Deloitte
Statsautoriseret
Revisionspartnerselskab
CVR-nr. 33963556
Weidekampsgade 6
2300 København

Telefon 89 20 70 00
Telefax 89 20 70 05
www.deloitte.dk

Jeka Fish A/S
Havnen 70
7620 Lemvig
Central Business Registration No
76129010

Annual report 2016

The Annual General Meeting adopted the annual report on 27.03.2017

Chairman of the General Meeting

____
Name: Dennis Kim Willer

Contents

Entity details

Entity
Jeka Fish A/S
Havnen 70
7620 Lemvig

Central Business Registration No: 76129010
Registered in: Lemvig
Financial year: 01.01.2016 - 31.12.2016

Phone: +4597811700
Fax: +4597811701

Board of Directors
René Jørgen Spogard, chairman
Dennis Kim Willer
Toby Oliver James Baxendale

Executive Board
Halldór Arnarson, chief exdcutive officer
Morten Lindberg, chief financial officer

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 København

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Jeka Fish A/S for the financial year 01.01.2016 - 31.12.2016.

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

In our opinion, the financial statements give a true and fair view of the Entity’s financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Lemvig, 27.03.2017

Executive Board

Halldór Arnarson chief exdcutive officer	Morten Lindberg chief financial officer

Board of Directors

René Jørgen Spogard chairman	Dennis Kim Willer	Toby Oliver James Baxendale

Independent auditor's report

To the shareholders of Jeka Fish A/S

Opinion

We have audited the financial statements of Jeka Fish A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the financial statements

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

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

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

Independent auditor's report

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.

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

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

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary 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 commentary 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 commentary.

Copenhagen, 27.03.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Claus Jorch Andersen
State Authorised Public Accountant

Management commentary

	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000	2012 DKK'000
Financial highlights					
Key figures					
Gross profit	57.647	47.698	52.616	54.597	26.605
Operating profit/loss	3.823	5.881	10.149	17.143	(6.626)
Net financials	(4.499)	(5.060)	(5.364)	(2.808)	(6.573)
Profit/loss for the year	(414)	632	3.749	10.795	(9.905)
Total assets	127.927	114.030	105.297	87.805	89.897
Investments in property, plant and equipment	24.349	8.240	11.521	9.843	869
Equity	19.956	21.419	22.837	23.293	12.498
Ratios					
Return on equity (%)	(2,0)	2,9	16,3	60,3	(51,2)
Equity ratio (%)	15,6	18,8	21,7	26,5	13,9
Equity ratio incl. subsidies	16,0	19,3	22,3	27,5	14,4

Jeka Fish A/S have merged with it's sister company Cimbric A/S with effect from 1. January 2016. According to the accounting principles the merger has incorporated in the figures with effect from 1. January without adjusting the figures from prior years.

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	**Calculation formula**	**Ratios**
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.
Equity ratio incl. subsidies	$\frac{\text{Equity x 100}}{\text{Total assets - subsidies}}$	The financial strangth of the entity incl. subsidies

Management commentary

Primary activities

Jeka Fish A/S have merged with its sister company Cimbric A/S, and therefore this report includes both the old Jeka Fish A/S and Cimbric A/S activities. The activities this year equal to earlier years in the 2 companies is purchase, process and sales of whitefish and shellfish. Production is established in the Company's facilities in Lemvig.

Development in activities and finances

The Company's income statement for 2016 show a loss of 414 t.kr. against a profit of 1,949 t.kr. (merged result) last year. The result is considered unsatisfactory.

Prices of coldwater shrimps collapsed during 2016. This caused huge loss on the raw material stock, which made the shellfish business loss giving, at a very unsatisfactory level. The whitefish business made a reasonable profit, even though it was below our expectation, and therefore little satisfactory. Most of the whitefish is bought in USD, and the strong USD is a factor that has affected our result and balance in 2016.
At 31. December 2016 the Company's merged balance sheet stands at 127,927 t.kr. against 141,778 t.kr. (merged balance without eliminations) last year. Equity stands at 19.956 t.kr. against 22,967 t.kr. (merged balance without eliminations) last year.

Outlook

We expect a positive development in operations for the coming years as well as positive earnings. The merge will help with making operations more lean and more effective, we expect better earnings and more lean balance sheet due to the merger.

Particular risks

Price risks

Cod accounts for over 80% of the Company's commodity base, and Shellfish is at 18%. The Company purchases commodities in a global commodity market subject to global competition. Last year Cod accounted for over 95% the merger gives the Company less global risk, but mitigates risk from more than one raw material set up. The activities of the Company may therefore be affected positively or negatively by the purchase of commodities as well as by the development in commodity prices.

Liquidity risks

Jeka Fish A/S has made an agreement on the operating finance for the calendar year 2017 with the Company's banks

Currency risks

The Company's foreign currency transactions primarily relate to purchases in USD and NOK, and sales in EUR and GBP. The Company hedges its currency risks on a current basis through forward exchange contracts.

Management commentary

Interest rate risks

It is the Company policy to hedge interest rate risks by concluding interest agreements.

Other risks

No other risks

Environmental performance

The Company's factory is subject to section 33 of the Danish Environmental Protection Act. The municipality of Lemvig is the regulatory authority. The Company holds a level 1 rating based on the criteria that its compliance with laws is exemplary and that it uses medium resources within systematics and information. The Company buys its Cod from long lines and therefore a sustainable fishing, we also used MSC fish and shellfish which also stands for sustainable fishing.

Research and development activities

The Company is continuously working on developing its own products, including flavors etc.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2016

	Notes	2016 DKK	2015 DKK
Gross profit		**57.646.838**	**47.697.795**
Staff costs	1	(48.544.311)	(38.151.053)
Depreciation, amortisation and impairment losses	2	(5.279.316)	(3.665.586)
Operating profit/loss		**3.823.211**	**5.881.156**
Other financial income from group enterprises		154.090	321.617
Other financial income		1.721.709	982.359
Other financial expenses		(6.374.966)	(6.363.914)
Profit/loss before tax		**(675.956)**	**821.218**
Tax on profit/loss for the year	3	261.717	(188.880)
Profit/loss for the year	4	**(414.239)**	**632.338**

Balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK
Land and buildings		24.856.504	25.640.133
Plant and machinery		31.464.031	22.435.670
Other fixtures and fittings, tools and equipment		1.109.930	698.387
Property, plant and equipment	5	**57.430.465**	**48.774.190**
Investments in group enterprises		0	85.000
Other investments		57.041	0
Deferred tax		720.300	0
Fixed asset investments	6	**777.341**	**85.000**
Fixed assets		**58.207.806**	**48.859.190**
Raw materials and consumables		21.109.469	20.639.230
Work in progress		1.626.435	6.444.886
Manufactured goods and goods for resale		7.920.859	8.794.369
Inventories		**30.656.763**	**35.878.485**
Trade receivables		31.201.467	21.156.504
Receivables from group enterprises		7.147.695	7.593.508
Other receivables		699.499	536.660
Receivables		**39.048.661**	**29.286.672**
Other investments		5.185	5.185
Other investments		**5.185**	**5.185**
Cash		**9.081**	**0**
Current assets		**69.719.690**	**65.170.342**
Assets		**127.927.496**	**114.029.532**

Balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK
Contributed capital	7	3.500.000	3.500.000
Retained earnings		16.456.337	17.919.061
Equity		**19.956.337**	**21.419.061**
Deferred tax		0	1.992.521
Provisions		**0**	**1.992.521**
Bank loans		7.183.595	11.289.578
Finance lease liabilities		2.085.390	2.375.017
Payables to group enterprises		1.445.736	4.000.000
Other payables		3.126.815	2.647.494
Deferred income	8	3.413.854	2.788.837
Non-current liabilities other than provisions	9	**17.255.390**	**23.100.926**
Current portion of long-term liabilities other than provisions	9	9.652.461	7.643.952
Bank loans		62.069.529	44.535.449
Trade payables		8.531.023	5.401.612
Other payables		10.462.756	9.936.011
Current liabilities other than provisions		**90.715.769**	**67.517.024**
Liabilities other than provisions		**107.971.159**	**90.617.950**
Equity and liabilities		**127.927.496**	**114.029.532**
Financial instruments	10		
Unrecognised rental and lease commitments	11		
Mortgages and securities	12		
Related parties with controlling interest	13		
Transactions with related parties	14		
Group relations	15		

Statement of changes in equity for 2016

	Contributed capital DKK	Retained earnings DKK	Proposed extraordinary dividend DKK	Total DKK
Equity beginning of year	3.500.000	17.919.061	0	21.419.061
Effect of mergers and business combinations	0	1.547.515	0	1.547.515
Extraordinary dividend paid	0	0	(2.596.000)	(2.596.000)
Profit/loss for the year	0	(3.010.239)	2.596.000	(414.239)
Equity end of year	**3.500.000**	**16.456.337**	**0**	**19.956.337**

Notes

	2016 DKK	2015 DKK
1. Staff costs		
Wages and salaries	43.005.006	33.377.498
Pension costs	3.299.665	2.735.354
Other social security costs	1.233.114	1.121.221
Other staff costs	1.006.526	916.980
	48.544.311	**38.151.053**
Average number of employees	**112**	**83**

	Remuneration of management 2016 DKK	Remuneration of management 2015 DKK
Executive Board	1.962.776	1.768.239
Board of Directors	331.812	0
	2.294.588	**1.768.239**

	2016 DKK	2015 DKK
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	5.735.599	4.150.586
Profit/loss from sale of intangible assets and property, plant and equipment	(456.283)	(485.000)
	5.279.316	**3.665.586**

	2016 DKK	2015 DKK
3. Tax on profit/loss for the year		
Tax on current year taxable income	0	685.021
Change in deferred tax for the year	(261.717)	(496.141)
	(261.717)	**188.880**

Notes

	2016 DKK	2015 DKK
4. Proposed distribution of profit/loss		
Retained earnings	(414.239)	632.338
	(414.239)	**632.338**

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK
5. Property, plant and equipment			
Cost beginning of year	36.896.061	50.921.174	1.334.884
Addition through business combinations etc	2.129.733	12.233.722	858.151
Additions	72.492	8.348.335	707.049
Disposals	0	(599.500)	(316.884)
Cost end of year	**39.098.286**	**70.903.731**	**2.583.200**
Depreciation and impairment losses beginning of the year	(11.255.928)	(28.485.504)	(636.497)
Transfers	(1.697.944)	(7.490.132)	(761.662)
Depreciation for the year	(1.287.910)	(4.063.564)	(384.125)
Reversal regarding disposals	0	599.500	309.014
Depreciation and impairment losses end of the year	**(14.241.782)**	**(39.439.700)**	**(1.473.270)**
Carrying amount end of year	**24.856.504**	**31.464.031**	**1.109.930**
Recognised assets not owned by entity	**0**	**4.678.150**	**564.733**

Notes

	Investments in group enterprises DKK	Other investments DKK	Deferred tax DKK
6. Fixed asset investments			
Cost beginning of year	85.000	0	0
Addition through business combinations etc	0	57.041	0
Additions	0	0	720.300
Cost end of year	**85.000**	**57.041**	**720.300**
Impairment losses for the year	(85.000)	0	0
Impairment losses end of year	**(85.000)**	**0**	**0**
Carrying amount end of year	**0**	**57.041**	**720.300**

	Registered in	Corpo-rate form	Equity inte-rest %
Investments in group enterprises comprise:			
Oyster Boat ApS	Lemvig	ApS	51,0

	Number	Par value DKK	Nominal value DKK
7. Contributed capital			
Selskabskapital	3.500.000	1	3.500.000
	3.500.000		**3.500.000**

Notes

8. Long-term deferred income

The company have received subsidies from Danish and EU Authorities. These subsidies and projects is an important part of the company and will be part of the company's balance sheet until depreciated in full. Due to Danish accounting law, these subsidies must be registered as debt. We see this as an incorrectly way to handle these subsidies and that it gives a wrong value of our material assets. This note follows IFRS view on subsidies and gives the correct view of the companies material assets.

Mat. Assets value before subsidies	57.430.465
Subsidies	3.543.054
Mat. Assets value after subsidies	53.887.411
Total assets after subsidies	124.384.442

The above change effects the following key figures

Equity ratio after subsidies	16,0%

	Instalments within 12 months 2016 DKK	Instalments within 12 months 2015 DKK	Instalments beyond 12 months 2016 DKK	Outstanding after 5 years DKK
9. Liabilities other than provisions				
Bank loans	4.454.353	4.443.700	7.183.595	2.665.152
Finance lease liabilities	1.068.908	964.740	2.085.390	0
Payables to group enterprises	4.000.000	2.106.312	1.445.736	0
Other payables	0	0	3.126.815	0
Deferred income	129.200	129.200	3.413.854	2.142.837
	9.652.461	**7.643.952**	**17.255.390**	**4.807.989**

Notes

10. Financial instruments

Other payables contains fair value on forward exchange contracts with a carrying amount of DKK 333k. The company has signed exchange contracts to partially cover the exchange risk of trade payables in USD by UDS 300k. (DKK 2,116k) and GBP by GBP 340k. (DKK 2,952k). The forward exchange contract are due within 1 month.

The company has signed exchange contracts to partially cover the exchange risk of trade receivables in USD 300k. (DKK 2,116k) and NOK by NOK 5,399k. (DKK 4,417k). The forward exchange contract are due within 1 month.

All forward exchange contracts are conducted with the company's bank.

	2016 DKK	2015 DKK
11. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**1.240.000**	**2.667.000**

12. Mortgages and securities

Debt to Realkredit Danmark A/S is secured by way of charge on plant with a carrying amount of DKK 18,370k at 31. December 2016.

Debt to Danske Bank is secured by buildings (maximum DKK 17,100k) with a carrying amount of DKK 24,857k at 31 December 2016.

Debt to Danske Bank is secured on movable property (maximum DKK 3,600k) with a carry amount of DKK 27.865k.

Debt to Danske Bank and Vestjysk Bank is secured by way of general floating charges of DKK 44,000k and DKK 24,000k, respectively corresponding to an asset value of dkk 90,2 mio.

The Company participates in joint taxation (DK) with Deltaq a/s as the administration company and, consequently, is jointly and severally liable as of 1 July 2012 with the other jointly taxed companies for the total corporation tax and for any obligation to withhold tax at source on interest, royalties and dividends for the jointly taxed companies.

Notes

13. Related parties with controlling interest

The following related parties have a controlling interest in Jeka Fish A/S:

Name	Registered office	Basis of influence
Jeka Fish Holding 2 ApS	Brogrenen 10,2, 2635 Ishøj, Denmark	Principal shareholder

14. Transactions with related parties

Transactions with related parties, is only mentioned in the annual report if the transactions are not performed at arm’s length. There is no such transaction in the fincial year 2016.

15. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Jeka Fish A/S is included in the consolidated financial statements of Deltaq Portefølje Holding VI ApS, Central Businee Registration no 32 14 07 77.

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year.

Mergers
Mergers with group companies are incorporated using the merger accounting method without adjusting the comparative figures from prior years.

Consolidated financial statements
Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement
Gross profit or loss

Accounting policies

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Property costs

Property costs include costs incurred to operate the Entity's properties in the financial year, including repair and maintenance costs, property tax and electricity, water and heating, which are not charged directly from the lessee.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income from group enterprises

Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Accounting policies

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet
Property, plant and equipment
Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset’s fair value and present value of future lease payments.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	20-35 years
Plant and machinery	2-10 years
Other fixtures and fittings, tools and equipment	2-5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises’ equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Accounting policies

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these en-terprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Other investments
Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date and unlisted equity investments measured at cost. Unlisted equity investments are written down to any lower net realisable value.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Other investments
Securities recognised under current assets comprise listed securities measured at fair value (market price) at the balance sheet date.

Accounting policies

Cash
Cash comprises cash in hand and bank deposits.

Finance lease liabilities
Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Deferred income
Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement
No cash flow statement has been prepared as the Company's cash flow is included in the consolidated financial statement of the Company's ultimate parent, see section 86(4) of the Danish Financial Statements Act.