A. Espersen A/S

Fiskerivej 1, 3700 Rønne

Annual report 2018

The annual report 2018 was adopted by the Annual General Meeting on 11 / 4 , 2019

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(chairman)

CVR-nr. 38 38 99 12

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 A. Espersen A/S for the financial year 1 January – 31 December 2018.

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 at 31 December 2018 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 2018.

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 4 April, 2019

Executive Board:

Klaus B. Nielsen
CEO

Max Sørensen
Deputy CEO

Board of Directors:

Flemming Enevoldsen
Chairman

Sven-Gunnar Schough

Christopher Thomas

Diane Hughes

Olav Holst-Dyrnes

Niels Walther-Rasmussen

Klaus B. Nielsen

Peter Kjær

René Kofod

Mette Bendix Nielsen

Turan Savas

Independent auditor's report

To the shareholders of A. Espersen A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of A. Espersen A/S for the financial year 1 January – 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, 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 2018 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 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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.

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, 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 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.

- 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 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.

Independent auditor's report

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, 4 April, 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jes Lauritzen
State Authorised
Public Accountant
mne10121

Morten Friis
State Authorised
Public Accountant
mne32732

Management's review

Company details

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Denmark

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Web site:	www.espersen.dk
E-mail:	espersen@espersen.dk

Registration No.:	38389912
Established:	23.02.1945
Registred office:	Bornholm, Denmark

Board of Directors

Flemming Enevoldsen (Chairman)
Sven-Gunnar Schough
Christopher Thomas
Diane Hughes
Olav Holst-Dyrnes
Niels Walther-Rasmussen
Klaus B. Nielsen
Peter Kjær
René Kofod (empl. representative)
Mette Bendix Nielsen (empl. representative)
Turan Savas (empl. representative)

Executive Board

Klaus B. Nielsen, CEO
Max Sørensen, Deputy CEO

Auditors

ERNST & YOUNG, Godkendt Revisionspartnerselskab, CVR. No. 30700228
Værkmestergade 25
Postboks 330
DK-8100 Aarhus C
Denmark

Management's review

Financial highlights for the Group

DKKm	2018	2017	2016	2015	2014
Key figures					
Revenue	2,739	2,431	2,159	2,067	1,913
Operating profit before special items (Note 2)	-10	-4	-10	-52	6
Ordinary operating profit	-56	-4	-10	-52	6
Interest income and expenses	-37	-38	-26	-29	-41
Profit/loss before tax	-94	-43	-35	-82	-34
Profit/loss for the year	**-76**	**-34**	**-33**	**-76**	**-23**
Non-current assets	434	406	268	288	277
Current assets	1,035	933	832	1,048	924
Total assets	**1,469**	**1,339**	**1,100**	**1,336**	**1,201**
Share capital	35	30	30	30	30
Equity	**255**	**159**	**230**	**277**	**173**
Non-controlling shareholder's interest	1	0	0	0	0
Provisions	21	21	11	11	8
Non-current liabilities other than provisions	20	59	84	92	76
Current liabilities other than provisions	1,173	1,099	775	956	944
Cash flows from operating activities	-194	-6	192	20	-135
Cash flows from investing activites, net	-93	-155	-29	-51	-82
Hereof investing in tangible assets	-108	-49	-31	-37	-35
Cash flows from financing activities	268	192	-153	34	207
Total cash flows	**-19**	**30**	**10**	**3**	**-8**
Financial ratios					
Solvency ratio	17,4	11,9	20,9	20,7	14,4
Return on equity	-35,4	-17,5	-13,0	-33,8	-12,2
Average number of full-time employees	2,946	2,689	2,374	2,163	1,955

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

Espersen's activities are production of frozen and chilled fish products for retail and foodservice markets, primarily in Europe as well as BtB customers worldwide. The raw materials used are mostly imported frozen cod as well as and other fish species and semi manufactured products from other parts of the world.

Customers

The majority of products are sold to a variety of large international customers with whom partnerships are made and new products are developed.

Suppliers

Espersen continuously works on strengthening its supplier relations. Our suppliers ensure a stable production in spite of considerable and often unpredictable fluctuations in the size of fishing quotas.

Development in activities and financial position

Profit/loss for the year

In 2018, the Group realized an operating loss before special items of 10 mDKK (Operating loss 4 mDKK in 2017) or a deterioration of 6 mDKK which is considered unsatisfactory. However, this evolution is influenced by particularly one significant factor:

- In the 1st half of 2018 the most important rawmaterial to the Group – frozen and fresh cod – saw a priceincrease of more than 25%. Due to the nature of our (then) commercial agreements these rawmaterial increases could only be passed on to customers with significant delay. The negative impact of rawmaterial price increases over 2017 performance is approx. 50 mDKK.

  To significantly reduce the Groups earnings volatility of such rawmaterial price changes a much tighter risk management policy has been implemented in 2nd half of 2018. Measures to reduce volatility includes among other increasing inventory levels to create more alignment with the commercial risk as well as changing customer agreements towards more balanced risk sharing. For the avoidance of doubt this will in the future also mean less potential gain in the case of significant - and sudden – decreases in rawmaterial prices. This has – in part – been possible by the strengthened financial position of the parent Company and increase of equity of 150 mDKK.

If adjusting for this unusual rawmaterial situation operating profit before special items would be +40 mDKK versus a loss of 4 mDKK in 2017 equalling an underlying operational performance improvement of 44 mDKK. These are among other due to the initiatives stated in last years report, most notably:

- Moving production from – our now closed – facility in Fredericia, Denmark to Koszalin, Poland following the acquisition made in 2017 of Royal Greenlands facility there.

- Restructuring of our Primary Production facility in Poland which has significantly reshaped performance there.

Total 2018 investment against these two initiatives is in excess of 130 mDKK (capital expenditure and special items in the P&L as per note 2). These initiatives are now completed and gives the Group a unique competitive advantage.

Outlook

Espersen expects a significantly improved result for 2019 stemming from below two main factors:

- Full year effects of the two manufacturing base restructurings mentioned above
- Continued improvements in our operational performance and fixed cost structure and an continued optimization of our productmix

Espersen has significant trading with the UK (but no production in UK) and is as such exposed to potential implications following Brexit. Certain measures have been taken with both customers and suppliers, including stock building to partially countermeasure implications of an eventual "hard" Brexit.

It is not possible to assess the financial consequences of a no-deal Brexit, but it is a fact that UK imports more than 50% of food consumed and this can realistically not be significantly reduced in the short term by replacing imports with domestic products. Consequently we believe a swift resolution to potential tradebarriers in food will have high priority with both UK and EU.

Particular risks

General risks

Espersen's main exposure is its dependence on raw material procurement. Espersen depends on a good development of whitefish stocks, especially cod, and is working both locally and globally to ensure sustainable fishing. A further risk could be an environmental disaster and its consequences for global fishing.

Currency and financial risks

A considerable part of Espersen's purchases and sales are performed in foreign currency, and fluctuations in the rates of exchange may have a short-term effect on the Company's results; in the long-term, these fluctuations are, however, included in the market. A defined policy is in place to mitigate significant short-term impacts of changes in exchange rates. Hedging of currency risks is mainly by use of foreign exchange forwards.

Espersen is predominantly financed through the parent company, Insepa A/S, which has sufficient funding in place to secure operations.

Credit risks

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

Intellectual capital

Espersen's staff has a high seniority.

Espersen's main activities are processed on standard production equipment, and the high seniority of the staff is a contributing factor to higher yields and profits.

Environmental issues

It is important for Espersen 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 in the local communities.

Social responsibility

The Company's CSR policy is published on its website:

http://www.espersen.com/commitment/reports-awards

Subsequent events

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

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

Accounting policies

The annual report of A. Espersen A/S for 2018 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

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, A. Espersen A/S, and subsidiaries in which A. Espersen 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.

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.

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.

On recognition of foreign subsidiaries which are integral entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Income statement items are translated at the exchange rates at the transaction date, although items derived from non-monetary items are translated at the historical exchange rates applying to the non-monetary items.

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, comprising sale of fish is recognised in the income statement when delivery and transfer of risk to the buyer have taken place 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

Costs of raw materials and consumables comprise purchases for the year and the change in the inventory of raw materials and consumables.

Other external costs

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

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 operating income

Other operating income comprises items secondary to the activities of the Company, including gains on the disposal of intangible assets and property, plant and equipment.

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.

Income 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.

Interest income and expenses

Interest 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.

The parent company 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 forwards 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

Intangible assets

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.

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 A. Espersen 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".

Securities and investments

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

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.

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.

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 realisable value.

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 with a term of three months or less which are subject to only minor risks of changes in value.

INCOME STATEMENT

DKK'000

Note		CONSOLIDATED		PARENT	
		2018	2017	2018	2017
3	**Revenue**	2.738.719	2.430.970	2.165.493	2.020.936
	Changes in inventories of finished goods	-2.192	33.223	2.364	22.964
	Other operating income	5.701	8.613	4.021	41.883
		2.742.228	2.472.806	2.171.878	2.085.783
	Raw materials, consumables, etc.	-2.086.048	-1.850.889	-2.019.977	-1.867.353
	Other external costs	-279.679	-237.674	-117.895	-126.827
	Gross profit	376.501	384.243	34.006	91.603
4	Staff costs	-374.829	-347.394	-111.446	-127.096
5/6	Depreciation, amortisation and impairment losses of intangible assets and property, plant and equipment	-58.158	-41.310	-22.771	-12.465
	Operating profit/loss	-56.486	-4.461	-100.211	-47.958
7	Income from investments in subsidiaries	-	-	27.716	26.769
8	Income from investments in associates	-961	507	-961	507
10	Interest income	2.666	3.746	134	3.041
10	Interest expense	-39.189	-42.683	-27.525	-32.600
	Profit/loss before tax	-93.970	-42.891	-100.847	-50.241
11	Corporation tax	18.400	8.907	25.081	16.118
	Profit/loss for the year	-75.570	-33.984	-75.766	-34.123
	Breakdown of Consolidated results of Operations:				
	Shareholders, A. Espersen	-75.766	-34.123		
	Non-controlling interests	196	139		
		-75.570	-33.984		
	Proposed profit appropriation / distribution of loss:				
	Proposed dividends			3.000	3.000
	Retained earnings			-78.766	-37.123
				-75.766	-34.123

Note		CONSOLIDATED		PARENT	
		2018	2017	2018	2017
	ASSETS				
	Non-current assets				
5	**Intangible fixed assets**				
	Acquired rights	-	-	-	-
	Goodwill	41.881	46.348	4.750	7.750
	Software	1.379	1.238	1.255	1.175
		43.260	47.586	6.005	8.925
6	**Tangible fixed assets**				
	Buildings	215.122	195.388	25.684	50.572
	Plant and machinery	139.790	110.493	1.834	13.582
	Other fixtures and operating equipment	6.737	9.835	763	1.128
	Property, pland and equipment under construction	18.020	30.882	907	256
		379.669	346.598	29.188	65.538
	Investments				
7	Investments in subsidiaries	-	-	472.699	455.580
8	Investments in associated	8.178	9.277	8.178	9.277
12	Other securities, investments	1.158	1.069	1.158	1.069
	Other receivables	1.656	1.577	1.656	1.576
		10.992	11.923	483.691	467.502
	Non-current assets	433.921	406.107	518.884	541.965
	Current assets				
	Inventories				
	Raw materials and consumables	287.307	151.279	31.898	64.908
	Finished goods and goods for resale	243.795	245.987	113.673	111.309
		531.102	397.266	145.571	176.217
	Receivables				
	Trade receivables	385.547	362.037	269.602	247.498
	Receivables from group enterprises	-	43.835	399.760	130.972
	Other receivables	22.932	21.530	6.274	4.699
13	Deferred tax	30.473	27.869	13.660	10.014
	Corporate tax receivable	23.830	20.536	12.479	9.358
	Prepayments	1.140	798	652	402
		463.922	476.605	702.427	402.943
	Cash at bank and in hand	39.830	59.038	12.437	16.666
	Current assets	1.034.854	932.909	860.435	595.826
	TOTAL ASSETS	1.468.775	1.339.016	1.379.319	1.137.791

Note		CONSOLIDATED		PARENT	
		2018	2017	2018	2017
	EQUITY AND LIABILITIES				
	Equity				
	Equity	35.000	30.000	35.000	30.000
	Retained earnings	213.176	121.140	213.176	121.140
	Reserve for net revaluation under the equity method	3.745	4.844	3.745	4.844
	Proposed dividends	3.000	3.000	3.000	3.000
	Shareholders, A. Espersen	254.921	158.984	254.921	158.984
	Non-controlling interests	576	379	-	-
		255.497	159.363	254.921	158.984
	Provisions				
13	Deferred tax	1.591	668	-	-
	Other provisions	18.988	20.186	-	-
		20.579	20.854	-	-
14	**Non-current liabilities**				
	Mortgage debt	9.952	32.478	9.952	28.930
	Other payables	9.549	26.852	9.549	26.852
		19.501	59.330	19.501	55.782
	Current liabilities				
	Mortgage debt	2.864	39.880	2.864	4.178
	Bank loans and overdrafts	69.229	13.848	53.555	-
	Trade payables	257.374	234.694	60.079	94.513
	Corporate tax	996	3.907	-	-
	Other payables	92.748	139.619	56.442	96.841
	Payables to group enterprises	749.987	667.521	931.957	727.493
		1.173.198	1.099.469	1.104.897	923.025
	Total liabilities	1.192.699	1.158.799	1.124.398	978.807
	TOTAL EQUITY AND LIABILITIES	1.468.775	1.339.016	1.379.319	1.137.791

1 Events after the balance sheet date
2 Special items
15 Distribution of profit
16 Contingent liabilities and collateral
17 Fees paid to the auditors appointed
18 Currency and interest rate risks and the use of derivative financial instruments
19 Related parties

	2018	2017
Operating profit/loss	-56.486	-4.461
Depreciations	58.158	41.310
Adjustment from other non cash transactions	-1.709	-12.492
Cash flows from operations (operative activities) before changes in working capital	-37	24.357
Changes in inventories	-139.556	-28.551
Changes in receivables	-27.748	22.879
Changes in trade and other payables	-253	23.869
Cash flows from operations (operating activities)	-167.594	42.554
Interest income and expense	-36.626	-39.172
Corporation tax paid	10.000	-9.726
Cash flows from operating activities	-194.220	-6.344
Acquisition of subsidiaries	-	-108.394
Acquisition of property, plant and equipment	-107.846	-49.327
Disposal of property, plant and equipment	15.331	2.892
Acquisition of non-tangible assets	-	-
Cash flow from investing activities	-92.515	-154.829
External financing		
Mortgage	-58.749	-15.919
Group loans	124.593	550.995
Bank loans and overdrafts	54.683	-340.470
Shareholders Capital increase	150.000	-
Dividends paid/recieved	-3.000	-3.000
Cash flows from financing activities	267.527	191.606
Net cash flows for the year	-19.208	30.433
Cash and cash equivalents at 1 January	59.038	28.605
20 **Cash and cash equivalents at 31 December**	39.830	59.038

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.

Consolidated

	Share capital	Reserve for reval under the equity method	Retained earnings	Dividend	Total	Non-controlling interests
Equity at 1 January 2017	30.000	4.655	192.062	3.000	229.717	240
Dividends paid	-	-	-	-3.000	-3.000	-
Dividends proposed	-	-	-3.000	3.000	-	-
Transf. from profit/loss for the year	-	507	-34.630	-	-34.123	139
Foreign exchange rate adj.associated	-	-318	-	-	-318	-
Foreign exchange rate adj. subsidiaries	-	-	6.043	-	6.043	-
Derivative financial instr. at 1 January	-	-	10.723	-	10.723	-
Derivative financial instr. at 31 Dec	-	-	-50.058	-	-50.058	-
Equity at 1 January 2018	30.000	4.844	121.140	3.000	158.984	379
Dividends paid	-	-	-	-3.000	-3.000	-
Dividends proposed	-	-	-3.000	3.000	-	-
Capitalincrease	5.000	-	145.000		150.000	-
Transf.from profit/loss for the year	-	-961	-74.805	-	-75.766	196
Foreign exchange rate adj. associated	-	-138	-	-	-138	-
Foreign exchange rate adj. subsidiaries	-	-	-10.593	-	-10.593	1
Derivative financial instr. at 1 January	-	-	50.058	-	50.058	-
Derivative financial instr. at 31 Dec	-	-	-14.624	-	-14.624	-
Equity at 31 December 2018	35.000	3.745	213.176	3.000	254.921	576

Parent Company

	Share capital	Reserve for reval under the equity method	Retained earnings	Dividend	Total
Equity at 1 January 2017	30.000	4.655	192.062	3.000	229.717
Dividends paid	-	-	-	-3.000	-3.000
Dividends proposed	-	-	-3.000	3.000	-
Transf. from profit/loss for the year	-	507	-34.630	-	-34.123
Foreign exchange rate adj.associated	-	-318	-	-	-318
Foreign exchange rate adj. subsidiaries	-	-	6.043	-	6.043
Derivative financial instr. at 1 January	-	-	10.723	-	10.723
Derivative financial instr. at 31 Dec	-	-	-50.058	-	-50.058
Equity at 1 January 2018	30.000	4.844	121.140	3.000	158.984
Dividends paid	-	-	-	-3.000	-3.000
Dividends proposed	-	-	-3.000	3.000	-
Capitalincrease	5.000	-	145.000	-	150.000
Transf.from profit/loss for the year	-	-961	-74.805	-	-75.766
Foreign exchange rate adj. associated	-	-138	-	-	-138
Foreign exchange rate adj. subsidiaries	-	-	-10.593	-	-10.593
Derivative financial instr. at 1 January	-	-	50.058	-	50.058
Derivative financial instr. at 31 Dec	-	-	-14.624	-	-14.624
Equity at 31 December 2018	35.000	3.745	213.176	3.000	254.921

The share capital consists of 35.000 shares of DKK 1.000 each and has developed as below:

Share capital until 2011	20.448
Increase of share capital in 2011	9.552
Increase of share capital in 2018	5.000
	35.000

1 **Events after the balance sheet date**

No events materially affecting the Group's financial position have occurred subsequent to the balance sheet date

2 **Special items**

Special items comprise significant expenses of a special nature relative to the Group's revenue generating operating activities such as costs of comprehensive structuring of processes and basic structural adjustments as well as any disposal gains and losses relating thereto and which over time are of significant importance. Special items also comprise significant one-off items which in the opinion of Management do not form part of the Group's operating activities.

As disclosed in the Management's review, the profit for the year is affected by several matters that in the opinion of the Board of Directors do not form part of the operating activities.

Special items for the year are specified below just as are the items under which they are recognised in the income statement.

	Consolidated		Parent	
	2018	2017	2018	2017
Closure of Fredericia manufacturing facility and transferring production to site in Poland	42.701	-	40.358	-
Restructuring our Primary production facility in Poland	3.606	-	3.606	-
Total special items	46.307	-	43.964	-
Reported in the Income Statement as below:				
Staff costs	13.530	-	13.530	-
Other external costs	21.869	-	19.526	-
Depreciation, amortisation and impairment	10.908	-	10.908	-
	46.307	-	43.964	-

3 **Segment information**

	Consolidated	Parent
Fish products - domestic market	67.156	67.156
Fish products - export markets	2.671.563	2.098.337
	2.738.719	2.165.493

4 **Staff costs**

	Consolidated		Parent	
	2018	2017	2018	2017
Wages and salaries	315.778	293.031	102.007	115.835
Pensions	27.649	30.753	7.679	9.173
Other social security costs	31.402	23.610	1.760	2.088
	374.829	347.394	111.446	127.096

During the year under review the Group had 2.946 full-time employees (2.689 in 2017) of which 188 were employed in the parent company (233 in 2017).

	Consolidated		Parent	
	2018	2017	2018	2017
Remuneration Executive Board	6.331	7.930	6.331	7.930
Remuneration Board of Directors	110	70	110	70
	6.441	8.000	6.441	8.000

A part of the remuneration for the Executive Board is covered by the ultimate parent company, Insepa A/S

5 Intangible fixed assets

Consolidated	Acquired rights	Goodwill	Software	Total
Cost at 1 January 2018	21.773	56.829	6.226	84.828
Value adjustment in foreign companies	-	828	-34	794
Disposals	-	-	-20	-20
Transfer from/to other assets	-	-	841	841
Cost at 31 December 2018	21.773	57.657	7.013	86.443
Depreciation at 1 January 2018	21.773	10.481	4.988	37.242
Value adjustment in foreign companies	-	188	-34	154
Disposals	-	-	-20	-20
Depreciation	-	5.107	700	5.807
Depreciation at 31 December 2018	21.773	15.776	5.634	43.183
Carrying amount at 31 December 2018	-	41.881	1.379	43.260

Parent Company	Acquired rights	Goodwill	Software	Total
Cost at 1 January 2018	21.773	15.000	4.639	41.412
Transfer from/to other assets	-	-	728	728
Cost at 31 December 2018	21.773	15.000	5.367	42.140
Depreciation at 1 January 2018	21.773	7.250	3.464	32.487
Depreciation	-	3.000	648	3.648
Depreciation at 31 December 2018	21.773	10.250	4.112	36.135
Carrying amount at 31 December 2018	-	4.750	1.255	6.005

6 Tangible fixed assets

Consolidated	Buildings	Plant and machinery	Operating equipment	In course of constru.	Total
Cost at 1 January 2018	465.801	651.336	67.645	30.882	1.215.664
Value adjustment in foreign companies	-5.003	-9.298	-381	-818	-15.500
Additions	499	2.387	129	104.837	107.852
Disposals	-67.530	-23.852	-6.828	-171	-98.381
Transfer to other assets	58.375	56.790	503	-116.710	-1.042
Total cost at 31 December 2018	452.142	677.363	61.068	18.020	1.208.593
Depreciation at 1 January 2018	270.413	540.843	57.810	-	869.066
Value adjustment in foreign companies	-2.406	-6.933	-186	-	-9.525
Depreciation of disposed assets	-55.655	-20.995	-6.319	-	-82.969
Depreciation of the year	24.668	24.658	3.026	-	52.352
Total depreciation 31 December 2018	237.020	537.573	54.331	-	828.924
Carrying amount 31 December 2018	215.122	139.790	6.737	18.020	379.669

Parent company	Buildings	Plant and machinery	Operating equipment	In course of constru.	Total
Cost at 1 January 2018	204.227	245.948	38.753	256	489.184
Additions	-	-	-	5.121	5.121
Disposals	-66.706	-30.373	-202	-	-97.281
Transfer to other assets	1.396	2.346	-	-4.470	-728
Total cost at 31 December 2018	138.917	217.921	38.551	907	396.296
Depreciation at 1 January 2018	153.655	232.366	37.625	-	423.646
Depreciation of disposed assets	-54.843	-20.691	-127	-	-75.661
Depreciation of the year	14.421	4.412	290	-	19.123
Total depreciation 31 December 2018	113.233	216.087	37.788	-	367.108
Carrying amount 31 December 2018	25.684	1.834	763	907	29.188

7 Investment in subsidiaries

	2018	2017
Cost at 1 January	484.235	324.426
Additions	-	159.809
Cost at 31 December	484.235	484.235
Value adjustments at 1 January	-28.655	-61.467
Adjustments exchange rates	-10.597	6.043
Amortisation goodwill	-765	-
Profit/loss for the year after tax	28.481	26.769
Value adjustments at 31 December	-11.536	-28.655
Carrying amount at 31 December	472.699	455.580

	Reg. Office	Stake %	Share Cap.	Part of equity	Profit/(loss)
A. Espersen LLC	Rusia	100%	TRUB 100	14.012	-483
UAB Espersen Lietuva	Lithuania	100%	TEUR 4,071	47.463	1.696
Espersen Asia Ltd.	Hong Kong	100%	THKD 32,024	20.422	-3.576
Baltic Fish AB	Sweden	100%	TSEK 100	126	55
Espersen France	France	80%	TEUR 130	2.305	783
Espersen UK	UK	100%	TGBP 1	405	101
Espersen Koszalin	Poland	100%	TPLN 77,000	158.911	12.189
Espersen Polska Sp. z o.o.	Poland	100%	TPLN 65,500	214.618	17.665
				458.262	28.430
Group goodwill				14.531	-765
Adjustment for internal proft on Fixed Assets				-94	51
				472.699	27.716

8 Investment in associates

	2018	2017
Cost at 1 January	4.433	4.433
Cost at 31 December	4.433	4.433
Value adjustments at 1 January	4.844	4.655
Adjustments exchange rates	-138	-318
Profit/loss for the year after tax	-961	507
Value adjustments at 31 December	3.745	4.844
Carrying amount at 31 December	8.178	9.277

	Reg. Office	Stake %	Share Cap.	Part of equity	Profit/(loss)
Scanfish AS	Norway	49%	TNOK 500	4.988	-243
Bornholm Fisk A/S	Denmark	50%	TDKK 500	664	-454
Sweryb International AB	Sweden	50%	TSEK 200	112	1
Espan Sp. z o.o.	Poland	50%	TPLN 4000	2.414	-265
				8.178	-961

9 Prepayment

Consists of various minor prepayments, notably rent and insurance

10 Financial income and expenses

	Consolidated		Parent	
	2018	2017	2018	2017
Financial income				
Interest income	96	85	22	27
Interest income from group enterprises	-	2.774	-	2.779
Foreign exchange adjustments	2.458	652	-	-
Other	112	235	112	235
	2.666	3.746	134	3.041

10 Financial income and expenses (continued)

	Consolidated		Parent	
Financial expenses	2018	2017	2018	2017
Interest expense	5.411	8.900	3.492	3.139
Interest expense to group enterprises	20.469	14.059	17.102	11.593
Foreign exchange adjustments	6.195	11.489	808	9.918
Capital losses on securities and adjustments	5.938	6.603	5.938	6.603
Other financial costs	1.176	1.632	185	1.347
	39.189	42.683	27.525	32.600
	-36.523	-38.937	-27.391	-29.559

11 Tax on profit/loss for the year

	Consolidated		Parent	
	2018	2017	2018	2017
Expected current tax for the year	-7.396	-4.089	-12.395	-9.359
Tax on equity entries	-	-6	-	-6
Adjustment in respect of deferred tax	-13.526	-4.616	-14.805	-6.760
Tax in respect of previous years.	2.522	-196	2.119	7
Total tax for the year	-18.400	-8.907	-25.081	-16.118
Tax analysis				
Profit/loss before tax	-93.970	-42.891	-100.847	-50.241
Adjustments previous years	11.464	-891	9.632	32
Other	-2.091	2.789	3.965	11.221
Profit/loss subsidiaries/investments	961	507	-26.755	-34.276
Profit/loss before tax, adjusted	-83.636	-40.486	-114.005	-73.264
Implied tax rate of the above	22%	22%	22%	22%

12 Other securities and investments

Consolidated and parent company

	2018	2017
Cost at 1 January	69	69
Total cost at 31 December	69	69
Value adjustment to fair value at 1 January	1.000	789
Value adjustments for the year to fair value	89	211
Value adjustments to fair value at 31 December	1.089	1.000
Carrying amount at 31 December	1.158	1.069

13 Provisions for deferred tax

The amount relating to debtors, foreign-exchange contracts, properties, plant and machinery is provided at the expected tax rate for 2019.

At 31 December 2018, the Group recognised an asset totalling DKK 28.882 thousand. The tax asset consists of tax loss carry-forwards totalling DKK 15.000 thousand and non-utilised tax deductions in form of timing differences totalling DKK 13.882 thousand.

Based on the budgets until 2021, Management considers it likely that there will be future taxable income against which non-utilised tax losses and tax deductions can be offset.

13 Provisions for deferred tax (continued)

The changes for the year are specified as follows:

	Consolidated		Parent	
	2018	2017	2018	2017
Deferred tax liabilities at 1 January	668	11.258	-	9.560
Deferred tax assets at 1 January	-27.869	-5.463	-10.014	-
Deferred tax net asset (liability) at 1 January	-27.201	5.795	-10.014	9.560
Opening adjustment, foreign exchange rates	-477	79	-	-
Deferred taxes acquired in business combination	-	-15.645	-	-
Deferred tax, equity items	-	-12.814	-	-12.814
Adjustments for the year, income statement	-1.204	-4.616	-3.646	-6.760
Deferred tax net at 31 December	-28.882	-27.201	-13.660	-10.014
Deferred tax liabilities at 31 December	1.591	668	-	-
Deferred tax assets at 31 December	-30.473	-27.869	-13.660	-10.014
	-28.882	-27.201	-13.660	-10.014

14 Non-current liabilities

	Consolidated		Parent	
	2018	2017	2018	2017
Falling due between 2 and 5 years	19.501	46.157	19.501	42.610
Falling due after more than 5 years	-	13.173	-	13.172
	19.501	59.330	19.501	55.782

15 Proposed profit appropriation/distribution of loss

	2018	2017
Proposed dividends	3.000	3.000
Retained earnings	-78.766	-37.123
	-75.766	-34.123

16 Contingent liabilities and collateral

Operationel leasing - Consolidated

	Sites	Cars	Equipment	Total
Falling due within one year	4.133	1.450	274	5.857
Falling due between 1-5 years	9.839	2.547	1.040	13.426
Falling due after more than 5 years	9.730	-	-	9.730
	23.702	3.997	1.314	29.013

Operationel leasing - Parent company

	Sites	Cars	Equipment	Total
Falling due within one year	3.813	1.109	-	4.922
Falling due between 1-5 years	9.416	1.737	-	11.153
Falling due after more than 5 years	8.719	-	-	8.719
	21.948	2.846	-	24.794

16 Contingent liabilities and collateral (continued)

Contingent liabilities

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

The company is dependent upon financing from the parent company who is the Principal in the agreements with the Groups main bank. The company is unlimited and jointly liable for any obligations Insepa A/S has with its main bank.

As colleral for the company's mortgage lending, amounting to DKK 9.952 thousand. A. Espersen has provided guarantees in its buildings with a carrying amount of DKK 25.683 thousand at the 31 December 2018.

Collateral

	Consolidated	Parent
Bankguarentee for customs duty	5.500	5.500

17 Fees paid to the auditors appointed at the general meeting

	Consolidated		Parent	
	2018	2017	2018	2017
Ordinary audit fee	1.265	1.078	663	650
Opinions with security	-	279	-	-
Tax consultancy	393	122	206	122
Other services	1.878	3.469	1.878	3.469
Total Ernst & Young	3.536	4.948	2.747	4.241
Other	1.223	1.152	-	-
TOTAL	4.759	6.100	2.747	4.241

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

Currency risks:
Most revenues are invoiced in foreign currencies, most notably GBP, USD & EUR. A significant part of raw material purchases are made in USD and NOK.

To mitigate impact of changes in exchange rates on short/mid term performance future cash flows are hedged in accordance with the Company's finance policy.

Currency	Principal	Months	Fair Value
GBP Sale	16.363	0 - 4	2.477
USD Sale	33.274	0 - 6	-5.716
EUR Purchase (against RUB)	390	0 - 5	75
NOK Purchase	74.500	0 - 3	-676
PLN Purchase	54.000	0 - 5	683
USD Purchase	62.239	0 - 25	9.180
TOTAL			6.023

Interest rate risks:
Effectively all interest bearing debt are based on variable interest rates, which means that changes in interest rates are rapidly reflected in the income statement. On the other hand, changes in interest rates will not result in any major changes to the fair value of interest-bearing debt.

As a December 31, 2018 had entered into 3 interest swaps totalling DKK 31.4 million with expiry between December 2020 and December 2030 at rates ranging from 2.53% - 5.43%.

Fair value of these interest swaps December 31, 2018 totalled a negative of DKK 4.5 million, which has been recognised to equity

19 Related parties

A. Espersen A/S is a wholly-owned subsidiary of:

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

Related party transactions

	2018	2017
Group		
Receivables from group enterprises	-	43.835
Payables from group enterprises	749.987	667.521
Dividend to shareholders in the year	3.000	3.000
Parent		
Sale of goods to group enterprises	599.482	426.766
Purchase of goods from group enterprises	1.126.024	1.089.921
Receivables from group enterprises	399.760	130.972
Payables to group enterprises	931.957	727.493
Dividend to shareholders in the year	3.000	3.000

Remuneration/fees to members of the Executive Board and the Board of Directors of the Parent Company are disclosed in note 4

20 Cash and Cash equivalent at year-end

Cash according to the balance sheet	39.830	59.038