A. Espersen A/S

Fiskerivej 1, 3700 Rønne

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. 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 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 at 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 2018

Executive Board:

Klaus B. Nielsen
CEO

Max Sørensen
COO

Board of Directors:

Sven-Gunnar Schough
Chairman

Lars Holm Jensen

Turan Savas

Diane Hughes

Christopher Thomas

Klaus B. Nielsen

Olav Holst-Dyrnes

Niels Walther-Rasmussen

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 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

A. Espersen A/S
Fiskerivej 1
DK-3700 Rønne
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

Sven-Gunnar Schough (Chairman)
Lars Holm Jensen (employee representative)
Turan Savas (employee representative)
Christopher Thomas
Diane Hughes
Klaus B. Nielsen
Olav Holst-Dyrnes
Niels Walther-Rasmussen

Executive Board

Klaus B. Nielsen, CEO
Max Sørensen, COO

Auditors

ERNST & YOUNG, Godkendt Revisionspartnerselskab, CVR. No. 30700228
Værkmestergade 25
Postboks 330
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 for the Group

DKKm	2017	2016	2015	2014	2013
Key figures					
Revenue	2,431	2,159	2,067	1,913	1,881
Ordinary operating profit	-4	-10	-52	6	39
Interest income and expenses	-38	-26	-29	-41	-21
Profit/loss before tax	-43	-35	-82	-34	19
Profit/loss for the year	**-34**	**-33**	**-76**	**-23**	**16**
Non-current assets	406	268	288	277	244
Current assets	933	832	1,048	924	796
Total assets	**1,339**	**1,100**	**1,336**	**1,201**	**1,040**
Share capital	30	30	30	30	30
Equity	**159**	**230**	**277**	**173**	**207**
Non-controlling shareholder's interest	0	0	0	0	0
Provisions	21	11	11	8	8
Non-current liabilities other than provisions	32	84	92	76	46
Current liabilities other than provisions	1.126	775	956	944	779
Cash flows from operating activities	-57	192	20	-135	115
Cash flows from investing activites, net	-155	-29	-51	-82	-48
Hereof investing in tangible assets	-49	-31	-37	-35	-53
Cash flows from financing activities	242	-153	34	207	-67
Total cash flows	**30**	**10**	**3**	**-8**	**0**
Financial ratios					
Solvency ratio	11,9	20,9	20,7	14,4	20,0
Return on equity	-17,5	-13,0	-33,8	-12,2	7,7
Average number of full-time employees	3.116	2.374	2.163	1.955	1.524

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

Financial ratios

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 fish blocks and other white fish fillets, and breading of different fish species for retail and foodservice markets, primarily in Europe. The raw materials used are mostly imported frozen cod, and fresh cod from the Baltic Sea, as well as and other fish species and semi manufactured products from other parts of the world.

Customers

Espersen exports 98 % of its production. 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 2017, the Group realized an operating loss of 4 mDKK which despite being an improvement of 6 mDKK over 2016 is considered highly unsatisfactory. Net loss was 34 mDKK, which was on level with 2016 among other things due to higher financing costs relating to the acquisition described below and refinancing of the entire group.

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

In April 2017, the Espersen Group announced the intent to close our production facility in Fredericia no later than the end of 2018 and move production to Poland. This decision was taken since we operate in a very competitive market and there are significant synergies in moving production to our newly acquired factory - described below - in Poland. Unfortunately, this marks the end of a long time history of production in Fredericia with a very competent and dedicated staff, which we will do our best to help find their next job.

September 1st 2017, Espersen 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, not least when integrating the products from our Fredericia plant into the facility.

Management's review

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

Outlook

Espersen expects a significantly improved result for 2018 stemming from below three main factors:

- Improving operations mainly in our Primary division by operational efficiencies and optimizing our 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 our Fredericia plant to the acquired factory in Poland - though the major part of the synergies will only have full impact in 2019

It should be noted that when looking at the income statement of the parent company, Operating profit/loss is significantly impacted by a change of the Groups transfer pricing policy.

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. From beginning of 2016 Espersen has hedged strategical partners in connection to commercial agreement and approx. 50% of coming 12 months other currency cash flow according to decided staircase model end of 2015.

To ensure the expected profit on contracted orders, Espersen mainly uses foreign exchange forwards.

We have sufficient liquidity going forward as Espersen is financed through Insepa and the new long term financing structure established there in spring 2017 with two new banks.

Management's review

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 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 with 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 and parent company financial statements 1 January – 31 December

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.

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

Business Combinations

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.

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

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.

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

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.

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.

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.

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

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.

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

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.

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

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 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		PARENT	
		2017	2016	2017	2016
1	**Revenue**	2.430.970	2.158.857	2.020.936	2.008.911
	Changes in inventories of finished goods	33.223	-129.277	22.964	-69.864
	Other operating income	8.613	11.325	41.883	48.436
		2.472.806	2.040.905	2.085.783	1.987.483
	Raw materials, consumables, etc.	-1.850.889	-1.486.216	-1.867.353	-1.735.203
	Other external costs	-237.674	-224.420	-126.827	-123.183
	Gross profit	384.243	330.270	91.603	129.097
2	Staff costs	-347.394	-298.183	-127.096	-113.808
3,4	Depreciation, amortisation and impairment losses of intangible assets and property, plant and equipment	-41.310	-41.703	-12.465	-17.162
	Operating profit/loss	-4.461	-9.616	-47.958	-1.873
5	Income from investments in subsidiaries	0	0	26.769	-17.427
6	Income from investments in associates	507	467	507	467
7	Interest income	3.746	6.176	3.041	1.984
7	Interest expense	-42.683	-32.134	-32.600	-20.878
	Profit/loss before tax	-42.891	-35.107	-50.241	-37.727
8	Corporation tax	8.907	1.859	16.118	4.464
	Profit/loss for the year	-33.984	-33.248	-34.123	-33.263
	Breakdown of Consolidated results of Operations:				
	Shareholders, A. Espersen	-34.123	-33.263		
	Non-controlling interests	139	15		
		-33.984	-33.248		
	Proposed profit appropriation / distribution of loss:				
	Proposed dividends			3.000	3.000
	Retained earnings			-37.123	-36.263
				-34.123	-33.263

BALANCE SHEET **DKK'000**

Note		CONSOLIDATED		PARENT	
		2017	2016	2017	2016
	ASSETS				
	Non-current assets				
3	**Intangible fixed assets**				
	Acquired rights	0	0	0	0
	Goodwill	46.348	26.761	23.046	10.750
	Software	1.238	1.633	1.175	1.525
		47.586	28.395	24.221	12.275
4	**Tangible fixed assets**				
	Buildings	195.388	125.655	50.572	51.519
	Plant and machinery	110.493	86.897	13.582	17.521
	Other fixtures and operating equipment	9.835	8.719	1.128	1.726
	Property, pland and equipment under construction	30.882	6.658	256	701
		346.598	227.929	65.538	71.467
	Investments				
5	Investments in subsidiaries	0	0	440.284	262.959
6	Investments in associated	9.277	9.088	9.277	9.088
9	Other securities, investments	1.069	858	1.069	858
	Other receivables	1.577	2.186	1.576	2.186
		11.923	12.133	452.206	275.092
	Non-current assets	406.107	268.457	541.965	358.834
	Current assets				
	Inventories				
	Raw materials and consumables	151.279	173.098	64.908	60.213
	Finished goods and goods for resale	245.987	187.929	111.309	78.510
		397.266	361.027	176.217	138.723
	Receivables				
	Trade receivables	362.037	375.279	247.498	297.224
	Receivables from group enterprises	43.835	54	130.972	77.994
	Other receivables	42.066	60.007	14.057	51.288
10	Deferred tax	27.869	5.463	10.014	0
	Prepayments	798	1.754	402	1.891
		476.605	442.558	402.943	428.397
	Securities	0	0	0	0
	Cash at bank and in hand	59.038	28.605	16.666	4
	Current assets	932.909	832.189	595.826	567.123
	TOTAL ASSETS	1.339.016	1.100.646	1.137.791	925.958

BALANCE SHEET **DKK'000**

Note		CONSOLIDATED		PARENT	
		2017	2016	2017	2016
	EQUITY AND LIABILITIES				
	Equity				
	Equity	30.000	30.000	30.000	30.000
	Retained earnings	121.140	192.062	125.984	196.717
	Reserve for net revaluation under the equity method	4.844	4.655	0	0
	Proposed dividends	3.000	3.000	3.000	3.000
	Shareholders, A. Espersen	158.984	229.717	158.984	229.717
	Non-controlling interests	379	240	0	0
		159.363	229.957	158.984	229.717
	Provisions				
10	Deferred tax	668	11.258	0	9.560
	Other provisions	20.186	0	0	12.787
		20.854	11.258	0	22.347
11	**Non-current liabilities**				
	Mortgage debt	32.478	84.086	28.930	33.095
		32.478	84.086	28.930	33.095
	Current liabilities				
	Falling due in next financial year				
	Mortgage debt	39.880	4.191	4.178	4.191
	Bank loans and overdrafts	64.201	367.132	50.353	216.072
	Trade payables	234.694	220.566	94.513	113.053
	Corporate tax	3.907	0	0	0
	Other payables	116.118	100.933	73.340	69.966
	Payables to group enterprises	667.521	82.523	727.493	237.517
		1.126.321	775.345	949.877	640.798
	Total liabilities	1.158.799	859.431	978.807	673.894
	TOTAL EQUITY AND LIABILITIES	1.339.016	1.100.646	1.137.791	925.958

12 Distribution of profit
13 Contingent liabilities and collateral
14 Fees paid to the auditors appointed
15 Currency and interest rate risks and the use of derivative financial instruments
16 Related parties

CASH FLOW STATEMENT DKK'000

	2017	2016
Operating profit/loss	-4.462	-9.616
Depreciations	41.310	41.703
Adjustment from other non cash transactions	-12.492	-8.276
Cash flows from operations (operative activities) before changes in working capital	24.356	23.811
Changes in inventories	-28.551	116.359
Changes in receivables	22.879	32.791
Changes in trade and other payables	-26.483	37.266
Cash flows from operations (operating activities)	-7.799	210.227
Interest income and expense	-39.172	-20.347
Corporation tax paid	-9.726	2.470
Cash flows from operating activities	-56.697	192.350
Acquisition of subsidiaries	-108.394	0
Acquisition of property, plant and equipment	-49.327	-31.133
Disposal of property, plant and equipment	2.892	2.116
Acquisition of non-tangible assets		0
Cash flow from investing activities	-154.829	-29.017
External financing		
Mortgage	-15.919	-7.993
Group loans	550.995	142.269
Bank loans and overdrafts	-290.117	-284.527
Shareholders		0
Dividends paid/recieved	-3.000	-3.000
Cash flows from financing activities	241.959	-153.251
Net cash flows for the year	30.433	10.082
Cash and cash equivalents at 1 January	28.605	18.523
Cash and cash equivalents at 31 December	59.038	28.605

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 **DKK'000**

Equity - Consolidated

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Dividend	Total	Non-contr. interests	Total
Equity at 1 January 2016	30.000	4.089	239.932	3.000	277.021	300	277.321
Dividends paid	0	0	0	-3.000	-3.000	-75	-3.075
Dividends proposed	0	0	-3.000	3.000	0	0	0
Transf. from profit/loss for the year	0	467	-33.730	0	-33.263	15	-33.248
Foreign exchange rate adj.associated	0	99	0	0	99	0	99
Foreign exchange rate adj. subsidiaries	0	0	-4.582	0	-4.582	0	-4.582
Derivative financial instr. at 1 January	0	0	6.412	0	6.412	0	6.412
Derivative financial instr. at 31 Dec	0	0	-10.135	0	-10.135	0	-10.135
Other Equity postings	0	0	-2.835	0	-2.835	0	-2.835
Equity at 1 January 2017	30.000	4.655	192.062	3.000	229.717	240	229.957
Dividends paid	0	0	0	-3.000	-3.000	0	-3.000
Dividends proposed	0	0	-3.000	3.000	0	0	0
Transf.from profit/loss for the year	0	507	-34.630	0	-34.123	139	-33.984
Foreign exchange rate adj. associated	0	-318	0	0	-318	0	-318
Foreign exchange rate adj. subsidiaries	0	0	6.043	0	6.043	0	6.043
Derivative financial instr. at 1 January	0	0	10.723	0	10.723	0	10.723
Derivative financial instr. at 31 Dec	0	0	-50.058	0	-50.058	0	-50.058
Equity at 31 December 2017	30.000	4.844	121.140	3.000	158.984	379	159.363

The share capital is broken down as follows:

30.000 shares of DKK 1,000 each

Share capital during the latest 5 years:

Share capital until 2011	20.448
Increase of share capital in 2011	9.552
	30.000

STATEMENT OF CHANGES IN EQUITY DKK'000

Equity - Parent

		Share capital	Retained earnings	Dividend	Total
	Equity at 1 January 2016	30.000	244.021	3.000	277.021
	Dividends paid	0	0	-3.000	-3.000
	Dividends proposed	0	-3.000	3.000	0
	Transferred from profit/loss for the year	0	-33.263	0	-33.263
	Foreign exchange rate adjustments associated	0	99	0	99
	Foreign exchange rate adjustments subsidiaries	0	-4.582	0	-4.582
	Derivative financial instruments at 1 January	0	6.412	0	6.412
	Derivative financial instruments at 31 December	0	-10.135	0	-10.135
	Other Equity postings	0	-2.835	0	-2.835
	Equity at 1 January 2017	30.000	196.717	3.000	229.717
	Dividends paid	0	0	-3.000	-3.000
12	Dividends proposed	0	-3.000	3.000	0
	Transferred from profit/loss for the year	0	-34.123	0	-34.123
	Foreign exchange rate adjustments associated	0	-319	0	-319
	Foreign exchange rate adjustments subsidiaries	0	6.043	0	6.043
	Derivative financial instruments at 1 January	0	10.723	0	10.723
	Derivative financial instruments at 31 December	0	-50.057	0	-50.057
	Equity at 31 December 2017	30.000	125.984	3.000	158.984

The share capital is broken down as follows:

30.000 shares of DKK 1,000 each

Share capital during the latest 5 years:

Share capital until 2011	20.448
Increase of share capital in 2011	9.552
	30.000

NOTES **DKK'000**

Note

1 **Segment information**

	Consolidated	Parent
Revenue in fish products to the domestic market	61.351	61.351
Revenue in fish products to the export market	2.369.619	1.959.585
	2.430.970	2.020.936

2 **Staff costs**

	Consolidated 2017	Consolidated 2016	Parent 2017	Parent 2016
Wages and salaries	293.031	251.494	115.835	103.190
Pensions	30.753	28.913	9.173	8.642
Other social security costs	23.610	17.777	2.088	1.976
	347.394	298.183	127.096	113.808

During the year under review the Group had 3.116 full-time employees (2.374 in 2016) of which 233 were employed in the parent company (232 in 2016).

	Consolidated 2017	Consolidated 2016	Parent 2017	Parent 2016
Remuneration Executive Board	7.930	7.032	7.930	7.032
Remuneration Board of Directors	70	712	70	565
	8.000	7.744	8.000	7.597

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

NOTES **DKK'000**

Note

3 **Intangible fixed assets consolidated 2017**

	Acquired rights	Goodwill	Software	In course of constru.	Total
Cost at 1 January 2017	21.773	33.745	5.523	0	61.041
Value adjustment in foreign companies	0	-2.246	59	0	-2.187
Additions acquisitions	0	25.330	436	0	25.766
Additions	0	0	14	0	14
Transfer to other assets	0	0	194	0	194
Cost at 31 December 2017	21.773	56.829	6.226	0	84.828
Depreciation at 1 January 2017	21.773	6.984	3.890	0	32.647
Value adjustment in foreign companies	0	-374	56	0	-318
Additions acquisitions	0	0	380	0	380
Depreciation	0	3.871	662	0	4.533
Depreciation at 31 December 2017	21.773	10.481	4.988	0	37.242
Carrying amount at 31 December 2017	0	46.348	1.238	0	47.586

3 **Intangible fixed assets parent 2017**

	Acquired rights	Goodwill	Software	In course of constru.	Total
Cost at 1 January 2017	21.773	15.000	4.445	0	41.218
Additions acquisitions	0	15.296	0	0	15.296
Additions	0	0	0	0	0
Transfer to other assets			194		194
Cost at 31 December 2017	21.773	30.296	4.639	0	56.708
Depreciation at 1 January 2017	21.773	4.250	2.920	0	28.943
Depreciation	0	3.000	544	0	3.544
Depreciation at 31 December 2017	21.773	7.250	3.464	0	32.487
Carrying amount at 31 December 2017	0	23.046	1.175	0	24.221

NOTES **DKK'000**

Note

4 **Tangible fixed assets consolidated 2017**

	Buildings	Plant and machinery	Opera-ting equipment	In cour-se of constru.	Total
Cost at 1 January 2017	356.488	468.421	63.314	6.658	894.881
Value adjustment in foreign companies	5.371	8.302	16	-179	13.510
Additions acquisitions	102.138	158.446	1.200	3.849	265.633
Additions	1.119	2.424	1.876	43.894	49.313
Disposals	-1.321	-4.656	-1.502	0	-7.479
Transfer to other assets	2.006	18.399	2.741	-23.340	-194
Total cost at 31 December 2017	465.801	651.336	67.645	30.882	1.215.664
Depreciation at 1 January 2017	230.833	381.524	54.595	0	666.952
Value adjustment in foreign companies	3.315	6.892	106	0	10.313
Additions acquisitions	27.608	131.523	528	0	159.659
Depreciation of disposed assets	-68	-3.319	-1.248	0	-4.635
Depreciation of the year	8.725	24.223	3.829	0	36.777
Total depreciation 31 December 2017	270.413	540.843	57.810	0	869.066
Carrying amount 31 December 2017	195.388	110.493	9.835	30.882	346.598

4 **Tangible fixed assets parent 2017**

	Buildings	Plant and machinery	Opera-ting equipment	In cour-se of constru.	Total
Cost at 1 January 2017	204.048	246.783	38.693	701	490.225
Additions	0	0	0	3.185	3.185
Disposals	0	-4.032	0	0	-4.032
Transfer to/from other assets	179	3.197	60	-3.630	-194
Total cost at 31 December 2017	204.227	245.948	38.753	256	489.184
Depreciation 1 January	152.529	229.262	36.967	0	418.758
Depreciation disposed assets	0	-4.032	0	0	-4.032
Depreciation	1.126	7.136	658	0	8.920
Total depreciation 31 December 2017	153.655	232.366	37.625	0	423.646
Carrying amount 31 December 2017	50.572	13.582	1.128	256	65.538

NOTES **DKK'000**

Note

5 Investments in subsidiaries

	2017	2016
Cost at 1 January	324.426	324.426
Disposal	0	0
Additions	144.513	0
Cost at 31 December	468.939	324.426
Value adjustments at 1 January	-61.467	-67.253
Negative equity offset against I/C loan	0	15.305
Adjustments exchange rates	6.043	-4.581
Profit/loss for the year after tax	26.769	-17.427
Dividends paid	0	-298
Ensurance net investment	0	12.787
Value adjustments at 31 December	-28.655	-61.467
Carrying amount at 31 December	440.284	262.959

	Reg. Office	Stake %	Share Cap.	Part of equity	Profit/ loss
A. Espersen LLC	Rusia	100%	TRUC 100	16.255	7.269
UAB Espersen Lietuva	Lithuania	100%	TLTL 12,700	45.626	-6.000
Espersen Asia Ltd.	Hong Kong	100%	THKD 32,024	23.461	-2.202
Baltic Fish AB	Sweden	100%	TSEK 100	73	19
Espersen Seafood S.A.	Spain	80%	TEUR 123	0	-310
Espersen France	France	80%	TEUR 130	1.516	554
Espersen UK	UK	100%	TGBP 1	310	102
Espersen Koszalin	Poland	100%	TPLN 77,000	150.912	6.894
Espersen Polska Sp. z o.o.	Poland	100%	TPLN 65,500	202.274	18.763
				440.427	25.089
Adjustment internal profit inventory				0	1.630
Adjustment internal profit fixed assets				-143	50
				440.284	26.769

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
Value adjustments at 1 January	4.655	4.089
Adjustments exchange rates	-318	99
Profit for the year	507	467
Dividend	0	0
Value adjustments at 31 December	4.844	4.655
Carrying amount at 31 December	9.277	9.088

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

NOTES **DKK'000**

Note

7 Financial income and expenses

	Consolidated		Parent	
	2017	2016	2017	2016
Financial income				
Interest income	85	104	27	81
Interest income from group enterprises	2.774	2.062	2.779	1.723
Foreign exchange adjustments	652	3.830	0	0
Capital gains on securities and adjustments	235	180	235	180
	3.746	6.176	3.041	1.984
Financial expenses				
Interest expense	8.900	16.320	3.139	8.886
Interest expense to group enterprises	14.059	6.193	11.593	4.470
Foreign exchange adjustments	11.489	883	9.918	0
Capital losses on securities and adjustments	6.603	8.256	6.603	7.173
Other financial costs	1.632	482	1.347	349
	42.683	32.134	32.600	20.878
	-38.937	-25.958	-29.559	-18.894

8 Tax on profit/loss for the year

The corporate tax for the year:

	Consolidated		Parent	
	2017	2016	2017	2016
Expected current tax for the year	-4.089	-3.369	-9.359	-4.481
Tax on equity entries	-6	746	-6	746
Adjustment in respect of deferred tax	-4.616	1.035	-6.760	-729
Impact from changed taxation per cent	0	0	0	0
Tax in respect of previous years.	-196	-271	7	0
Total tax for the year	-8.907	-1.859	-16.118	-4.464
Tax analysis				
Profit/loss before tax	-42.891	-35.107	-50.241	-37.727
Adjustments previous years	-891	-1.426	32	0
Other	2.789	27.616	11.221	477
Profit/loss subsidiaries/investments	507	467	-34.276	16.960
Profit/loss before tax, adjusted	-40.486	-8.450	-73.264	-20.290
Tax on profit/loss for the year in % of the above	22,0%	22,0%	22,0%	22,0%

NOTES DKK'000

Note

9 **Investments - Consolidated**

	Other securities and investments	
	2017	**2016**
Cost at 1 January	69	481
Sale of investments		-412
Total cost at 31 December	69	69
Value adjustment to fair value at 1 January	789	5.167
Value adjustments for the year to fair value	211	-4.378
Value adjustments to fair value at 31 December	1.000	789
Carrying amount at 31 December	1.069	858

9 **Investments - Parent**

	Other securities and investments	
	2017	**2016**
Cost at 1 January	69	481
Sale of investments	0	-412
Total cost at 31 December	69	69
Value adjustmetn to fair value at 1 January	789	5.167
Value adjustments for the year to fair value	211	-4.378
Value adjustments to fair value at 31 December	1.000	789
Carrying amount at 31 December	1.069	858

NOTES **DKK'000**

Note

10 **Provisions for deferred tax**

The amount relating to debtors, foreign exchange contracts, properties, plant and machinery is provided at the expected tax rate for 2018.

At 31 December 2017, the Group recognised an asset totalling DKK 27.869 thousand. The tax asset consists of tax loss carry-forwards totalling DKK 13.892 thousand and non-utilised tax deductions in form of timing differences totalling DKK 13.597 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.

The changes for the year are specified as follows:

	Consolidated		Parent	
	2017	2016	2017	2016
Deferred tax liabilities at 1 January	11.258	11.449	9.560	10.593
Deferred tax assets at 1 January	-5.463	-6.266	0	0
Deferred tax net liability at 1 January	5.795	5.183	9.560	10.593
Adjustments in respect of previous years	0	40	0	0
Opening adjustment, foreign exchange rates	79	-159	0	0
Deferred taxes acquired in business combination	-15.645	0	0	0
Deferred tax, equity items	-12.814	-304	-12.814	-304
Adjustments for the year, income statement	-4.616	1.035	-6.760	-729
Impact of changed tax per cent, income statement				
Deferred tax net at 31 December	-27.201	5.795	-10.014	9.560
Deferred tax liabilities at 31 December	668	11.258	0	9.560
Deferred tax assets at 31 December	-27.869	-5.463	-10.014	0
	-27.201	5.795	-10.014	9.560

11 **Non-current liabilities**

	Consolidated		Parent	
	2017	2016	2017	2016
Mortage debt falling due between 2 and 5 years after expiry of the financial year	19.305	67.676	15.758	16.685
Mortgage debt falling due after more than 5 years after expiry of the financial year	13.173	16.410	13.172	16.410
	32.478	84.086	28.930	33.095

NOTES **DKK'000**

Note

		2017	2016
12	**Proposed profit appropriation/distribution of loss**		
	Proposed dividends	3.000	3.000
	Retained earnings	-37.123	-36.263
		-34.123	-33.263

NOTES **DKK'000**

Note

13 **Contingent liabilities and collateral**

Contingent liabilities
Operationel leasing - Consolidated

	Sites	Cars	Equipment	Total
Falling due within one year after expiry of the financial year	3.420	1.136	224	4.780
Falling due between 1-5 years after expiry of the financial year	3.724	1.027	1.282	6.033
Falling due after more than 5 year after expiry of the financial year	11.886	0	0	11.886
	19.030	2.163	1.506	22.699

Contingent liabilities

Operationel leasing - Parent

	Sites	Cars	Equipment	Total
Falling due within one year after expiry of the financial year	2.863	731	0	3.594
Falling due between 1-5 years after expiry of the financial year	3.724	646	0	4.370
Falling due after more than 5 year after expiry of the financial year	11.500	0	0	11.500
	18.087	1.377	0	19.464

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.

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 54,083 thousand at the 31 December 2017.

Note

13 **Contingent liabilities and collateral**

Collateral	**Consolidated**	**Parent**
Bank guarantee for costums duty	381	381
	381	381

NOTES **DKK'000**

Note

14 **Fees paid to the auditors appointed at the general meeting**

	Consolidated		Parent	
ERNST & YOUNG	**2017**	**2016**	**2017**	**2016**
Audit fees	1.078	1.082	650	768
Opinions with security	279	0	0	0
Tax consultancy	122	148	122	135
Non-audit fees	3.469	252	3.469	57
	4.948	1.482	4.241	959
Others				
Audit fees	1.152	394	0	0
	1.152	394	0	0
Total fees	6.100	1.876	4.241	959

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

Drawing rights in credit institutions are based on variable interest rates, which means that interest changes are rapidly reflected in the income statement. On the other hand, interest rate changes will not result in any significant changes in the fair value of interest-bearing debt.

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.

NOTES **DKK'000**

Note

16 **Related party disclosures**

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

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

Insepa A/S holds the majority of the share capital in the entity.

Insepa A/S' related parties exercising significant influence comprise group enterprices and associates 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 basis.

17 **Events after the balance sheet date**

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