782	1.091
	Profit/loss after taxes	2.467	18.636	2.329	18.619

	Consolidated 2017	Consolidated 2016
Breakdown of Consolidated results of Operations:		
Shareholders, Insepa A/S	2.329	18.620
Non-controlling interests	138	16
	2.467	18.636

	Parent 2017	Parent 2016
Proposed profit appropriation / distribution of loss:		
Proposed dividends	3.000	3.000
Retained earnings	-671	15.619
	2.329	18.619

BALANCE SHEET **DKK'000**

Note		Consolidated		Parent	
		2017	2016	2017	2016
	ASSETS				
	Non-current assets				
3	**Intangible assets**				
	Patents	0	0	0	0
	Acquired rights	0	0	0	0
	Goodwill	100.502	86.228	0	0
	Software	4.625	4.740	2.484	2.351
		105.127	90.968	2.484	2.351
4	**Property, plant and equipment**				
	Buildings	241.829	164.549	0	0
	Plant and machinery	138.156	120.393	0	0
	Other fixtures and operating equipment	10.428	9.481	587	744
	Ongoing projects	32.691	8.549	1.045	0
		423.104	302.972	1.632	744
	Investments				
5	Investments in subsidiaries	0	0	337.168	420.345
6	Investments in associated	9.277	9.088	0	0
9	Other securities, investments	3.487	3.857	2.418	2.998
	Other receivables	3.327	3.936	1.750	1.750
		16.091	16.881	341.336	425.093
	Total non-current assets	544.322	410.821	345.452	428.188
	Current assets				
	Inventories				
	Raw materials and consumables	188.347	187.036	0	0
	Finished goods and goods for resale	243.605	210.305	0	0
		431.952	397.342	0	0
	Receivables				
	Trade receivables	384.939	403.225	0	0
	Receivables from group enterprises	0	0	663.887	69.216
	Prepayments	2.923	2.280	2.126	526
10	Deferred tax	28.631	5.526	762	0
	Other receivables	55.105	71.924	23.149	8.326
		471.598	482.954	689.924	78.068
	Securities		0	0	0
	Cash at bank and in hand	54.166	39.693	0	0
	Total current assets	957.716	919.989	689.924	78.068
	TOTAL ASSETS	1.502.038	1.330.810	1.035.376	506.256

BALANCE SHEET — DKK'000

Note		Consolidated 2017	Consolidated 2016	Parent 2017	Parent 2016
	EQUITY AND LIABILITIES				
	Equity				
	Share capital	10.000	10.000	10.000	10.000
	Reserve for net revaluation under the equity method	4.844	4.655	0	0
	Retained earnings	377.609	426.184	382.453	430.839
	Proposed dividends	3.000	3.000	3.000	3.000
	Shareholders, Insepa A/S	395.453	443.839	395.453	443.839
	Non-controlling shareholders	379	240		0
		395.832	444.079	395.453	443.839
	Provisions				
10	Deferred tax	4.334	18.031	0	326
	Other provisions	20.186	0	0	0
		24.520	18.031	0	326
	Liabilities				
11	**Non-current liabilities**				
	Mortgage debt	51.065	102.523	0	0
		51.065	102.523	0	0
	Current liabilities				
	Mortgage debt	41.036	8.131	0	0
	Bank loans and overdrafts	610.880	386.729	576.029	4.295
	Trade payables	238.765	227.408	2.041	2.943
	Payables to group companies	0	0	48.745	33.438
	Corporate tax	4.373	7.690	0	0
	Other payables	135.567	136.218	13.108	21.414
		1.030.621	766.177	639.923	62.091
	Total liabilities	1.081.686	868.700	639.923	62.091
	TOTAL EQUITY AND LIABILITIES	1.502.038	1.330.810	1.035.376	506.256

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		2017	2016
	Operating profit/loss	53.607	66.749
	Extraordinary expenses		
	Depreciations	56.515	56.548
	Adjustment from other non cash transactions	-11.795	7.966
	Cash flows from operations (operative activities) before changes in working capital	98.327	131.263
	Changes in inventories	-29.360	111.266
	Changes in receivables	27.578	85.415
	Changes in trade and other payables	-40.157	50.502
	Cash flows from operations (operating activities)	56.388	378.446
	Interest income and expense	-48.789	-22.501
	Corporation tax paid	-19.099	-16.886
	Cash flows from operating activities	-11.500	339.059
	Acquisition of subsidiaries	-108.394	0
	Acquisition of property, plant and equipment	-73.109	-42.455
	Disposal of property, plant and equipment	11.695	2.398
	Acquisition of non-tangible assets	0	0
	Cash flow from investing activities	-169.808	-40.057
	External financing		
	Mortgage	-18.553	-6.790
	Bank loans and overdrafts	238.798	-286.132
	Loans provided to associated companies	-21.464	0
	Dividends paid/recieved	-3.000	-3.000
	Cash flows from financing activities	195.781	-295.922
	Net cash flows for the year	14.473	3.080
	Cash and cash equivalents at 1 January	39.693	36.613
	Cash and cash equivalents at 31 December	54.166	39.693

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 2016	10.000	4.089	418.087	3.000	435.176	300	435.476
	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
	Change of accounting policy	0	0	-2.835	0	-2.835	0	-2.835
	Equity at 1 January 2017	10.000	4.655	426.184	3.000	443.839	240	444.079
								0
	Dividends paid	0	0	0	-3.000	-3.000	0	-3.000
	Dividends proposed	0	0	-3.000	3.000	0	0	0
12	Transferred from profit/loss for the year	0	507	1.822	0	2.329	139	2.468
	Foreign exchange rate adjustments associated	0	-318	0	0	-318	0	-318
	Foreign exchange rate adjustments subsidiaries	0	0	-6.629	0	-6.629	0	-6.629
	Derivative financial instruments at 31 Decembe	0	0	-40.768	0	-40.768	0	-40.768
								0
	Equity at 31 December 2017	10.000	4.844	377.609	3.000	395.453	379	395.832

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 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
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
Change of accounting policy	0	-2.835	0	-2.835
Equity at 1 January 2017	10.000	430.839	3.000	443.839
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	2.329	0	2.329
Foreign exchange rate adjustments associated	0	-319	0	-319
Foreign exchange rate adjustments subsidiaries	0	-6.629	0	-6.629
Derivative financial instruments at 31 December	0	-40.767	0	-40.767
Equity at 31 December 2017	10.000	382.453	3.000	395.453

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**

	2017	2016
Revenue in fish products and consumables to the domestic market	61.351	53.426
Revenue in fish products and consumables to the export market	2.612.055	2.375.699
	2.673.406	2.429.125

2 **Staff costs**

	Group		Parent	
	2017	2016	2017	2016
Wages and salaries	323.298	279.737	4.380	4.167
Pensions	33.702	31.869	0	38
Other social security costs	24.852	19.021	0	0
Extraordinary cost	0	0	0	0
	381.852	330.627	4.380	4.205

During the year under review the Group had 3,169 full-time employee (2,430 in 2016) 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 4,042 thousand (4,167 in 2016). For the Group the remuneration of the Executive Board and the Board of Directors is DKK 12,043 thousand (13,393 in 2016).

NOTES **DKK'000**

Note

3 **Intangible assets, Group**

	Patents	Acquired rights	Goodwill	Software	Total
Cost at 1 January 2017	162	21.773	160.434	12.344	194.713
Value adjustment in foreign companies	0	0	-2.246	60	-2.186
Additions acquisitions	0	0	25.330	436	25.766
Additions	0	0	0	601	601
Transfer to other assets	0	0	0	930	930
Total cost 31 December 2017	162	21.773	183.518	14.371	219.824
Depreciation 1 January 2017	162	21.773	74.206	7.604	103.745
Adjustments beginning	0	0	-374	56	-318
Additions acquisitions	0	0	0	380	380
Depreciation year	0	0	9.184	1.706	10.890
Total depreciation 31 December 2017	162	21.773	83.016	9.746	114.697
Carrying amount at 31 December 2017	0	0	100.502	4.625	105.127

3 **Intangible assets, Mother**

	Software
Cost at 1 January 2017	3.143
Additions acquisitions	0
Additions	0
Transferred to others	736
Total cost 31 December 2017	3.879
Depreciation 1 January	792
Depreciation year	603
Total depreciation 31 December	1.395
Carrying amount at 31 December	2.484

NOTES **DKK'000**

Note

4 **Property, plant and equipment, Group**

	Buildings	Plant and machin.	Other fix-tures and equipment	Ongoing pro-jects	Total
Cost at 1 January 2017	416.582	590.569	65.368	8.549	1.081.068
Value adjustment in foreign companies	1.369	1.502	-92	-228	2.551
Additions acquisitions	102.138	158.446	1.200	3.849	265.633
Additions	13.553	5.460	1.876	53.400	74.289
Disposals	-1.321	-11.664	-1.664	-8.803	-23.452
Transferred to others	2.006	18.399	2.741	-24.076	-930
Total cost at 31 December 2017	534.327	762.712	69.429	32.691	1.399.159
Asset revaluation previous years	3.834	0	0	0	3.834
Total revaluations 31/12	3.834	0	0	0	3.834
Depreciation 1 January	255.867	470.176	55.887	0	781.930
Value adjustment in foreign companies	2.536	1.945	-2	0	4.479
Additions acquisitions	27.608	131.523	528	0	159.659
Depreciation of disposed assets	-68	-10.322	-1.414	0	-11.804
Depreciation year	10.389	31.234	4.002	0	45.625
Total depreciation 31 December 2017	296.332	624.556	59.001	0	979.889
Carrying amount at 31 December 2017	241.829	138.156	10.428	32.691	423.104

4 **Property, plant and equipment, Parent**

	Other fix tures and equipme	**Ongoing pro-jects**	**Total**
Cost at 1 January 2017	784	0	784
Additions	0	1.781	1.781
Transfer to/from other assets	0	-736	-736
Total cost 31 December 2017	784	1.045	1.829
Depreciation 1 January 2017	40	0	40
Depreciation year	157	0	157
Total depreciation 31 December 2017	197	0	197
Carrying amount at 31 December 2017	587	1.045	1.632

NOTES **DKK'000**

Note

5 **Investments in subsidiaries**

	2017	2016
Cost at 1 January	654.438	654.438
Addition	0	0
Cost at 31 December	654.438	654.438
Adjustment 1 January	-234.093	-210.147
Adjustment previous years		
Dividends	-47.000	-38.000
Currency translation	-6.948	-873
Derivatives	-38.458	-3.249
Change of accounting policy	0	-2.835
Amortisation goodwill	-5.313	-5.313
Profit/loss for the year after tax	14.542	26.324
Adjustments at 31 December	-317.270	-234.093
Carrying amount at 31 December	337.168	420.345

	Reg. Office	Stake	Share capital	Equity	Profit/ loss
A. Espersen A/S	Rønne	100%	TDKK 30.000	158.985	-34.122
Cartolit A/S	Århus	100%	TDKK 500	8.293	4.968
Beck Pack System A/S	Rønne	100%	TDKK 1.000	115.736	43.697
				283.014	14.543
Group goodwill				54.154	-5.313
				337.168	9.230

NOTES **DKK'000**

Note

6 Investments in associates

	2017	2016
Cost at 1 January	4.433	4.433
Cost at 31 December	4.433	4.433
Adjustments at 1 January	4.655	4.089
Currency adjustments	-318	99
Profit/loss of the year after tax	507	467
Dividend	0	0
Adjustments at 31 December	4.844	4.655
Carrying amount at 31 December	9.277	9.088

	Reg. Office	Stake	Share capital	Equity	Profit/ loss
Scanfish AS	Norge	49%	TNOK 500	5.290	929
Bornholm Fisk A/S	Danmark	50%	TDKK 500	1.118	-46
Sweryb International AB	Sverige	50%	TSEK 200	116	1
Espan Sp. z o.o.	Polen	50%	TPLN 4000	2.753	-377
				9.277	507

NOTES **DKK'000**

Note

7 **Financial income and expenses**

	Group		Parent	
	2017	2016	2017	2016
Income				
Foreign exchange adjustments	8.555	3.830	7.961	0
Interest income	276	171	191	67
Interest income subsidiaries	197	6.576	11.024	4.130
Profit and adjustments	0	0	0	0
securities	235	322	0	142
	9.263	10.899	19.176	4.339
Expenses				
Foreign exchange adjustments	20.463	883	8.974	0
Interest expence	25.190	22.672	13.707	4.002
Interest expense subsidiaries	197	6.576	0	208
Fees and other costs	5.944	2.825	4.046	2.345
Loss and adjustments securities	6.603	10.032	0	1.775
	58.397	42.988	26.727	8.330
	-49.134	-32.089	-7.551	-3.991

8 **Tax on profit/loss for the year**

Tax calculation:

	Group		Parent	
	2017	2016	2017	2016
Expected tax for the year	10.449	11.382	-1.345	-5.290
Tax on equity entries	628	728	651	0
Adjustments in respect of previous years	-196	-960	0	-703
Impact of changed tax percentage	-1.494	0	0	0
Adjustments in respect of deffered tax	-6.874	5.341	-1.088	4.902
Tax on profit/loss for the year	2.513	16.491	-1.782	-1.091

Tax analysis		
Profit/loss from ordinary activity before tax	4.980	35.127
Capital loss and adjustments securities	0	1.776
Higher taxation foreing subsidiaries	3.200	9.871
Depreciation goodwill	5.313	5.313
Profit/loss associates aftertax	-507	-467
Other adjustments	-1.563	23.339
Profit/loss before tax, adjusted	11.423	74.959
Tax on profit/loss in % of the above	22,0%	22,0%

NOTES **DKK'000**

Note

9

Investments

	Group		Parent	
Other securities and investments	2017	2016	2017	2016
Cost at 1 January	14.800	25.262	8.456	18.506
Additions during the year	0	0	0	0
Disposal	0	-10.462	0	-10.050
Cost at 31 December	14.800	14.800	8.456	8.456
Value adjustments to fair value at 1 January	-10.943	-4.388	-5.458	-3.280
Other value adjustments	-580	-533	-580	-533
Value adjustment regarding disposal	0	-6.164	0	-1.787
Value adjustments (day values)	210	142	0	142
Value adjustments to fair value at 31 December	-11.313	-10.943	-6.038	-5.458
Carrying amount at 31 December	3.487	3.857	2.418	2.998

NOTES **DKK'000**

Note

10 **Provisions for deferred tax**

The amount relating to debtors, foreign 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 2017, the Group recognised an asset totalling DKK 28.631 thousand. The tax asset consists of tax loss carry-forwards totalling DKK 14.813 thousand and non-utilised tax deductions in the form of timing differences totalling DKK 13.818 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	
	2017	2016	2017	2016
Deferred tax liabilities 1 January	12.505	7.816	326	-3.916
	12.505	7.816	326	-3.916
Adjustments beginning	25	272	0	0
Deferred taxes acquired in business combination	-15.645	0	0	0
Adjustments previous years	0	-620	0	-660
Deffered tax equity entries	-12.814	-304	0	0
Impact of changed tax percentage	-1.494	0	0	0
Adjustments during the year	-6.874	5.341	-1.088	4.902
Carrying amount at 31 December	-24.297	12.505	-762	326
Deferred tax liabilities 31 December	4.334	18.031	0	18.031
Deferred tax assets 31 December	-28.631	-5.526	-762	-5.526
	-24.297	12.505	-762	12.505

11 **Non-current liabilities**

	Group		Parent	
	2017	2016	2017	2016
Mortgage debt falling due between 2 and 5 years after expiry of the financial year	24.122	71.252	0	0
Mortgage debt falling due after more than 5 years after expiry of the financial year	26.943	31.271	0	0
	51.065	102.523	0	0

NOTES DKK'000

Note

12 **Proposed profit appropriation/distribution of loss**

	2017	2016
Proposed dividends	3.000	3.000
Retained earnings	-671	15.619
	2.329	18.619

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	3.596	1.207	224	5.027
Falling due between 1-5 years after expiry of the financial year	3.724	1.097	1.282	6.103
Falling due after more than 5 years after expiry of the financial year	11.887	0	0	11.887
	19.207	2.304	1.506	23.017

Insepa A/S has provided guarantee for the subsidiares' loans, amounting to maximally DKK 650,000 thousand. At 31th of December 2017 the subsidiary's total loan amounts to DKK 576,209 thousand. Insepa A/S has moreover provided a guarantee for the bank loans of the affiliates, amounting to maximally DKK 41,613 thousand. At 31th of December2017 the affiliates' total loan amounts to DKK 40,105 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 650,000 thousand. The Group's total bank loans at 31 december 2017, for which the company has provided guarantee, amounts to DKK 576,029 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 33,108 thousand. A. Espersen has provided guarantees in its buildings with a carrying amount of DKK 47,572 thousand at the 31 December 2017.

Beck Pack Systems A/S
As collateral for Beck Pack Systems A/S' mortgage lending, amounting to DKK 2,689 thousand, Beck Pack Systems has provided guarantees in its land and buildings with a carrying amount of DKK 16,418 thousand at the 31 December 2017.

The company has provided mortgage deeds amounting to DKK 4,300 thousand in the buildings mentioned above. Secure for other longterm liabilities.

NOTES **DKK'000**

Note

13 Beck Pack Systems A/S has provided a guarantee for the Group's bank loan, amounting to maximally DKK 650,000 thousand. The Group's total bank loans at 31 of December 2017, for wich the company has provided guarantee, amounts to DKK 576,029 thousand.

Cartolit A/S
Cartolit A/S has provided a guarantee for the Group's bank loan, amounting to maximally DKK 625,000 thousand. The Group’s total bank loans at 31 of December 2017, for which the company has provided guarantee, amounts to DKK 576,029 thousand.

Beck Pack Systems Inc. has provided a guarantee for the Group's bank loan, amounting to maximally DKK 650,000 thousand. The Group's total bank loans at 31 of December 2017, for wich the company has provided guarantee, amounts to DKK 576,029 thousand.

Collateral	**Group**	**Parent**
	381	0

14 **Fee auditor appointed by general meeting**

	Group		**Parent**	
ERNST & YOUNG	**2017**	**2016**	**2017**	**2016**
Auditing	1.290	1.655	43	43
Statements with securities	279	0	11	0
Taxes	158	261	0	64
Other services	3.570	430	33	146
	5.297	2.346	87	253
Others				
Auditing	804	394	0	0
Andre ydelser	0	0	0	0
	804	394	0	0
Total fee	6.101	2.740	87	253

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	16.354	0-13	655
Sale	USD	13.818	0-6	1.452
Sale	SEK	15.239	0-2	131
Sale	EUR	714	0-6	105
Purchase	USD	98.894	0-18	-29.640
Purchase	NOK	290.446	0-11	-8.556
Purchase	PLN	6.500	0-3	430
Purchase	EUR	702	0-9	-127
Total				-35.550

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 100 million with expiry June 2020 at 0.095 % p.a. The market value at 31 December 2017 totalled a negative DKK 478 thousand which has been recognised in equity.

DKK 100 million with expiry June 2022 at 0.27 % p.a. The market value at 31 December 2017 totalled a negative DKK 606 thousand which has been recognised in equity.

DKK 100 million with expiry June 2027 at 1.06 % p.a. The market value at 31 December 2017 totalled a negative DKK 1.875 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)

As regards mortgage debts, interest swap has been made on

DKK 14,8 million with expiry end of December 2023 at 5.43 % p.a. The market value at 31 December 2017 totalled a negative DKk 2,426 thousand which has been recognised in equity.

DKK 1,9 million with expiry December 2020 at 2.53 % p.a. The market value at 31 December 2017 totalled a negative DKK 84 thousand which has been recognised in equity.

DKK 18,7 million with expiry December 2030 at 3.10 % p.a. The marked value at 31 December 2017 totalled a negative DKK 2,873 thousand which has been recognised in equity.

DKK 2.8 million with expiry December 2024 at 3,74 % p.a. The marked value at 31 December 2017 totalled a negative DKK 354 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.

17 **Events after the balance sheet date**

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