



ANNUAL REPORT

ROYAL GREENLAND A/S

OCTOBER 1ST 2015 - DECEMBER 31ST 2016

ANNUAL REPORT
Royal Greenland A/S

2015/2016
October 1st 2015 - December 31st 2016



Reg.nr. 184.991

The annual report has been prepared and
approved by the ordinary
Annual General Meeting on May 3rd 2017

Peter Schriver
Chairman

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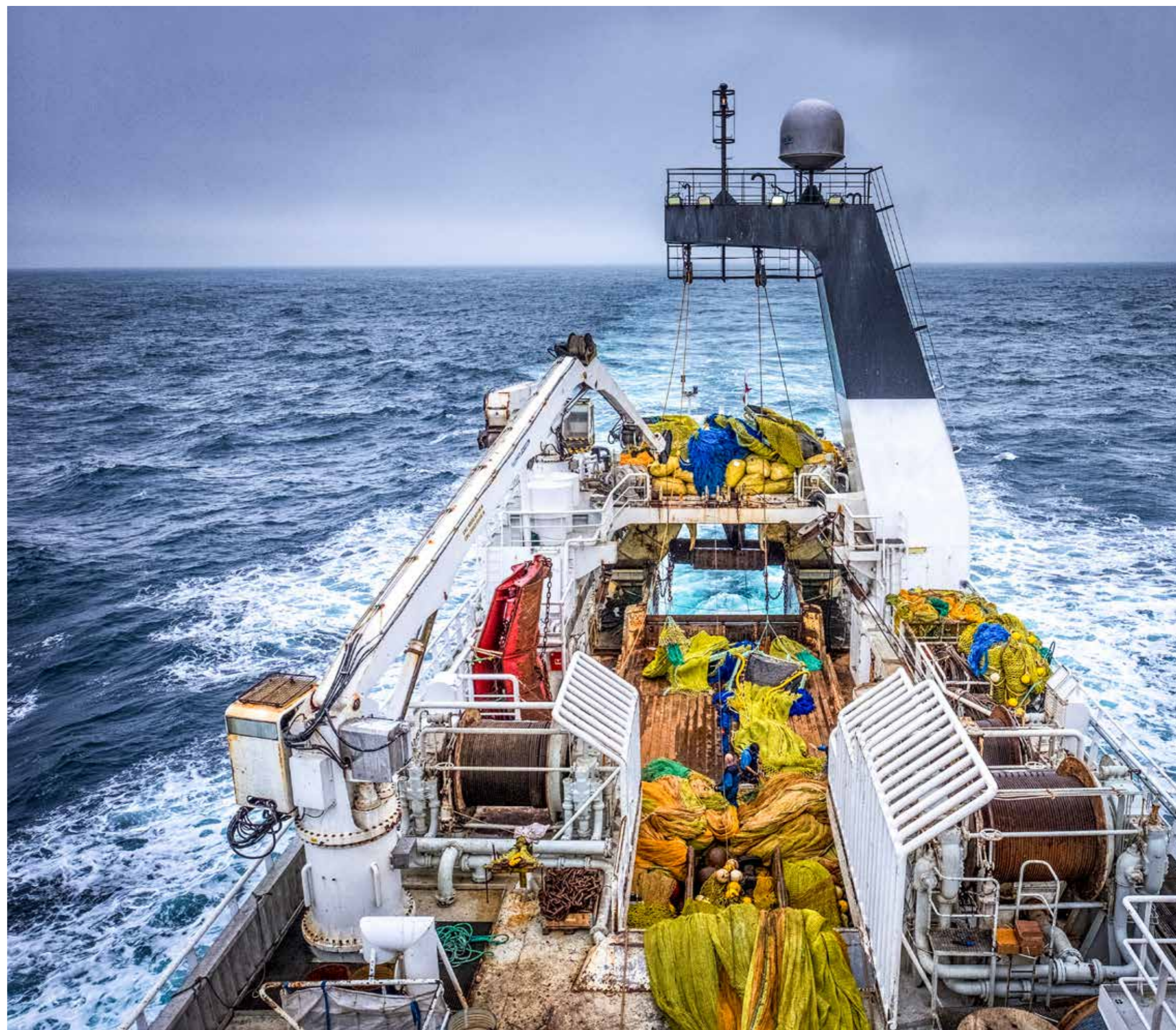
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The pictures in the annual report mainly derive from Royal Greenland's internal archive. In addition a number of employees have contributed their own pictures.





1,842

fishermen have landed their catches in Greenland to Royal Greenland*

Net revenue*
7,105
in DKK million

100,000
order transactions



526,211
pallets of fish and prawns*



THE GROUP'S VALUE CHAIN

- THE YEAR IN FIGURES

FISHERY

We fish in large areas of the North Atlantic and in the Arctic, with our own fleet and in collaboration with independent fishermen.

PRODUCTION

At our factories and landing facilities, local fishermen and our own fleet land their daily catches of fish and shellfish. The raw materials are processed and packed.

QUALITY

The supply of high-quality products is the core of our business. We take responsibility for our products, from sea to table, and hold certifications in accordance with international standards.

DISTRIBUTION

We have a well-consolidated distribution network to consign products from various locations in Greenland, Newfoundland, Quebec, Denmark, Germany and Poland to customers throughout the world.

IN THE KITCHEN

Our products are used in many different cultures, with various flavour preferences, and end up as healthy, tasty meals in homes, canteens and restaurants all over the world.



Landed tonnes of fish in Greenland*

84,000

No. of vessels

17



5,900
tonnes of snow crab landed at Quin-Sea Fisheries

Net profit before tax*
335
in DKK million

49
factories globally



* The 2015/16 financial year covers 15 months, which these figures reflect.



tonnes of finished products*
132,000



Sales to
45
countries

Trainees, apprentices and students
80



2,769
employees

Statement by the Management on the Annual Report

The Supervisory and Executive Boards have today considered and adopted the Annual Report of Royal Greenland A/S for the financial year from October 1st 2015 to December 31st 2016.

The Annual Report has been presented in accordance with the Danish Financial Statements Act. We consider the accounting policies applied to be appropriate, so that the Annual Report provides a true and fair view of the Group's and the Parent Company's assets and liabilities, financial position and financial performance, and the consolidated cash flow.

We recommend the Annual Report for adoption by the Annual General Meeting.

Copenhagen, March 29th 2017

Executive board

Mikael Thinghuus
Nils Duus Kinnerup
Bruno Olesen
Lars Nielsen

Supervisory board

Niels Harald de Coninck-Smith
Jan H. Lynge-Pedersen
Pernille Fabricius
Sara Heilmann
Tim Ørting Jørgensen
Åse Aulie Michelet
Peter Korsbæk
Niels Ole Møller
Lars Berthelsen

INDEPENDENT AUDITORS' REPORT

To the shareholder of Royal Greenland A/S

We have audited the Annual Report of Royal Greenland A/S for the financial year October 1st 2015 – December 31st 2016, comprising the Management's Review, accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the parent company, and the consolidated cash flow statement. The annual report is prepared in accordance with the Danish Financial Statements Act.

Management's responsibility

Management is responsible for the preparation of an Annual Report that gives a true and fair view in accordance with the Danish Financial Statements Act. Management is also responsible for the internal control which the management considers necessary in order to prepare an Annual Report that is free from material misstatement, whether due to fraud or error.

On preparing the Annual Report, the management is responsible for assessing the Group and the company as a going concern; disclosing information concerning continued operations, where relevant; and preparing the Annual Report on the basis of the accounting policy concerning continued operations, unless the management either intends to liquidate the Group or companies, discontinue operations, or has no other realistic alternative to this.

The auditor's responsibility for the audit of the annual report

We conducted our audit in accordance with international auditing standards and the additional requirements applying in Greenland. We are independent of the Group and the company, in accordance with the international ethical rules for auditors (IESBA's Ethical Rules) and the additional requirements applying in Greenland, just as we have fulfilled our other ethical obligations in relation to these rules and requirements.

Our aim is to achieve a high degree of certainty that the overall Annual Report is free from material misstatement, whether due to fraud or error, and to present an auditor's endorsement with an opinion. A high degree of certainty is a high level of certainty, but does not guarantee that an audit performed in accordance with international auditing standards and the additional requirements applying in Greenland will always reveal any material misstatement. Incorrect information may arise as a consequence of fraud or error and may be considered to be material if it can reasonably be expected that it may individually or overall influence the financial decisions taken by users of the accounts on the basis of the Annual Report.

As an element of the audit, which is performed in accordance with international auditing standards and the additional requirements applying in Greenland, we perform expert assessments and maintain professional scepticism during the audit. In addition:

- We identify and assess the risk of material misstatement in the Annual Report, whether due to fraud or error, design and perform audit procedures in reaction to these risks, and obtain audit evidence that is sufficient and appropriate to form a basis for our opinion. The risk of failing to discover material misstatement due to fraud is higher than for material misstatement due to errors, since fraud may include conspiracy, forgery of documents, deliberate omissions, misrepresentation or internal control failure.
- We obtain an understanding of the internal control with relevance for the audit, in order to perform audit procedures that are appropriate in the circumstances, but not to express an opinion concerning the effectiveness of the company's internal control.

- We consider whether the accounting policies applied by the management are appropriate, and whether the accounting estimates and related information prepared by the management are reasonable.
- We conclude whether the management's presentation of the Annual Report according to the accounting policy of continued operation is reasonable, and whether on the basis of the audit evidence obtained there is significant uncertainty concerning events or circumstances that may lead to significant doubt concerning the ability of the Group or company to continue operations. If we conclude that a significant uncertainty exists in our audit endorsement, we must draw attention to information about this in the Annual Report or, if such information is not sufficient, modify our opinion. Our opinion is based on the audit evidence achieved up to the date of our audit endorsement. Future events or circumstances may entail, however, that the company cannot continue operations.
- We consider the overall presentation, structure and content of the Annual Report, including the notes, and whether the Annual Report reflects the underlying transactions and events in such a way as to present a true and fair view thereof.
- We obtain sufficient and adequate audit evidence for the financial information for the companies or business activities in the Group, in order to express an opinion concerning the consolidated accounts. We are responsible for the management, supervision and performance of the consolidated audit. We hold sole responsibility for our audit opinion.
- We assess whether the information in the Management's Review is relevant and reliable, and whether the Management's Review provides the information necessary to give a true and fair account of the development in the financial activities and circumstances of the Group and the company.

We communicate with executive management concerning the planned scope and timing of the audit, as well as significant audit observations, including any material deficiencies in the internal control that we identify during the audit.

It is our opinion that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Annual Report gives a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at December 31st 2016 and of the results of the Group's and the Parent Company's activities and consolidated cash flows for the financial year from October 1st 2015 to December 31st 2016, in accordance with the Danish Financial Statements Act.

Copenhagen, March 29th 2017

EY Grønland

Godkendt Revisionsanpartsselskab
CVR-nr: 33 94 61 71

Claus Hammer-Pedersen -
State Authorised Public Accountant

Jens Weiersøe Jakobsen -
State Authorised Public Accountant



FINANCIAL HIGHLIGHTS AND KEY RATIOS

PROFIT/LOSS

KEY FIGURES - DKK mill.	2015/16 15 mo.	2014/15 12 mo.	2013/14 12 mo.	2012/13 12 mo.	2011/12 12 mo.
Net revenue	7,105	4,721	4,913	5,312	4,976
Profit from ordinary operating activities (EBIT)	337	237	171	181	238
Net financials	(2)	(33)	28	(13)	(57)
Net profit before tax	335	204	199	168	180
Net profit for the year	173	113	136	100	136

BALANCE SHEET

KEY FIGURES - DKK mill.	31.12.16	30.09.15	30.09.14	30.09.13	30.09.12
Fixed assets	1,587	1,207	1,068	1,191	1,238
Net working capital	1,549	1,440	1,124	1,391	1,531
Equity	1,414	1,264	1,166	1,066	1,009
Net interest-bearing debt	1,347	1,123	897	1,407	1,599
Balance sheet total	4,552	4,012	3,575	3,787	3,853
Investments in property, plant and equipment	387	180	163	138	109

RATIOS IN %

%	31.12.16	30.09.15	30.09.14	30.09.13	30.09.12
EBIT-margin	4.7	5.0	3.5	3.4	4.8
EBT-margin	4.7	4.3	4.1	3.2	3.6
ROIC including goodwill	10.4	11.2	8.1	7.6	9.6
Return on equity (ROE)	12.1	10.7	13.3	10.9	15.7
Equity ratio	32.1	32.9	33.2	28.4	26.7
Net interest-bearing debt / EBITDA	2.9	2.8	2.8	4.2	3.6

NUMBER OF EMPLOYEES

Antal	31.12.16	30.09.15	30.09.14	30.09.13	30.09.12
Greenland	1,401	1,202	979	910	832
Denmark	197	195	200	227	234
Other countries	1,171	759	727	920	896
Total	2,769	2,156	1,906	2,057	1,962

The 2015/16 financial year comprises 15 months, as the financial year was adjusted to 31.12. The figures from the profit and loss account used to calculate the key ratios are converted to 12 months on a pro rata basis.

SUCCESSFUL EXPANSION OF THE STRATEGIC PLATFORM & SOUND OPERATING PROFIT

Through its "North Atlantic Champion" strategy, Royal Greenland aims to be the world's leading supplier of seafood wild-caught in the North Atlantic.

The improvement reflects strong development for shell-on prawns, Greenland halibut and snow crab, while this was a challenging year for cooked & peeled prawns, due to declining sales prices

In 2016, Royal Greenland acquired the Newfoundland company Quin-Sea Fisheries Ltd., whereby Royal Greenland strengthened its position within cold-water prawns and also added snow crab as a third core activity.

Royal Greenland has thus expanded the strategic platform so that it now comprises of cold-water prawns, Greenland halibut and snow crab.

The acquisition of Quin-Sea Fisheries Ltd. also gives increased market access to North America, where Quin-Sea's sales can be used to establish North America as a key market, in line with Europe, Scandinavia and Asia.

2015/16 reflects yet another record pre-tax profit, at DKK 335 million. However, since the financial year has been changed to correspond with the calendar year, this is for a 15-month period. Measured against a comparable period, the profit improved by DKK 20 million.

The improvement reflects strong development for shell-on prawns, Greenland halibut and snow crab, whereas this was a challenging year for cooked & peeled prawns, due to falling sales prices.

The result reflects the strength and breadth of Royal Greenland's product and market portfolio, and the company's unique position in the value chain, whereby Royal Greenland constantly strives to be closest to the resources, closest to the customer, and closest to the consumer.

Royal Greenland's mission, or raison d'être, is:

"We sustainably maximise the value of the North Atlantic marine resources, for the benefit of our owner and the local communities in which we operate."

On the basis of our Greenlandic origin and our strong anchoring in high-quality products, Royal Greenland is committed to developing and processing our core fisheries resources for the maximum benefit of Greenland's society and our owner, the Government of Greenland, and also with due respect for the many local communities of which we are part throughout the world. In this way we can maximise the value of Royal Greenland, as illustrated by the development in results.

To fulfil the ambition to develop new business areas in accordance with our mission, in 2016, Royal Greenland established a joint venture with the Icelandic company Isfelag, and also formed Pelagic Greenland A/S to develop pelagic fishing off East Greenland.

Last, but not least, it has been decided to make the largest investment in the company's recent history, by replacing the two trawlers Sisimiut and Qaqqatsiaq with two newbuildings, to be delivered in 2019, in order to strengthen Royal Greenland's primary fisheries activities.

The development in results and equity of DKK 1.4 billion, equivalent to an equity ratio of 32%, documents that Royal Greenland is a financially strong Group, with a focused growth strategy.

record pre-tax profit at

335
DKK million

ACCOUNTS

Growth in the core activities was maintained during the financial year. Compared to equivalent 12- and 15-month periods last year, growth amounts to 14%. The pre-tax profit of DKK 335 million is the best in Royal Greenland's history, and is considered to be satisfactory.

Shell-on prawns, snow crab and Greenland halibut account for the company's positive development.

With a strong market and effective fisheries, shell-on prawns had the best year ever, with sales growth in the Asian markets and Russia, in particular.

In 2016, snow crab was subject to high demand at attractive prices, which led to a positive impact on Quin-Sea Fisheries' contribution to the Royal Greenland Group. The positive market development also increased revenue for snow crab from Greenland.

After a problematic 2014/15, Greenland halibut achieved new growth at good prices. Sales increased by 11% and can be attributed entirely to the Asian markets. The activity is challenged, however, by increasing raw materials prices in Greenland, and the deployment of landing vessels in the Uummannaq and Upernavik areas. The latter will affect activities in the land-based factories, where Royal Greenland will complete the expansion of the factory in Uummannaq in April 2017.

On the other hand, cooked & peeled prawns achieved significantly lower earnings, despite 20% higher volumes. This development is due to declining sales prices during the year, when sales of small prawns in particular were challenged as a consequence of supply exceeding demand. This development should, however, also be viewed in the context that 2014/15 was a particularly strong year for cooked & peeled prawns, so that to some extent this represents a market correction. Furthermore, Brexit has led to a decline in the GBP exchange rate by 10%, which affects earnings from sales of cooked & peeled prawns to the largest market in the world. The product group's earnings were thus more than halved in 2015/16.

North Atlantic cod is still a problematic business area, with continued losses for Royal Greenland. In order to increase the ratio of high-quality products, and thereby improve the financial basis of the Nutaaq project in Maniitsoq, a number of measures have been taken in the production of fillets and de-headed cod. These improvements will begin to have an impact in the late summer of 2017. The project is challenged by a lack of stable manpower, which makes it difficult to produce the optimum product mix in relation to market demand. There is focus on hiring manpower from abroad for some of the factories in Greenland in 2017.

Lumpfish roe achieved a significant improvement, although from a less satisfactory starting point in 2014/15.

Among the non-North Atlantic product groups, salmon was a challenge in terms of re-sales of salmon portions to the European retail market, and as smoked products. In 2015/16, the price of the salmon resource increased by more than 40% and it was not possible for the entire price increase to be covered by sales prices. Salmon portions continue to be an interesting business area, while smoked products show a loss.

For flatfish, breaded products and natural products from the factory in Koszalin, Poland, earnings were at the same level as last year, despite a 10% increase in activity. There were particular challenges with the resources available for the flat fish range.

On the other hand, the zip-lock convenience range from the factory in Cuxhaven continued to deliver good earnings.

The associated companies show an improvement, as a consequence of favourable earnings for coastal prawn fishing, and fine development for the deep-sea shipping company, Qaleralik, which fishes Greenland halibut, white fish and mackerel.

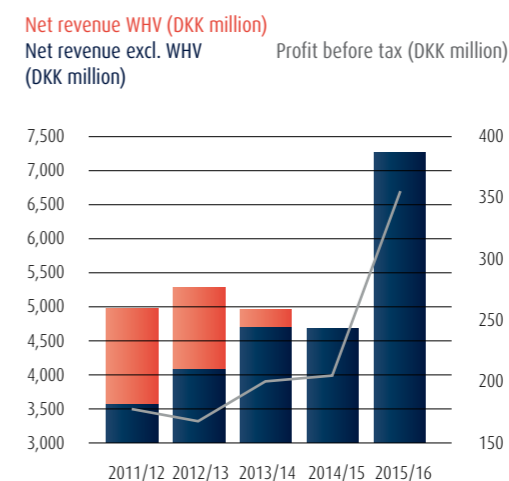
The profit after tax amounts to DKK 173 million. The minority interest in the trawler company Ice Trawl Greenland amounts to DKK 29 million, having increased as a consequence of effective fishing for shell-on prawns and a strong market. During the year, Ice Trawl Greenland invested in a trawler for line fishing for Greenland halibut, cod, etc. The positive development for the North Atlantic species, and thereby the products from Greenland, results in a high tax rate.

Tax recognised in Greenland amounts to DKK 70 million.

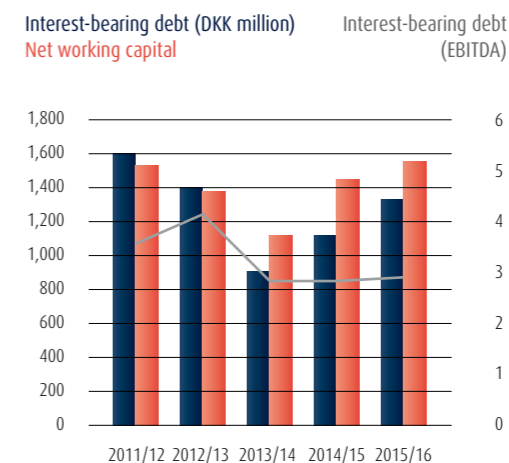
At year-end, Royal Greenland's interest-bearing debt amounted to DKK 1.3 billion and has increased by DKK 0.2 billion. As planned, this development reflects a high investment level in 2015/16.

Working capital increased by DKK 109 million. Stocks were a challenge during the year, but a number of initiatives have been launched, so that during the last three months of the financial year stockpiling was reduced by DKK 0.3 billion. Furthermore, high sales in the October quarter led to an increase in net debtors.

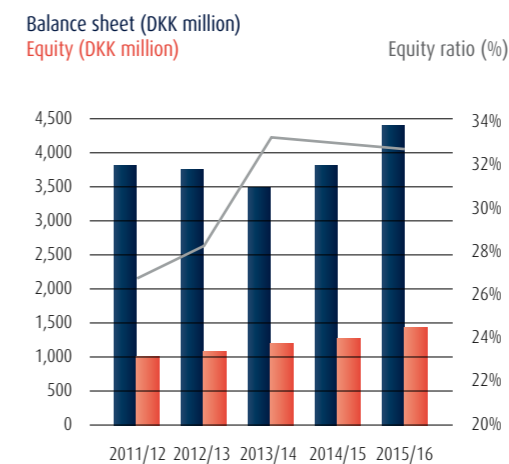
With a strong market and effective fisheries, shell-on prawns had the best year ever, with sales growth in the Asian markets and Russia in particular



Note: 2015/16 covers 15 months. WHV is the fish finger activity in Wilhelmshaven, which was sold in 2013.



Note: 2015/16 is as at December 31st, while the other data is as at September 30th.



Note: 2015/16 is as at December 31st, while the other data is as at September 30th.

In relation to EBITDA, the debt ratio is 2.9, compared to 2.8 last year, and is still under full control. The increase is related to a high investment level in line with the North Atlantic Champion strategy, which will increase the Group's earnings in the future.

Cash flow from operations amounts to DKK 313 million. Cash flow after investments amounts to DKK 99 million, after deduction of dividend disbursement of DKK 57 million.

The company's capital and reserves have increased to DKK 1,414 million, while the equity ratio is 32%.

Pursuant to the company's dividend policy, DKK 87 million has been allocated as dividend, corresponding to 50% of the net profit after tax for the year. As a consequence of a good return on the strategic investments, a total of DKK 100 million has been allocated.

No events have occurred after the close of the financial year that affect the result or the balance sheet.

Outlook

The expectations for 2017 are a continuation of the positive trend which the company has experienced during the past six years.

Based on the known quotas for prawn and Greenland halibut in Greenland, and the expectations of lower volumes of resources in Newfoundland, a higher pre-tax profit on a 12-month basis is expected. The principal risk factors are the development in sales prices, and the terms of competition for Greenland halibut in Greenland, with the latter being related to both fish prices and volumes.

The development in the global economy and its impact on demand continues to be a key factor of uncertainty.

Again in 2017, the investment level will be high, as a consequence of the investment in two new trawlers, as well as various strategic initiatives, although a positive liquidity effect, after deductions for investments, is expected.

As a consequence of a continued high level of investment activity, interest-bearing debt is expected to amount to an average of DKK 1.5 billion, with a ratio to EBITDA of around 3.2, and thus remains under full control despite an expansive business plan.



STRONG SALES WITH EXPANDED MARKET ACCESS

In the sales area, Royal Greenland had an exciting and challenging financial year, with strong growth resulting from an acquisition - together with sound organic growth.

Sales of products from Quin-Sea Fisheries have been integrated into Royal Greenland's sales organisation, which has ensured good sales to the North American market. The high growth in Asia continues to be driven by China and Taiwan. A sound basis has been created for future expansion of sales to foodservice customers in Europe. Sales to Russia of shell-on crab and, as a new product, pelagic fish, have been increasing.

The major challenge lies in the development of the market for cooked & peeled prawns, which has seen a price decline together with a shift in the size distribution in favour of higher volumes of small prawns, rather than many large prawns.

Asia

The Asian market continues to exceed the strategically planned growth. Revenue in the expanded financial year is now close to DKK 2 billion and during the financial year the region achieved revenue growth of 25%, primarily due to growth in volume terms. Asia accounts for 27% of the Group's revenue.

Growth is driven primarily by increased sales to China and Taiwan, but there is also revenue growth in the Japanese market, which is recovering after a period with a low JPY exchange rate.

In China/Taiwan, growth was related particularly to strong sales of Greenland halibut, although sales of shell-on crab also increased. A new aspect is the burgeoning sales of cod for consumption in China, in contrast to the previous industrial sales involving the re-export of processed cod to the European and American markets. If cod gains a firm footing in the Chinese market, this could support positive price development for this fish.

Sales to importers in China have been increasing, and the new Chinese organisation has initiated sales of retail-packaged products, while also establishing a strong web-based platform with details of the range, recipes and kitchen school. The range is thus ready for sale in the traditional retail sector and also on the e-commerce platform.

In Japan, revenue increased by 8%, with a lower volume. The increase is related to the product mix, with increased sales of snow crab and fan-tail prawns, and also the adjustment of market prices due to the low exchange rate. The biggest challenge in Japan is that Greenland halibut has reached a price level where the retail sector disregards or downgrades this product. Many initiatives have been taken, but so far it has not been possible to completely restore sales at the required level.

The Asian market continues to exceed the strategically planned growth

FURTHER GROWTH IN ASIA

Significant growth in Asia fulfils Royal Greenland's objective to increase its revenue in the region. Greenland halibut is the primary sales driver, with growth in sales to industrial customers exceeding 50% from the previous year.

Royal Greenland on WeChat

With last year's establishment of a sales office in China, the marketing platform focusing on direct dialogue with Chinese consumers has also been launched.

The popular online platform WeChat is the hub for weekly news, recipes, blogs from local foodies and background information about Royal Greenland and our range. WeChat has more than one billion users in China. A local Chinese website also offers Chinese consumers a host of information about Royal Greenland's products.

RG China is active in Chinese stores with product demonstrations and sales campaigns for the new retail range developed specifically for China.



Snow crab and capelin for Japan

For many years, Royal Greenland's Japanese sales company has been a key player for prawn, Greenland halibut and crab for the quality-conscious Japanese market. The investment in Quin Sea Fisheries in Canada has strengthened RG Tokyo's market position, since they can now deliver directly to the market from one of Canada's major crab producers.

Capelin is another resource from Canadian production that RG Japan has begun to sell. This small fish, which is also used as bait, is a delicacy in Japan, where especially the females with roe are eaten whole, either lightly dried or grilled.



FOOD SERVICE RANGE GOES ONLINE

After careful preparation across many departments, at the end of 2016, Royal Greenland launched a new online product catalogue.

This catalogue has been under way for some time, requiring close cooperation across many departments – from SAP, Masterdata and production, to marketing, sales and quality. The result is a catalogue which presents Royal Greenland's food service range with continuously updated and validated product data. Sales staff can build customer-specific catalogues using a number of different filters, such as product category, item number, certification or size.

The product catalogue is an integrated element of Royal Greenland's new corporate website, which is based on the latest software applications. The system itself can register whether the user is visiting the website from a mobile phone, tablet, laptop or desktop computer, and adjusts the content accordingly. The site is available in seven different languages, giving each primary market its own presentation channel.



www.royalgreenland.com/foodservice

Royal Greenland has a number of customers among sushi chains in Japan. The chains are beginning to expand internationally in Asia, and with them also Royal Greenland as a supplier. This major internationalisation entails growth and better distribution of the sushi range in various countries.

Europe

Royal Greenland's key European markets, comprising Germany, France, the UK, Italy, Poland, Spain, Portugal and Russia, are still the most important market area in overall terms, with a turnover share of 47%. During the financial year, the markets in Europe achieved modest growth, primarily due to the addition of cooked & peeled prawns from Quin-Sea Fisheries for the British market, as a new business area.

Cooked & peeled prawns have presented a particular challenge. Prices for cooked & peeled prawns generally declined in 2016, and furthermore the size distribution of catches has changed from many large prawns to significant growth in the volume of small prawns. The British market was particularly affected by these changes. The UK is the world's most important market for cooked & peeled prawns. At year-end, prices appeared to be stabilising at a level that is still attractive in historical terms. Future price formation will depend on the development in supply.

The prawn quota in Greenland will increase slightly, while the Canadian quota is expected to decline.

Besides defending Royal Greenland's strong position in the prawn market, the focus in the UK is on increasing sales of cod from Greenland. Higher cod catches will make it necessary to increase the market share of the major European markets.

The German and French markets still have the major task of increasing sales of products to the foodservice sector. Various different concepts have been considered, including the development of a concept targeted at the strong Street Food trend.

Italy is also affected by the falling prices for cooked & peeled prawns, but has retained volume in the market. Sales of Greenland halibut and plaice are also increasing.

Poland is developing into an interesting market for cod and halibut. The sales organisation in Poland was originally established to sell products from the factory in Koszalin, but is developing more and more towards a trade organisation for fisheries resources from Greenland.

Royal Greenland's European key markets are still the most important market area, with a revenue share of 47%

TRADE SHOWS AROUND THE WORLD

During the year, Royal Greenland cemented its position as a significant player in the global seafood market. On different continents across the world, we have met new customers in the USA, Asia and in Europe.

The investment in Quin Sea Fisheries Canada has made the North American market a top priority for Royal Greenland. Our current customer portfolio in the USA can be expanded significantly, which made it natural for us to have a stand at Seafood North America (SENA) in Boston. In the North American market, SENA is where the major operators on both sides of the negotiating table meet up to trade crab, cod, lobster and prawns from Canada.



In Tokyo, the Japanese sales organisation attended the Supermarket Trade Show for the retail trade, and in China, the local sales company had a busy time at two fairs in the course of two weeks: Food & Hotel China in Shanghai, and a joint stand together with other Danish food companies at China Fisheries & Seafood Expo in Qingdao. At the latter event, in collaboration with other operators from Greenland, Royal Greenland hosted a large number of Chinese business partners at a reception that was also attended by Vittus Qujaukitsoq, Greenland's Minister for Industry, Labour, Trade and Energy.



In Europe, the sales team attended one of the world's largest seafood fairs, Seafood Expo Europe in Brussels; and also Conxemar in Vigo, Spain, where Royal Greenland is now a well-established cod supplier.





Sales in Spain/Portugal increased by 12% during the financial year. The increase is due particularly to increased sales of frozen and salted cod from Greenland. In view of the most recent growth, in terms of earnings these southern European markets are at the level of some of the markets in which Royal Greenland has established subsidiaries.

Russia, which was previously the world's largest market for shell-on prawns, is now a growth market once again, after a downturn for a number of years. The ongoing increase in the RUB exchange rate and improved economic situation in Russia are pushing consumption up again. Besides shell-on prawns, mackerel and herring are also sold to Russia.

Scandinavia

Scandinavia is an important market for cold-water prawns – both cooked & peeled prawns and shell-on prawns. Scandinavia accounts for 19% of the Group's revenue.

The falling sales prices for cooked & peeled prawns have challenged earnings in Scandinavia, but to a lesser degree than in other markets, since a significant proportion of sales take place under Royal Greenland's own brand, for which prices have been more stable.

Foodservice sales are developing well, among other things due to sales tools which ensure customers updated product specifications and access to a large selection of suggested recipes using Royal Greenland products.

North America

The acquisition of Quin-Sea Fisheries gave Royal Greenland access to a new strategic market and achieved satisfactory sales in the North American market. Up to the purchase of Quin-Sea Fisheries, Royal Greenland had only limited sales of snow crab to one individual business partner. The range comprises snow crab, cooked & peeled prawns and cod, with the potential to expand into additional product groups. Revenue in the expanded financial year reached approximately DKK 300 million.

The North American market for snow crab showed particularly interesting development in 2016. Due to falling quotas, supply fell significantly below demand, with consequentially rising sales prices.

To strengthen relations with customers, Royal Greenland took part in trade delegations in conjunction with official visits by, for example, the Crown Prince and Princess of Denmark.

In view of the increasing revenue, Royal Greenland has decided to establish its own sales force in the USA/Canada.

Royal Greenland has decided to establish its own sales force in the USA/Canada

NEW PRODUCTS AND INNOVATION

In its prioritisation of innovation resources and in its product development work, Royal Greenland focuses on creating innovation as early as possible in the value chain.

Nutaaq® cod won awards at the Fischwirtschaftsgipfel fisheries fair in Germany

One of the cornerstones of the North Atlantic Champion strategy is to maximise the value of our core species: cold-water prawns, Greenland halibut, snow crab, Greenland cod and lumpfish roe. Under the motto "closest to the fish, closest to the customer and closest to the consumer", a number of projects have resulted in new product launches, as well as financial benefits from research and optimisation projects.

Closest to the fish – value creation in the first link of the chain

Prioritising innovation in the processes as close to the fishing ground and catch time as possible ensures high value and quality.

Lightly-salted cod for southern Europe

During the year, there was focus on developing lightly-salted cod products for the southern European markets. Traditionally, the popular southern European Bacalao dish is based on desalination of fully-salted cod, but recent years have seen an upswing in demand for the lightly-salted version, which is easier to prepare. Lightly-salted cod, distinguished by being individually frozen, is now produced in Greenland. The cod is salted in vats, in the traditional way, which results in a high-quality product, with a clear white colour, for the market. Greenland cod accounts for only a very small proportion of the international supply of cod, which makes it very important to develop and market products which are differentiated from the market standard.

Process and product development is opening up new market segments

Royal Greenland's high-quality "Nutaaq" cod, now being produced for the third season in Maniitsoq, has been received well by the market. New 2016 varieties without skin and nerve bones are helping to create a broad assortment, to meet the requirements of several different markets in Europe. Elements of the industrial market also demand the specific Nutaaq quality. With the installation of new lines, and the significantly expanded freezer capacity, we can now also offer de-headed Nutaaq quality to this market segment. Most recently, Nutaaq cod won prizes in the frozen category at the Fischwirtschaftsgipfel fair in Hamburg, Germany.

Closest to the customer – legislation and customer requirements

Both suppliers and customers in retail and foodservice can create market benefits by staying ahead of new food product and official requirements.

Roe in natural colours

In the food industry, there is continued focus on reducing additives and increased use of natural, "Clean Label" ingredients. Traditionally, marinated roe products are dyed using synthetic colourants within the azo dye group. It is difficult to develop natural dyes that are stable in liquids, but using a combination of dyes based on plant extracts it has been possible to develop a stable, natural, black colour for roe. In 2016, Royal Greenland launched an azo-free roe product for the British market.

The Green Keyhole

In the Nordic markets, the requirements of products carrying the "Green Keyhole" label were tightened in 2016. As a consequence, the salt content of processed products such as prawns in brine and roe must be reduced by 50%. Based on a long-term research and development project in collaboration with the National Food Institute at the Technical University of Denmark (DTU), Royal Greenland has reduced the salt content of cooked & peeled prawns, prawns in brine and shell-on prawns, and thereby retained the Green Keyhole. In a market perspective, it is an important competition parameter that focusing on research and development enables us to meet the market's requirements. The taste and texture of the products involved has also been improved.

Closest to the consumer – agility in the market

As a market leader in the seafood category, it is vital to stay abreast of current trends and consumer preferences.

Organic and gluten-free

There is increasing demand for gluten-free products in several European markets. On the basis of approval for gluten-free production at the factory in Koszalin, Royal Greenland launched three product varieties with gluten-free breeding for the Scandinavian market during the year. Three varieties with organic breeding have also been launched in the market, and all six varieties are sold in both the retail and foodservice sectors.

Innovative packaging for smoked products

A new range of cold- and hot-smoked Greenland halibut, cod and salmon products has been launched in the retail sector. The hot-smoked products are sold in portions, and the cold-smoked products in vertical, thick slices. The packaging has been given a significant visual lift, as the products are packaged in newly-purchased skin-pack machines where the top-lane foil is very thin and drawn deeply over the products. The new cold-smoked range strengthens the existing GOURMET series and cements Royal Greenland's brand position in the Danish market.

Street Food snack concept

The German market has been a pioneer in developing a new Street Food concept in collaboration with German foodservice customers.

Street Food is a trend that has spread to many European markets and created opportunities for sales of processed items with various different breadings, tempura batters and fillings. With a good marketing platform and close cooperation with suppliers within e.g. side dishes, green vegetables and other protein sources, the German sales company has generated a lot of attention for this concept.

The product development costs incurred during the financial year have been recognised in the profit and loss account, since they derive mainly from new products and flavours in the existing product range.



INNOVATION AND RESEARCH – THE LONG, STEADY PULL PAYS OFF IN THE END

Food inspection authorities across different markets are setting ever-higher food product health and safety requirements. So it makes good sense to stay abreast of new developments and be ready to comply with the tighter requirements.

Together with DTU Food – the National Food Institute – a few years ago, Royal Greenland commenced the development of a growth model for the *Listeria monocytogenes* bacterium in smoked and marinated products. This research collaboration has resulted in a strong model that can predict bacteria growth and thereby considerably increase the food safety rating of our products. The model has been implemented in production and has given Royal Greenland a unique competitive advantage – the guaranteed absence of listeria growth – which sends a strong signal to customers and authorities, and with good financial savings for Royal Greenland.

Ready from Day 1 with reduced salt

The same model has been used in the development of a growth model for the *Clostridium botulinum* bacterium – also known as botulism – that can develop in a product if the salt content is reduced. Based on this model, back in 2014 Royal Greenland launched “cutter prawns” with 1,8% lower salt content.

In 2016, when the Danish authorities tightened the requirements concerning the salt content of products with the popular Scandinavian “Green Keyhole” label, the experience gained from the research project enabled Royal Greenland to further reduce the salt content and thus retain the health labelling of the popular “cutter prawns” and a number of other products. Today, the salt content is as low as 1.4%.



INCREASED FISHERIES AND INVESTMENTS IN PRODUCTION FACILITIES

The Group's own fishing and landing in Greenland have increased in a year with significant capacity expansion and conversions

Raw materials

Access to quotas in Greenland is crucial for Royal Greenland, both in terms of direct fishing and through the supply of raw materials from external shipping companies and fishermen who primarily land catches from coastal fishing to the Group's factories along the west coast.

The Group's own fishing in the 2015/16 fifteen-month period amounted to 55,000 tonnes. Measured in 12-month terms, fishing increased by 9%, as a result of good fishing conditions for prawns and an increasing cod volume. Greenland halibut fishing is stable, while pelagic fishing is being continuously developed.

The quota for prawn in West Greenland was increased to 85,000 tonnes in 2016 and will be further increased to 90,000 tonnes in 2017, in accordance with the biologists' recommendations. The prawn stock is thus improving and in the coming years the TAC (total allowable catch) is expected to be at the same level as in 2017. Recent years have thus brought a stabilisation of the Greenland prawn quota after several years' decline.

In Newfoundland, the situation is different. Here, the prawn quota was reduced by approximately 30% in 2016, and is expected to be reduced further in 2017.

Royal Greenland's deliberate diversification of activities in several geographical quota areas reduces vulnerability to quota fluctuations.

Again this year, trial fishing was carried out for prawn in the northern part of West Greenland, outside the quota area. The trial fishing was very satisfactory, and it is hoped that this fishing can be repeated in 2017, as it is important to the utilisation of the fleet's capacity. The trial fishing also creates considerable value for society and the shipping companies.

An important element of the "North Atlantic Champion" strategy is the access to the alternative fishing opportunities that Greenland either has or can achieve via bilateral agreements. As part of the efforts to increase access to these fishing opportunities, as in previous years Royal Greenland fished for prawns off Svalbard. The fishing was not at the same level as in previous years, but was still acceptable.

A total of 84,000 tonnes of fish and shellfish were purchased for Royal Greenland's factories in Greenland during the financial year. Measured in terms of a 12-month period, this landing amounts to 69,000 tonnes, representing an increase of 25%.

Measured in 12-month terms, fishing increased by 9%, as a consequence of good fishing conditions for prawns and an increasing cod volume

	2011/12	2012/13	2013/14	2014/15	2015/16
Prawns	28,936	24,569	23,925	20,135	25,003
Greenland halibut	9,847	10,465	13,404	17,504	20,697
Crab	1,315	1,615	1,765	1,063	1,055
Roe	1,156	1,636	951	755	460
Cod	4,623	7,512	10,756	15,042	21,432
Other	590	908	943	604	557
Total	46,468	46,706	51,744	55,102	69,204

INVESTING IN THE FISHERIES OF TOMORROW

Royal Greenland will soon be launching two new trawlers, with a price tag of DKK 700 million, in Bilbao, Spain. This is the biggest investment for many years and emphasises that Royal Greenland is "The North Atlantic Champion" with the ambition to retain and consolidate this position in the future.

The fishing industry is changing. Authorities, customers and consumers are making increasingly higher demands and species are moving to new habitats. By investing in new, state-of-the-art fishing vessels, Royal Greenland is spearheading this development and safeguarding our position as the leading fisheries operator in the North Atlantic in terms of technology, crew conditions and efficiency.

The two new trawlers have been developed in cooperation with Skibsteknisk AS in Aalesund, Norway, which has considerable experience from designing fishing vessels for Arctic waters. The new vessels will replace the trawlers Sisimiut and Qaqqatsiaq and will be fully equipped with the latest propulsion, navigation and catch equipment.

The trawler to replace Sisimiut, and primarily catch Greenland halibut and cod, will be equipped with a factory plant to produce fish meal and fish oil from the remains left after the fish is filleted.

This achieves far higher utilisation of the fish than is possible today. The second vessel will be a combination trawler for Greenland halibut and prawn. This is in good accordance with the company's fishing patterns and ensures the necessary flexibility with regard to future development in quotas.

Deployment of new vessels will extend the active fishing time, with longer intervals between service inspections, from today's three years to five years, giving significant financial savings, since a spell in dry dock typically costs DKK 10-25 million. The two vessels will have greater loading capacity than the existing trawlers and can therefore be at sea for more days at a time. Together with onboard palleting, giving shorter shipping times, this will streamline fishing operations and ultimately contribute to more rapid product sales.

The new trawlers are planned to be delivered at six-month intervals in 2019.



The increases can be attributed to cod, prawns and Greenland halibut, as a consequence of higher quotas. The coastal cod stock is increasing strongly and landing has trebled during the past three years

The total average landing price has increased by DKK 1.00 per kg, equivalent to 9%. The price increases are driven by Greenland halibut, prawn and snow crab, with increases of 17%, 10% and 18%, respectively.

During a five-year period, the average landing price has increased by DKK 4.60 per kg, or 56%. The increase is driven primarily by prawn and Greenland halibut.

In 2015/16, as in previous years, permits were granted to deploy several landing vessels in the Uummannaq and Upernavik areas, even though there is sufficient capacity at the land-based factories. This led to periods of low activity and low employment, with pressure on landing prices, to ensure raw materials for production.

In 2015/16, coastal fishermen in Greenland who land resources for Royal Greenland achieved additional payment of DKK 220 million, measured in 12-month terms, compared to the preceding year. In 2015/16, DKK 780 million was paid out over the 12-month period, and DKK 936 million for the full financial year. The total amount paid has increased by DKK 452 million in the course of five years. The higher payment can be attributed to increased volumes, changes in the species distribution and increasing landing prices for several species.

At Quin-Sea Fisheries in Newfoundland, the main species are snow crab and prawn. Here, 5,900 tonnes of snow crab and 4,700 tonnes of prawns were landed. Landing of prawns has decreased by 15% compared to the previous year, as a consequence of the lower quota.

In accordance with the strategic ambition to increase the supply of resources within the core species, during the 2015/16 financial year, 2,300 tonnes of Greenland halibut were purchased in Norway and Canada for processing in Poland and China.

Resources such as salmon, warm-water prawns, flat-fish and MSC cod are purchased on the world market

Purchases of salmon, at DKK 800 million, constitute the largest single item in the overall external procurement portfolio of DKK 1.7 billion. The salmon is used to produce portions, smoked products, the zip-lock range and spiced sides of salmon.

12,000 tonnes of flounder and plaice were purchased for the factory in Koszalin. The flounder is primarily used in breaded fish fillets for the Scandinavian market, while plaice is more often sold as natural fillets and filled products. Plaice also forms an important part of the zip-lock range. In recent years, more saithe has been sold in the German market. In 2015/16, 5,100 tonnes were purchased.

Purchases of plaice and saithe are made at auctions in Denmark, while flounder comes from the Baltic Sea, including as direct purchases from Danish trawlers.

The cod originates primarily from Greenland, but a further 5,100 tonnes of MSC-certified cod are purchased which, together with some of the Greenland cod, is further processed in China, before finishing and sale in Europe.

Trawlers

Royal Greenland's fleet consists of three deep-sea prawn trawlers, two deep-sea production trawlers for Greenland halibut, cod, etc., one line vessel for Greenland halibut, cod, etc., two small coastal prawn trawlers and seven Greenland halibut vessels. The latter supply the factories in Disko Bay and Uummannaq. During the financial year, investment also took place in a number of large skiffs for fishing in Upernavik, to increase the volume of Greenland halibut for the factories.

In 2016, Pelagic Greenland A/S was established as a joint venture with the Icelandic company, Isfelag. The company operates two pelagic trawlers for fishing off East Greenland.

Production

Greenland

Royal Greenland owns 39 plants in Greenland, of which all except two are currently in operation. All of the plants are operated without service contracts with the Government of Greenland.

There has been a substantial increase in activities in the Greenland factories due to the larger volumes of cod, prawns and Greenland halibut in first sales. The cod filleting capacity has been expanded continuously. During the year, an additional filleting line was established in Qasigiannuit, so that cod is now filleted in Qasigiannuit, Kangaatsiaq, Sisimiut, Maniitsoq and Paamiut.

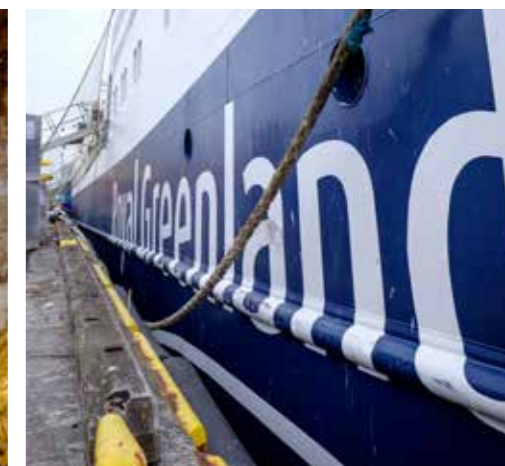
Investment also took place in further expansion of the capacity of the Nutaaq production in Maniitsoq. Today, this capacity amounts to 75 tonnes of live cod per day.

In mid-year, major conversion and expansion of the factory in Uummannaq was initiated. This factory opened in March 2017 with significantly expanded production and stock capacity. This is expected to eliminate any limitations to the landing of Greenland halibut in the high season, and furthermore the plant's processing level can be increased.

Attracting qualified manpower, so that processing can take place at the factories in Greenland, is a considerable challenge. Particularly in the summer period, it can be difficult to retain a workforce to process and thereby maximise the value of the fish. A shortage of manpower can also entail lower landing capacity and thereby limit fishing activity.

In 2016, a large number of "Nordjobbers" were used, and in 2017, it is planned to hire foreign manpower to ensure processing in Greenland.

In the course of five years, the average landing price has increased by 56%



STRONGER SUPPLY CHAIN

During the last few years, Royal Greenland has seriously executed its strategy to be the "North Atlantic Champion". By investing in production sites and proactive purchasing, we can now deliver fish and shellfish from all over the North Atlantic, ensuring stable deliveries to our customers and a wide range of products and specifications.

Cracking the code for prawns

In recent years, the prawn market has fluctuated significantly in terms of both prices and availability, and it has been a challenge to meet the demand from our customers. Together with external purchases, the investment in Quin Sea Fisheries has given Royal Greenland access to larger prawn volumes. This access to resources makes it easier to navigate in a less stable market and fulfil customer requirements. Size and quality allocation to many different markets and segments has been high on the agenda to crack the code and ensure satisfied customers and a stable market situation.

The popular food service range, which is in especially high demand from the English market, has been supplemented with one more variety, as the fishing pattern in Canada changed during the year. The range is now available in five varieties and sizes.



Expert in Greenland halibut

With a market share of around 25%, Royal Greenland is the world's largest supplier of Greenland halibut. Our experience with every stage of the halibut's journey from catch to processing, sales and marketing, and all the way to the consumer, means that we can justifiably boast of being the halibut experts. With due care and fishing insight, we can select and purchase halibut with the right specifications and quality from all over the North Atlantic; from Canada in the west, over Greenland, and to Norway in the east. This year, for example, halibut has been purchased from selected Norwegian vessels.



Cod catches exceeding expectations

In 2016, cod catches in Greenland exceeded expectations, and the coastal factories have received significantly higher volumes. Combined with the optimisation of the Nutaaq production in Maniitsoq, this has resulted in an excellent season. In some periods, however, the labour-intensive production was under pressure, and it was necessary to find alternative ways of processing the high cod volumes. This has resulted in exciting co-operations with a number of specialists in the development of lightly-salted cod for the southern European markets. A large volume of whole, deheaded fish of high quality was produced, and Danish industrial customers have been able to purchase fresh cod that has been transported to Denmark under stringent temperature conditions and storage requirements.

Snow crab opening the door to the North American market

The USA is a very large market for snow crab. With the investment in Quin Sea Fisheries, Royal Greenland now has good access to the American market for this species, and we also expect to achieve good sales for other species in the USA. In Japan too, we have high hopes for future snow crab sales.



Canada

With the acquisition of Quin-Sea Fisheries, Royal Greenland's coastal fishing activity in Canada has been expanded significantly. In Matane, Quebec, a factory for cooked & peeled prawns is operated, while the activity in Quin-Sea Fisheries comprises five factories in Newfoundland.

The main activity of Quin-Sea Fisheries is snow crab and prawn, although sea cucumber, whelks, cod, halibut and pelagic species are also produced.

The integration has been successful. Quin-Sea benefited from an exceptionally good season for snow crab, which more than compensated for the reduced prawn quota. Moreover, there was higher activity than normal as a consequence of the addition of resources from a competitor's factory, which suffered a fire.

Quin-Sea Fisheries' own factory for pelagic species (Long Cove) burned down to its foundations in the summer of 2016, but this activity will be replaced by another factory in the same area.

In Matane, activity declined due to falling quotas, as well as lower purchases of frozen prawns for further processing outside the season, in view of the weaker market for cooked & peeled prawns.

The season in Quebec was affected by strong competition and thereby high raw materials prices, as a consequence of excess capacity on the factory side, as well as competition from the factories in Newfoundland.

Denmark

The factory in Aalborg is the only remaining activity in Denmark, producing prawns in brine and packing cooked & peeled prawns and shell-on prawns. The production of prawns in brine saw the same level of activity as in the previous year, while packaging of prawns enjoyed a 20% increase in activity as a consequence of higher sales of both cooked & peeled prawns and shell-on prawns.

Cuxhaven, Germany

Royal Greenland operates two factories in Cuxhaven which produce lumpfish roe in jars and the zip-lock/chain pack assortment, respectively. The factories have joint management and administration.

With the lumpfish roe factory in Cuxhaven, Royal Greenland is involved in the entire value chain out to the consumer, and is the world's largest producer of lumpfish roe in jars.

The zip-lock/chain-pack activity is increasing

Koszalin, Poland

The level of activity rose by 10%, with increases for breaded flatfish, breaded cod and filled products. Saithe has also become an important product area.

As a consequence of the increasing activity, including higher filleting volumes, the number of employees is increasing. During the high season the factory has 900 people employed.

China

For many years, Royal Greenland has worked with Chinese sub-suppliers that process Greenlandic resources into high-quality sushi products for the Japanese market. Cod and salmon are also processed for sale and further processing in Europe.

The integration of Quin-Sea Fisheries has been successful

QUIN-SEA BECOMES PART OF THE ROYAL GREENLAND GROUP

During the past year, Royal Greenland has strengthened the Group with its investment in Canadian Quin Sea Fisheries.

This traditional, well-reputed company is still headed by the former owners and operates five factories in Newfoundland and Labrador on the east coast of Canada.

Quin-Sea Fisheries delivers directly to customers and thus operates without stocks – a set-up which requires speed, flexibility and close cooperation between production and sales. Operating this way has been an

exciting process and a good learning curve for Royal Greenland, and this approach can perhaps be integrated elsewhere in the company. The integration of Quin-Sea Fisheries has taken place very quickly and together we have already achieved fine results from this first season.

Quin-Sea Fisheries





QUALITY MANAGEMENT THROUGHOUT THE VALUE CHAIN








Food safety, traceability and high quality are firmly anchored and integrated in all processes. Food safety and traceability are regulated by legislation, international food product standards and standards for sustainability, while quality is subject to internal requirements and specifications, as well as customer requirements.

Customer requirements are becoming more and more stringent in order to increase food safety, and in 2016 unannounced BRC certification took place in Koszalin.

The wish to create added value in the overall value chain, and consumers' growing focus on sustainability,

are clearly reflected in the increased proliferation of MSC-certified factories, trawlers and fisheries.

Royal Greenland holds the following quality and traceability certification:

Product	Production	Certifications
 Shell On Prawns	Trawler Akamalik	MSC - West Greenland Coldwater Prawn Fishery
	Trawler Qaqqatsiaq	MSC - West Greenland Coldwater Prawn Fishery
 Cooked & Peeled Prawns	Trawler Nataarnaq - Ice Trawl Greenland A/S	MSC - West Greenland Coldwater Prawn Fishery
	Aalborg, Langerak	MSC - CoC, BRC Grade AA, IFS Higher level
 Prawn flour	Ssimiut	MSC - CoC, BRC Grade AA
	Ilulissat	MSC - CoC, BRC Grade B
	Matane	MSC - CoC, BRC Grade AA
	Quin Sea, Old Perligan	MSC - CoC, BRC Grade AA
	Gulf Shrimp, New Foundland	MSC - CoC, BRC Grade AA
 Gr. halibut	Aalborg, Langerak	MSC - CoC, BRC Grade AA, IFS Higher level
	Ilulissat	BRC grade C
 Gr. cod	Qasigiannuit	IFS Higher level
	Trawler Sisimiut	MSC - Greenland cod, haddock and saithe from the Barents Sea and the Northeast Atlantic Fishery
 Supporting	Koszalin	MSC - CoC, BRC grade A+, IFS Higher level
	Cuxhaven	MSC - CoC, IFS Higher level
	Dan Salmon	Global Gab, IFS Higher level
	Trading (Salmon etc)	MSC CoC/ASC/Global Gab
 Lumpfish roe	Akunnaq	MSC - CoC
	Atammik	MSC - CoC
	Attu	MSC - CoC
	Ikamiut	MSC - CoC
	Ikerasaarsuk	MSC - CoC
	Qeqertarsuatsiaat	MSC - CoC
	Qeqertarsuaq	MSC - CoC
	Kangaamiut	MSC - CoC
	Kangaatsiaq	MSC - CoC
	Maniitsoq	MSC - CoC
	Narsaq	MSC - CoC
	Paamiut	MSC - CoC
	Nuuk	MSC - CoC
	Itileq	MSC - CoC
	Sisimiut	MSC - CoC
Cuxhaven, caviar	MSC - CoC, BRC Grade AA, IFS Higher level	

RISKS

To reduce vulnerability to fluctuations in quotas and catches, Royal Greenland seeks to diversify the influx of resources across several stocks of the core species, and thereby several geographical areas. The exposure to financial, currency and interest rate risks across the global business is monitored closely and minimised under the company's fixed policy for this area.

Raw materials

Trends in access to and the prices of raw materials comprise a significant operating risk for Royal Greenland. The risk relates almost entirely to the living resources in the waters around Greenland and eastern Canada. These comprise approximately 75% of Royal Greenland's total raw materials base. In recent years, the prawn quota in Greenland has been reduced from a level of around 120,000 tonnes to 73,000 tonnes in 2015, but was increased in 2016, and in 2017 was set at 90,000 tonnes in accordance with the biologists' recommendations. On the other hand, the prawn quota in Newfoundland has been reduced by approximately 30%. Both the prawn and the crab quota in Newfoundland are under pressure in 2017. A key element of the North Atlantic Champion strategy is the diversification of the activity on several geographical resource areas, and thereby diversification of the risk and reduction of the volatility of the company's earnings.

For Greenland halibut, the quota in the three managed areas of Greenland is stable, even though the biologists recommend a lower quota.

Concerning the development in the quotas, experience shows that lower quotas often entail higher sales prices, and thereby retention of the activities' revenue.

Due to the uncertainty concerning the resource base, continued optimisation and a higher degree of processing are essential in order to maintain earnings on these resources.

The challenge in relation to the prices of raw materials also applies to Royal Greenland's purchases, which in total amount to DKK 2.96 billion. The Group seeks to continually maintain relative earnings irrespective of the trends in raw materials prices. The risk is hedged through adjustments to sales prices, close monitoring, and back-to-back currency hedging in relation to major purchase and sales agreements.

Financial risks

As a consequence of its operations, investments and financing, Royal Greenland is exposed to fluctuations in exchange rates and interest rate levels. The parent company centrally manages the Group's financial risks and coordinates its liquidity control, including capital generation and the investment of surplus liquidity. The Group pursues a financial policy which operates with

a low risk profile, so that currency exposure, interest rate exposure and credit risks solely arise in connection with commercial matters.

The Group's use of derivative financial instruments is regulated by a written policy adopted by the Board of Directors, as well as by internal working procedures, which inter alia lay down limits and specify which derivative financial instruments may be applied.

Currency risks

The Group's activities are influenced by exchange rate fluctuations, since sales are primarily invoiced in foreign currency, while costs, including salaries, are primarily incurred in Danish kroner, euro, Polish zlotys, Canadian dollars and US dollars.

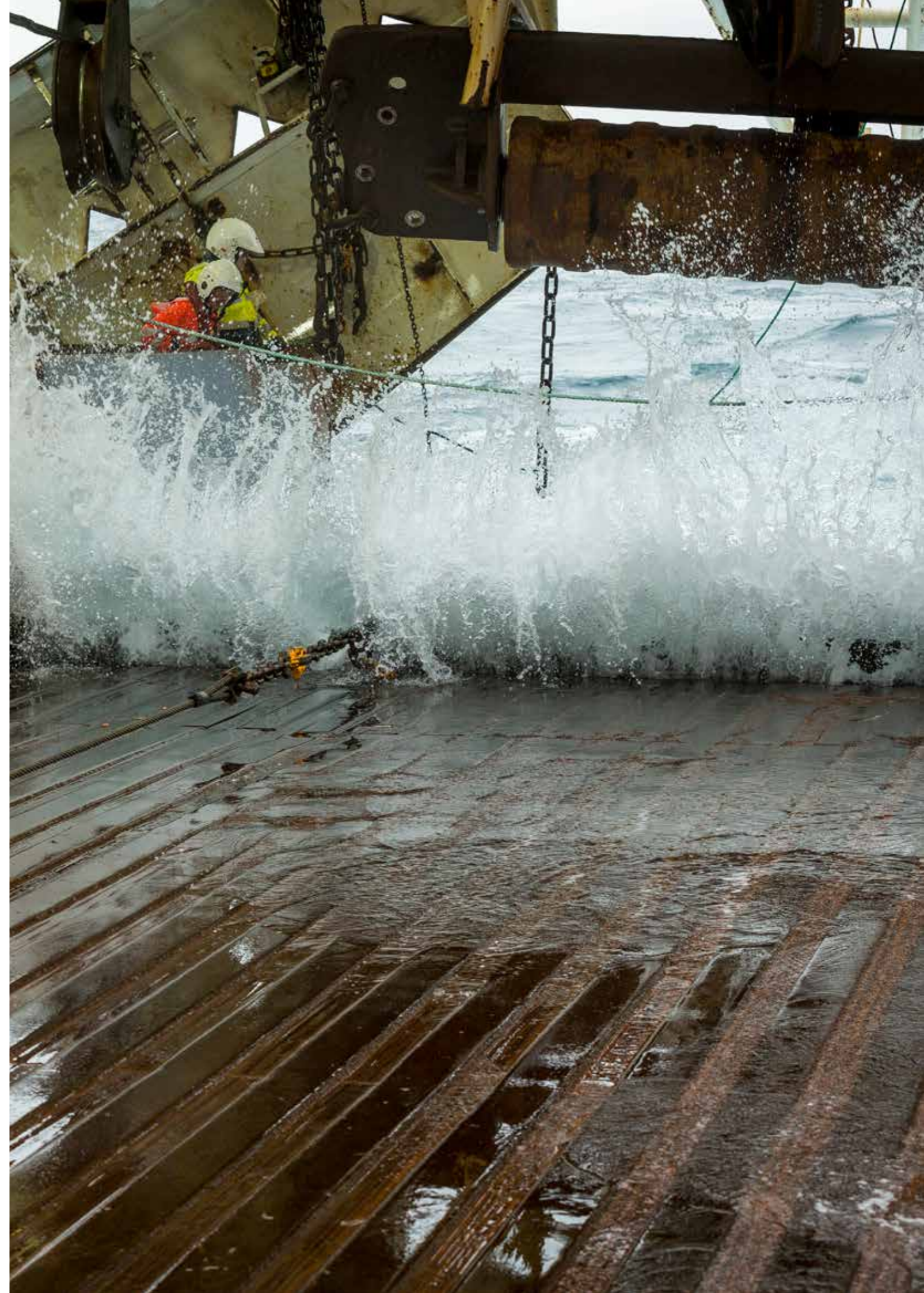
The Group will thus be exposed in net positions in a number of currencies. 89% of the Group's turnover derives from countries other than Greenland and Denmark, primarily countries in the Eurozone, as well as Japan, China, the UK, Sweden and the USA. Revenues in EUR and DKK account for 50% of Royal Greenland's total revenues, and are thus not assessed to represent a serious exchange rate risk. The main exchange rate exposures relate to pounds sterling, US dollars, Japanese yen, Canadian dollars and Swedish kronor. The Group is also impacted by changes in exchange rates as a consequence of the fact that the profit and equity of a number of subsidiaries are translated into Danish kroner at year-end on the basis of average exchange rates and balance sheet date rates, respectively.

The exchange rate exposure is mainly hedged by matching incoming and outgoing payments in the same currency, and through forward contracts. The Group's currency policy is to hedge 75% of the anticipated exchange rate exposure within the first six months, and 50% of the exchange rate exposure in the remaining 6-12-month period. Major contracts are hedged individually. The exchange rate exposure in relation to EUR is not hedged.

Interest-rate risks

The interest-bearing debt is mainly denominated in DKK and EUR. The floating-rate portion of the debt amounted to 29% at the end of the financial year. An increase by one percentage point in the general level of interest rates would increase the Group's annual interest expenses by approximately DKK 4.0 million.

A key element of the North Atlantic Champion strategy is the diversification of activities on several geographical raw materials areas, and thereby diversification of the risk and a reduction of the volatility of the company's earnings



CORPORATE SOCIAL RESPONSIBILITY/SUSTAINABILITY

Royal Greenland has a strong wish to contribute to the positive development of the societies of which it is part. In Greenland, the company's widespread presence, size and activities make it possible to exert significant influence on a day-to-day basis.

Royal Greenland's sustainability strategy and CSR profile are therefore in several respects naturally concentrated on Greenland, but cover all of the Group's locations and subsidiaries.

Below is a report on Royal Greenland's corporate social responsibility activities, including the CSR organisation, prioritisation, anchoring and policies. These activities are described in the light of the 2015-18 Sustainability Strategy - **For the benefit of Greenland and Royal Greenland**, which defines sustainability in accordance with the **People-Planet-Profit** principle.

Besides Royal Greenland A/S, the report also covers the Danish subsidiary Royal Greenland Seafood A/S, which is subject to the Danish CSR reporting regulations, cf. Section 99a of the Danish Financial Statements Act. The report thus concerns all of the statutory requirements to which the Danish subsidiary is subject, as well as the sustainability measures in all wholly-owned companies. At the present time, it has not been possible to include Quin-Sea Fisheries in the report.

CSR steering group

Royal Greenland's sustainability work is anchored in the company's management, which forms part of the CSR steering group.

The CSR steering group consists of:

- Chief Executive Officer (CEO)
- Group Production Director
- Group Sales Director
- Corporate Relations & HR Director
- Group HR Manager
- Group Market Development & Marketing Director
- Corporate Communications Manager
- Corporate Sustainability Manager

The steering group makes decisions, determines the strategy, and ensures and evaluates the strategy's implementation in the business.

Royal Greenland's sustainability department consists of a team of three employees who together ensure implementation, follow-up and reporting within the strategy's framework.

During the 2015-16 financial period the steering group held a total of three meetings.

Prioritisation and anchoring

Social and environmental responsibility is particularly reflected in the prioritised themes of Employee Development and Sustainable Fisheries. Both of these areas are of central importance to Greenland as a society, and Royal Greenland as a Group.

At Royal Greenland, the approach to sustainability follows the People-Planet-Profit principle, in accordance with:

Principle 1:

Environmental and social development and initiatives must support economic growth.

Principle 2:

Business growth must support environmental and social development in the local community.

The prioritised theme of Sustainable Fisheries is Royal Greenland's lifeblood, as the livelihood of the company and the fishermen, which must continue for many generations to come. It is thus also important that the fisheries resource is sustainable and that as many as possible of the other bought-in species are sustainable. This leads to the ambition of the greatest possible utilisation and processing of the resources.

Employee Development as a prioritised theme is always important. In view of Royal Greenland's position in Greenland, the company can make a major contribution to society's development by offering personal development and learning which can upgrade skills and qualifications. The Group also has many employees in Poland, Canada, Denmark and Germany. In these countries too, employee development is extremely important for both Royal Greenland and society in general.

A company like Royal Greenland, which operates locally and globally, not only has the opportunity to exert significant positive influence, but also the responsibility not to have a negative impact on society. The focus is not only on sustainable fisheries and employee development, but also on working conditions, human rights, environmental protection and anti-corruption, as well as the requirements we make of our suppliers.

The prioritised theme of Sustainable Fisheries is Royal Greenland's lifeblood, as the livelihood of the company and the fishermen, which must continue for many generations to come

Policies

Royal Greenland's CSR policy was drawn up in 2013 and comprises five topics. On the amendment of the strategy in 2015, the CSR policy was updated in terms of the three Ps: People-Planet-Profit. The Local Involvement theme has been integrated into the other themes.

The CSR policy that was updated in 2016 comprises Royal Greenland's policy in the following areas:

<p>People: Employee development Working conditions and human rights</p> <p>Planet: Sustainable fisheries and utilisation of resources Environment</p> <p>Profit: Business ethics</p>

Besides the CSR policy and various personnel policies, Royal Greenland has a

- Gender policy (2014)
- Anti-corruption policy (2014)
- Anti-bullying policy (2016)

Royal Greenland's CSR policy and strategy for 2015-18 can be read in their full extent on our website:

<http://www.royalgreenland.com/royal-greenland/sustainability/>

Royal Greenland's Sustainability Measures and the UN's Global Goals I

In 2015, the UN adopted 17 long-term Global Goals for Sustainable Development, which will lead global social development on a more sustainable course.

Royal Greenland acknowledges the 17 goals as an important guidepost for the society of the future, and even though the goals have not been applied specifically to the determination of the sustainability strategy, Royal Greenland's activities support the long-term agenda for more sustainable social development towards 2030.

The strategy includes several of the global goals, but the three areas in which the company contributes most to sustainable social development are

- No. 4: Quality Education
- No. 12: Responsible Consumption and Production
- No. 14: Life Below Water

Royal Greenland thus has considerable focus on the sustainability of the resources fished, on the resource utilisation of the products, and on employee development, among other things through extraordinary training and education of employees.

The For the benefit of Greenland and Royal Greenland strategy is thus also for the benefit of more sustainable global development.



PEOPLE - TOGETHER TOWARDS THE GOAL

Employee development

As a company owned by the Government of Greenland, Royal Greenland has a special social responsibility as a profitable and respected international business, while creating as many good workplaces in Greenland as possible. This is a more extensive social responsibility than in many other companies. Royal Greenland continuously balances its efforts between the development of the local communities and developing its global business. These are not necessarily conflicting interests, but can also go hand in hand.

Job creation

In 2015/16, Royal Greenland employed an average of 2,769 people, converted to FTEs, of whom 1,401 are in Greenland, which is an increase of 200 employees. In March 2016, Royal Greenland acquired Quin-Sea Fisheries with more than 300 full-time employees and up to 700 employees during the season. The Group's workforce has thus increased by 28%. In Greenland, it increased by 17%.

During the high season in Greenland, it has proved difficult to secure sufficient local manpower. Royal Greenland therefore engaged 21 "Nordjobbers" at three facilities in the period from June to September. "Nordjobbers" are young people from the Nordic countries who travel to work in other Nordic countries for shorter periods. They do not necessarily need to have experience from the fishing industry. An equivalent agreement is expected to be entered into in 2017.

This is not sufficient to resolve the shortage of manpower, however. So in 2016 measures were taken to recruit manpower from China for the 2017 season. The plan is for the first team of 16 people to work in Maniitsoq and Qasigiannuit, respectively, starting at the factories in mid-May.

The second team will arrive one month later, and will work in the same factories, and also in Uummanaq. The new arrivals will be employed for a minimum of 24 months, with the opportunity to continue, and will naturally have working and pay conditions which fully match those offered to local employees.

Via its office in Qingdao, Royal Greenland has good experience from recruiting employees from Chinese partners for the factories in Greenland and Poland. In 2010, Chinese employees in Qasigiannuit very successfully trained local colleagues in a more effective filleting method. One of these employees chose to settle permanently in Qasigiannuit, and will now serve as interpreter, when the new employees arrive.

New working environment project in Greenland

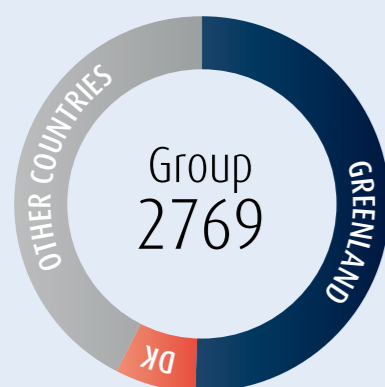
In Greenland, Royal Greenland is looking for additional skilled employees and a more stable workforce in order to utilise and process the increasing volumes of raw materials, and to maximise the value of production. Great efforts are therefore being made to attract new members of the workforce, but also to make the factories and jobs more attractive to the local population.

In view of the need for stable manpower and the wish to ensure good working conditions for employees, and also due to a high employee turnover rate, in the spring of 2016, a survey was performed, which involved employee interviews, review of absence statistics and meetings with managers. As a consequence, a pilot project has been launched at the factory in Sisimiut, with focus on well-being and the good working environment. The project's key issues are "The good introduction, the good instruction and the good communication". The project runs for one year, with the aim of building up a good, stable and well-motivated workforce, in order to produce the best final products.

In Greenland, Royal Greenland is looking for additional skilled employees and a more stable workforce in order to utilise and process the increasing volumes of raw materials, and to maximise the value of production

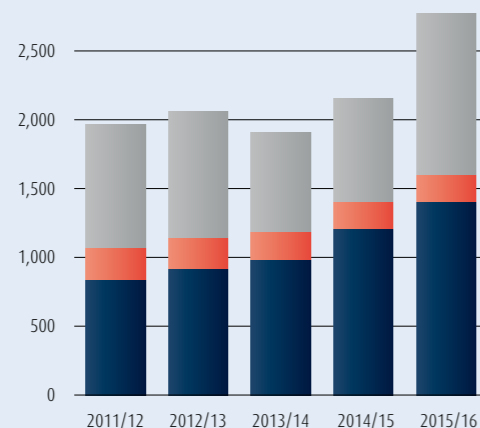
Employee distribution in 2015/16

■ Greenland ■ Denmark ■ Other countries



No. of employees

■ Greenland ■ Denmark ■ Other countries



MORE MARITIME PROFESSIONALS FOR THE ROYAL GREENLAND FLEET

Twenty-five cadets are taking a maritime training programme in Royal Greenland's trawler fleet. This is the largest ever number of cadets, and great effort is being made to attract more young people from Greenland to train as maritime officers.

Crewing manager Mika Heilmann comments: "The average age of our current maritime officers is now quite high, so we are working to recruit more skilled young cadets from Greenland." There is a special need for engineers, fisheries technologists and fishing vessel skippers.

Royal Greenland's crewing department is renewing the recruitment and training plan, in order to attract more young people to this profession. Once the plan is completed, it will be promoted via social media and at

education and training fairs that are attended by many students from GU (upper secondary school) and the Maritime College.

As part of the recruitment plan, a series of short training films have been shot on board the trawler Akamalik. Colleagues on board the prawn trawler took part in order to present their profession and their working life at sea. In time, the aim is for these initiatives to increase the ratio of crew members from Greenland on board vessels in the Royal Greenland fleet.



Royal Greenland Academy – education and training

Education and training are core aspects of sustainability. It is vital for both the company and society in general that employees achieve a high level of professionalism. As part of its sustainability strategy, Royal Greenland has focused on offering employees in Greenland further qualifying professional courses via Royal Greenland Academy.

Royal Greenland Academy offers programmes at four levels: operations manager, factory manager, middle manager and production employee. In 2016, management training started up for operations and factory managers, while specially selected production employees took part in talent development courses to prepare them for middle manager positions. Several employees attended courses external to Royal Greenland, such as proficiency courses.

Personal development courses such as "Breaking the Habit" are still offered to production employees, although on a smaller scale than before. Royal Greenland Academy thus includes both personal development and qualifying, vocational course activities.

514 production employees have attended various courses under Royal Greenland Academy auspices. Including all educational levels, 549 people attended courses under Royal Greenland Academy. Including courses for employees held by other providers than Royal Greenland, a total of 801 employees in Greenland attended courses during the financial year. Furthermore, 107 employees attended statutory courses, of whom 22 in Greenland attended the Working Environment Authority's working environment course.

Crews and officers on Greenlandic vessels also attended courses. A total of 85 crew members attended courses concerning safety at sea, working environment, smoke diving, first aid and maritime leadership courses.

Besides the centrally managed courses for production employees, development appraisal interviews are held with salaried employees, at which individual training cycles and courses are identified on an individual basis.

Apprentices, trainees and students

Royal Greenland supports trainee and student programmes, as this improves the young people's training with practical knowledge and development. Royal Greenland has a fixed objective of 25 trainees/apprentices employed in Greenland at any time. This goal is more than fulfilled with 31 trainees/apprentices in Greenland.

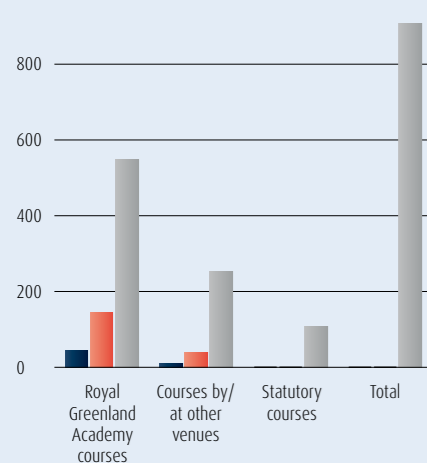
In 2015-16, at Group level, there were 49 trainees/apprentices, of whom six trainees at Royal Greenland's offices in Denmark and Poland, while the sales offices in Bremen and Italy had a total of 12 trainees.

Last year, Royal Greenland launched an initiative to support Greenlandic students in short-cycle higher vocational education, in particular in the programmes Process Technician, Fishery Technologist, Ship's Engineer and Trainee Mate. During the financial year, Royal Greenland supported 30 students in higher education programmes.

Royal Greenland supports trainee and apprentice programmes, as this improves the young people's training with practical knowledge and development

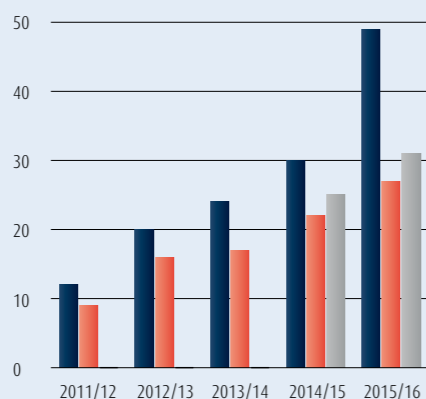
Courses for production employees in Greenland

■ No. of courses ■ No. of course days
■ No. of participants



Apprentices/trainees and students

■ No. of apprentices/trainees in RG
■ No. of apprentices/trainees in GL
■ Short-cycle higher vocational education



RG ACADEMY

Optimisation, a better overview and a "shared language".

Working in a factory must be cool

Throughout 2016, the HR department in Greenland has been working to establish a completely new factory worker education programme.

HR manager Christian Laursen comments: "The rapid pace of development in the fisheries industry makes it necessary to increase efficiency and quality, master new production principles and, not least, meet the requirements increasingly being made by authorities and customers in the sector. We have therefore established an education programme that, besides internal competence building, can be a launchpad for a higher education programme within the fishing industry. Our aim is to make it more cool to work in a factory. An education programme like this one will not only benefit Royal Greenland, but can also have a positive impact on every area of Greenland's fishing industry."

In cooperation with the Greenland Business Association (GE), the HR department has created a proposal for an education plan, with a description of the programme. The proposal is now being evaluated by relevant education institutions. Once the proposal has been finalised, it must be approved by the Greenland Ministry of Education, Culture, Research and Church. It is hoped that the first students can begin this education programme in 2017.

New leadership talent on the way

In 2016, several Royal Greenland employees took part in a "talent programme", which is a 15-month development course in leadership and business finance.

The talent programme, which was completed in April 2016, is one of several development courses since the first course under RG Academy auspices was started up in the spring of 2008. This initiative is an extra measure to train our own managers within the Group. Since 2008, several highly competent managerial employees at Royal Greenland have been selected for the talent programme and have subsequently been appointed to managerial positions in production and administration.

"In 2017, we will run additional talent programmes. It has not yet been decided which areas the programmes will cover. This will be determined according to the company's needs," says HR manager Christian Laursen.

In order to upgrade Royal Greenland employees' managerial skills, 13 middle managers from Royal Greenland's coastal facilities and factories attended a leadership programme called "Ingerlatsisoq" in November 2016. This programme was organised and held by Ledelsesakademiet.



Thirteen happy newly-qualified middle managers who in November 2016 completed the "Ingerlatsisoq" leadership programme.

The employees selected for the 2015-16 talent programme visited Royal Greenland's factories in Poland, Germany and Hirtshals. Here, the team is photographed in Poland, together with HR consultant Claus Nielsen. Course participants, from the left: Diinaaraq Josefsen, Nielsina Hansen, Aqqalunnguaq Pedersen and Anders Sandgreen.



Optimisation, a better overview and a "shared language"

Upgrading professional qualifications and training are one of the two major themes in Royal Greenland's 2015-18 sustainability strategy: For the Benefit of Greenland and Royal Greenland. During the past year, this included internal training and competence development of operations and factory managers in Greenland.

The operations managers all took four one-week modules during the year, while the factory managers took one module, with focus on operational optimisation and leadership skills. Teaching focused on a combination of Lean theory and practical everyday issues, which made it possible to implement improvements directly in production on completion of the training.

For many of the course participants, this was an eye-opener in terms of achieving a sharper production overview, learning about new concepts and tools, and becoming better at "seeing" obvious areas for production improvements.

The training programmes have also given scope for knowledge-sharing and handling tasks together with colleagues, as well as cohesiveness and synergy effects between managers. Operations manager in Nuuk, Moller Lyberth, comments: "Now that our factory managers have also attended the training programme, we can 'speak the same language' when it comes to production flows, optimisation, etc."

Susanne Marie Knudsen, factory manager in Maniitsoq, adds that she has really appreciated the first module, which increased her assertiveness as a manager and helped her to learn to trust her own actions, both within and outside the workplace.

"I've become better at delegating tasks, better at managing and, not least, better at seeing and achieving an overview of the various problems that can arise."

Working conditions and human rights

Royal Greenland's policy for working conditions and human rights is intended to create the right conditions for the good job. The policy focuses on ensuring good working conditions, and also respecting fundamental human rights and labour rights, in accordance with the ILO Conventions and the UN's Universal Declaration of Human Rights, besides ensuring diversity in the company.

Code of Conduct – shared culture and rights

The purpose of the company's Code of Conduct is to create a shared culture, and also to inform employees of their fundamental employment rights. Royal Greenland's Code of Conduct was updated in 2016, and the updated version has been communicated at Group level in newsletters and on info screens in six different languages.

In relation to the Code of Conduct a grievance procedure has been introduced. This gives employees an extra point of contact if they feel poorly or unfairly treated, or on any infringement of their fundamental rights as employees. At Royal Greenland, it is important that all employees feel that they are heard, and that everyone's rights are respected. This procedure is an important tool for all employees and managers to ensure the right, most effective process.

Workplace assessments

As part of the work to ensure a good working environment, Workplace Assessments (WAs) by employees are a good tool to focus on both the psychosocial and physical working environment. WAs were conducted at 18 factories in Greenland during the year. The Workplace Assessments result in action plans which are implemented in the individual safety groups on a local basis in production and office units.

Overall, the WAs reveal that the main physical and psychosocial challenges are draughts, heavy lifting and bullying.

As previously reported, in 2016 an anti-bullying policy was created.

The WAs also show that employees are aware of the importance of varying their working positions between sitting, standing and walking, and also have an overall awareness of good working positions.

Employee safety and reporting

Employee safety is always of paramount importance, and during the financial year we increased our focus on achieving a full overview of physical occupational injuries at Group level. The aim is to achieve a targeted approach, and to set goals for the future, and evaluate their achievement.

At Group level, the challenge is that Royal Greenland operates in many countries which have various different legislations concerning e.g. reporting to authorities and insurance companies. Royal Greenland defines an occupational injury in the same way as the Working Environment Authority:

"An occupational injury is a sudden, unexpected and harmful event that occurs during the course of the work and which results in personal injury."

At Royal Greenland, the rule is that every injury is reported, whatever its extent, since unforeseen problems may subsequently arise. Injuries are reported in the relevant country.

Royal Greenland's occupational injury frequency during the period is as follows:

The purpose of the company's Code of Conduct is to create a shared culture and also to inform employees of their fundamental employment rights

The types of injury and their reasons vary between factories, since the factories perform a very wide range of different processes. At filleting factories in Poland, for example, the most common cause of injury is knives or other non-mechanical tools, resulting in hand or finger injuries. In Greenland, the typical reason for injuries is falling objects and falls, which requires different priorities in terms of occupational health and safety.

In order to further enhance workplace health and safety, in 2016 a procedure was implemented for the reporting of near-misses throughout the company. The procedure sets the requirement that all near-misses must be assessed by the local safety group, after which an action plan must be prepared and followed up.

Royal Greenland's statistics included both major and minor injuries, irrespective of whether the injury results in absence from work. Every injury should be avoided, but injuries resulting in absence represent the most significant risk for both employees and the company. Our aim is therefore to be able to report injuries resulting in at least one day's absence.

Diversity

Diversity creates a positive dynamic and supports the company's activities. Royal Greenland takes a threefold approach:

- The gender balance in the Board of Directors
- The ratio of the under-represented gender in executive and senior management
- The ratio of factory managers and officers in Greenland with a special connection to Greenland

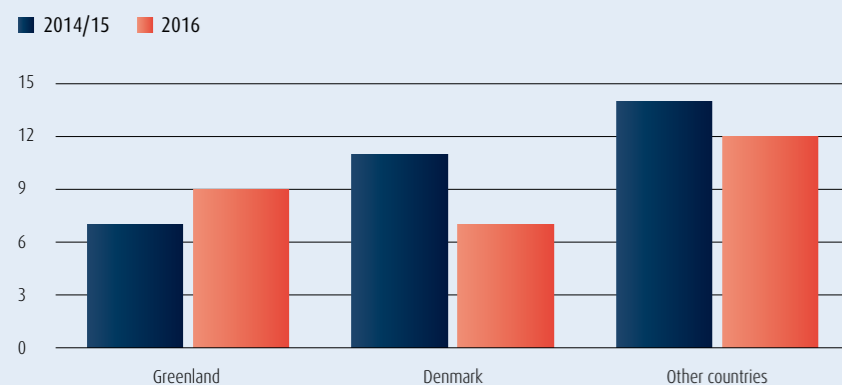
In accordance with Royal Greenland's gender equality policy and the Greenland Parliament Act no. 7 of 11 April 2003 concerning equality between women and men (Greenland), as far as possible there must be equal numbers of male and female members on the Board of Directors. The objective concerning the company's senior management team is that the ratio of women should reflect the gender distribution in the fishing industry generally, which is equivalent to 26% women.

The external members of the Board of Directors comprise equal numbers of men and women, while the goal of 26% representation of women in the senior management team has not been achieved, as the ratio is 14%.

Royal Greenland considers it important to ensure good communication in the production units and on board our vessels. Experience shows that a shared cultural background and a common language improve communication and understanding of tasks. For a number of years a targeted effort has been made to train and educate employees with a special connection to Greenland in order to prepare them for leadership roles in Greenland. The fact that 100% of factory managers have a special connection to Greenland proves that these efforts are worthwhile.

In accordance with the Crewing Order, the Greenland Government's Order no. 11 of November 9th 2011 concerning crews on Greenlandic fishing vessels, minimum 60% must have a special connection to Greenland. At Royal Greenland, 86% of officers have a special connection to Greenland. Many of the officers have a long length of service.

Reported* occupational injuries pr. 100 employees



*registered occupational injuries with and without absence



THE ENVIRONMENT – OUR FUTURE

Sustainable fisheries

As a key player in the fishing industry, it is important to be aware of the development in fish and shellfish stocks, and the impacts from nature's own forces, as well as human activity. The "Planet" focus area is thus a key aspect of sustainable fisheries.

In order to offset risks such as a sudden reduction of quotas, the wrong long-term investments and closing of workplaces due to a stock's decline, full knowledge of the individual fish stocks is vital. This ensures equivalently precise biological advice, and fishing quotas can be determined on a more objective basis, while taking local and social aspects into consideration.

Sustainable fishery is in balance with nature, and safeguards future stocks. In Greenland, there are management plans for several species, which help to ensure long-term management and thereby the sustainability of the species.

Primarily the MSC-certified stocks are subject to a management plan. As more stocks are required to be certified, additional management plans will be needed. In collaboration with other stakeholders, Royal Greenland actively supports the development towards long-term management plans.

Sustainability of fish species

Assessment of this year's fishing and purchase of fish and shellfish reveals an increasingly improving sustainability status. With a few exceptions, there is a high level of knowledge concerning the primary North Atlantic species fished, which provides for optimum management, safeguarding stocks of fish and shellfish.

Purchasing of species such as hoki and black tiger with a low sustainability status has been replaced by other species with higher sustainability.

Nonetheless, there are challenges relating to coastal fishing for cod and Greenland halibut in Greenland.

A few years ago, there was a significant increase in stocks of cod in the western Greenland fjords and coastal zones, since besides the stationary stock, there was an influx of many small fish from the east coast. This brought a considerable quantitative increase, and now a mixed stock is fished. The challenge is that the biological advice is low, while the fishermen see a lot of cod in the sea, and very high quotas are set. This is an untenable situation that should be tackled in the coming years. It is important to gain more knowledge of which specific cod stocks are fished, so that advice and management can be based on the cod's dynamic life cycle.

In order to achieve this, Royal Greenland has established an agreement with the Greenland Institute of Natural Resources to participate in a cod project in 2017, whereby, according to a fixed plan, samples will be taken in Sisimiut, Nuuk and to some extent also Maniitsoq.

At the factories, the size of the fish will be measured and the samples taken will undergo genetic tests and trials with otolith identification.

This is a good example of Royal Greenland's involvement in Fishery Improvement Projects (FIP), to collect and process valuable knowledge concerning fish stocks, in order to contribute to protecting the species' sustainability.

Another challenge is the reduction of Greenland halibut stocks in coastal fishing. Halibut spawn and spend the first part of their lives outside the coastal zone, but then swim to the good larders off the coast, where they grow to full size.

The concern is not that the halibut stock will be depleted, but that coastal halibut will be reduced to such an extent that, over time, this fishing will be less interesting for individual fishermen, to the detriment of the local communities. In order to maintain sustainable fishing, it is necessary to keep the average size of the stock at an appropriate level.

Certified species

The proportion of MSC-certified species among Royal Greenland's many species has increased from 40% to 45%. This increase is primarily related to Atlantic cod from Norway and Pacific cod, as well as prawns from Western Greenland. There is also initial customer demand for ASC-certified farmed species such as prawns and salmon.

ASC for farmed species is the equivalent to MSC, and has been developed on the basis of the MSC standard.

Most of the purchased salmon, which is Royal Greenland's largest purchased product, is audited under Global Gap - a framework standard that requires a management system with environmental objectives. Global Gap-certified purchased fish and fisheries account for around 8% of total purchases and fishing.

Since 2012, Sustainable Fisheries Greenland has existed as an association of active Greenlandic shipping companies and fishermen. Over the years, this has resulted in the MSC certification of three different fishing categories. In 2017, off-shore Greenland halibut fishery is also expected to achieve certification. This certification is likely to be the first in the world for halibut.

Royal Greenland also expects the certification of prawn fishing around Svalbard to be achieved in 2017.

In 2016, Royal Greenland also became a member of the Global Sustainable Seafood Initiative (GSSI), which is a global platform and partnership between seafood industries, NGOs, experts and state organisations, which share the common goal of working to increase the number of sustainable products.

Assessment of this year's fishing and purchase of fish and shellfish reveals an increasingly improving sustainability status



GSSI's aim is to achieve credibility and promote improvements in the standards for sustainable fisheries, including a tool for comparison of various standards.

Utilisation of resources

Optimising the utilisation of fished and purchased resources is very worthwhile, whether this is on vessels, in the factories, or when the final products are sold.

During the financial year, there has been strong focus on utilising by-products from production, both at sea and ashore. At sea, an interesting aspect is the processing of by-products from cod filleting production. Ashore, by-products can be achieved from the increased processing of cod into fillets. In Maniitsoq, the volume of by-products is relatively higher than in other filleting facilities, since the live fish is landed on the quayside, which means that entrails are also a by-product. Cod provides the same by-product volumes as from prawn production. A final solution has not yet been achieved, but there are opportunities within oil recovery, separation of the last fish scraped from the bones, ensilage or fish meal production.

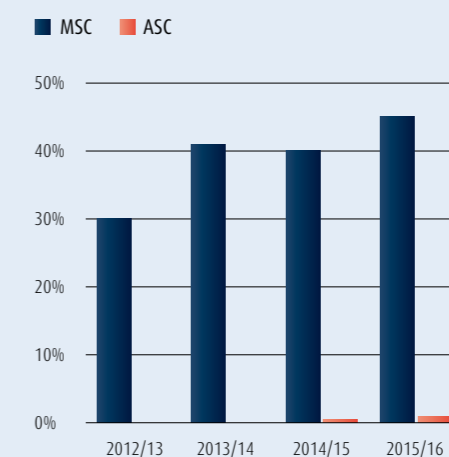
During the year, Royal Greenland gained a representative in the Nordic and West Nordic Biopanel, which works to promote the bioeconomy. Iceland and Norway are good sources of inspiration for this work.

In 2016, in collaboration with BioAqua and the Danish Technological Institute, Royal Greenland started up a project with focus on soluble, enriched proteins in prawn water and on the red dye after the prawn meal process in Ilulissat. Theoretical calculations show that not all of the protein is carried into the prawn meal and since there is also a pollution risk on discharge, the project's purpose is to remove this protein from the wastewater, and instead develop it into a highly technological product.

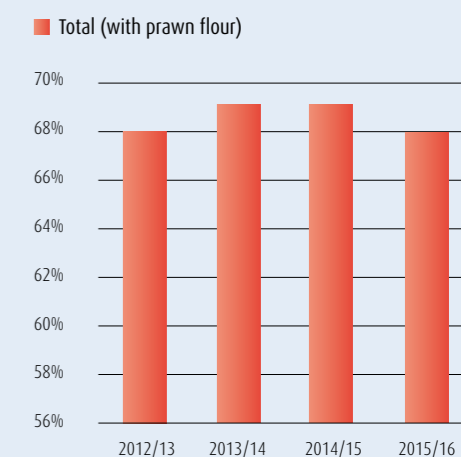
There is focus on waste products throughout the value chain. In Denmark, for example, Royal Greenland has initiated cooperation with Fødevarebanken (the Food Bank), which is an organisation with volunteers who distribute surplus products to shelters for the homeless, crisis centres and similar facilities. From time to time, a consignment may fall below required market standards, yet still be suitable for consumption.



MSC and ASC % share of fishery and purchase



Resource utilisation in Greenland



Environment

Environmental initiatives are primarily local measures with focus on the Group's consumption of electricity and water.

Calculated per tonne of final products, this consumption has been reduced. As for other calculations, the calculation for this year includes 15 months' production, and in respect of Greenland includes 37 facilities, compared to only 21 in previous years.

The lower electricity consumption is related to such measures as systematic review and maintenance of the factories' refrigeration plant in Greenland, the installation of LED lighting, and the optimisation of ventilation plant.

In addition, the larger quotas have increased production volumes, providing more effective utilisation of capacity both onshore and at sea.

Outside Greenland, the factory in Aalborg has optimised its electricity consumption.

As described above, there is also focus on waste products. At the company's sites in Germany, Denmark and Poland, and Nuuk in Greenland, direct reduction targets can be set by weighing before delivery to the public authorities' facilities. This option is not available in other towns in Greenland.

Resource utilisation and disposal of by-products and other waste are interrelated, and reusing elements of waste products, equipment and fishing tools, and using organic material, will help protect the environment.

Royal Greenland has been involved in starting up an environmental group under CSR Greenland, Saligaatsoq - Avatangiiserik. Together with other stakeholders in Greenland, the environmental group's work includes improving waste handling opportunities by focusing on a green transition.

SAVINGS THROUGH RECYCLING

Use of a new type of packaging for shipment of prawns for repackaging at Royal Greenland's facility in Aalborg can over a period of four years reduce the use of cardboard by up to 68%. In addition, it can reduce Co² emissions by up to 63% and create monetary savings upwards of 45% on purchase of this type of packaging.

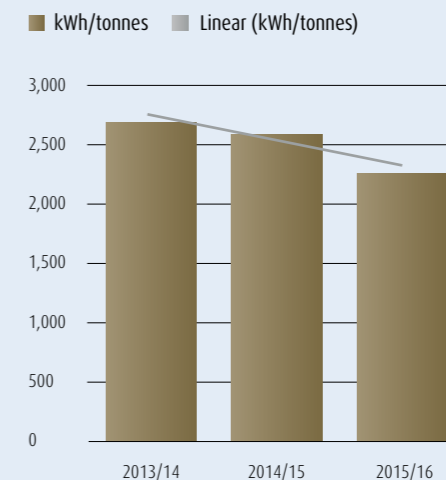
Royal Greenland's purchasing department is currently testing scantainers that are so robust that they can be reused up to 20 times. The prawn factory in Sisimiut has received five of this new type of scantainers, which are now to be filled for shipment.

The expectation is that the new scantainers can be used in the future when prawns are shipped from Royal Greenland's factories in Sisimiut and Ilulissat to Aalborg.

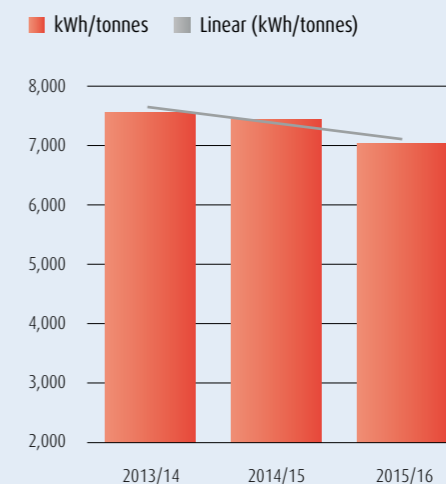
On an annual basis, Royal Greenland uses 11,000 scantainers for shipping of prawns. By replacing single-use scantainers with the more robust recyclable ones that are currently being tested, it is possible to reduce the number to 3,000 per year. The goal is that the new type of packaging is to be fully implemented in the fall of 2017.



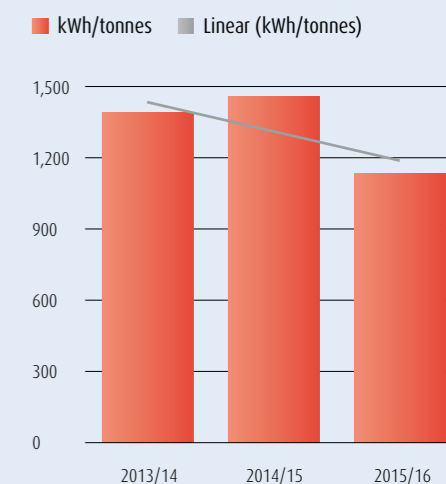
Total energy consumption in the Group



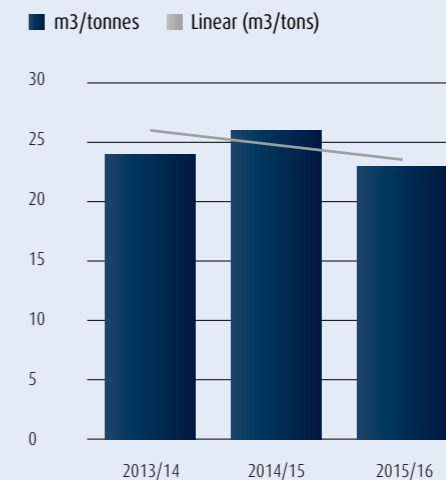
Energy consumption RG GRL vessels



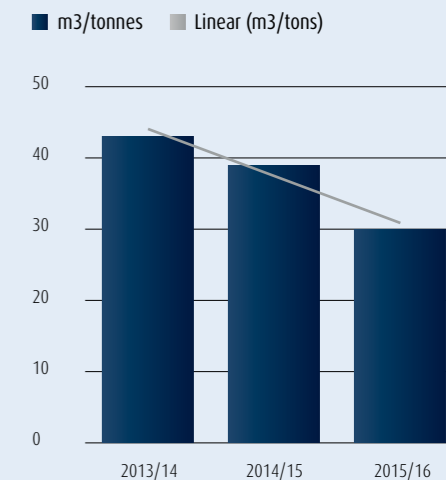
Energy consumption RG GRL factories



Water consumption RG Group



Water consumption RG GRL factories



PROFIT – THE COMPANY'S BUSINESS FOUNDATION

Business ethics

Sustainable profit for the benefit of Greenland, the many local communities of which we are part throughout the world, and Royal Greenland, can only be achieved by operating a business that is legitimate in every way.

Royal Greenland takes this responsibility seriously and seeks to ensure that due diligence procedures and processes are in place for all transactions, and adhere to the Group's principles. This is ensured by focusing on high food safety standards, contract stipulations, and open communication on the resources' origin.

In business-ethical terms, Royal Greenland focuses on the principles in the Code of Conduct, ethical follow-up of suppliers and producing subsuppliers, and training of risk-exposed employees in how to discover and prevent their own involvement in corruption or nepotism.

Anti-corruption

In 2014, anti-corruption training of relevant employees exposed to this risk was instigated. This training continued in 2015 and 2016, and 100% of the employees who are exposed to risk have now received anti-corruption training.

According to a risk analysis of the company's job functions, especially employees in procurement, sales, logistics, production management and executive management may be vulnerable to corruption and bribery. This group constitutes the risk-exposed employee group.

The web-based anti-corruption training sets out a number of situations and dilemmas to which employees risk being exposed in the course of their work and which require a course of action to be taken. The employee gets an immediate response on whether the course of action chosen is in line with Royal Greenland's ethical principles. This training is based on conditions in our particular industry and is intended to make employees reflect on their actions in situations where doubt can arise concerning corruption or nepotism.

Test yourself and read the box to see if your answer is correct!

You wish to buy a machine for a factory in Greenland. You have sent a specification to three suppliers and are waiting for a response. One of the suppliers gets back to you with a proposal that you come to the USA to see the machine in operation, so that you can also visit a couple of the large wine houses. You are very interested in wine.

What is your response?

1. You accept the offer of the trip, including the wine tour.
2. Royal Greenland pays for the full trip, including the wine tour.
3. Royal Greenland pays the air fare and accommodation, and you pay for the wine tour from your own pocket.
4. Royal Greenland pays the air fare and accommodation. You say no thank you to the wine tour.
5. You say no thank you to the entire trip.
6. Don't know

The correct response is:
4. Royal Greenland pays the air fare and accommodation. You say no thank you to the wine tour

ETHICS ON THE CUSTOMERS' MENU

During the past year, six of Royal Greenland's major factories – Ilulissat, Sisimiut, Kozzalin, Matane, Cuxhaven and Aalborg – have undergone a "SMETA audit".

A SMETA audit is a third-party audit based on an internationally recognised ethical code. The ethical code has been adopted as part of broad stakeholder collaboration between private companies, trade unions and NGOs, and has been developed to improve working and environmental conditions in companies all over the world.

For Royal Greenland, ethical audits are positive for our business, since we can ensure compliance with customer requirements and also become even better at fulfilling new and stricter requirements of both practice and documentation within the ethical area.



Ethical supply chain management

Royal Greenland not only produces from its own fisheries resources, but also trades with suppliers all over the world. These suppliers must comply with Royal Greenland's food safety and inspection standards, as well as the ethical requirements described in our Supplier Code of Conduct.

Suppliers may be located in countries with inadequate legislation, or where legislation is not enforced properly. Ethical supply chain management therefore takes place in accordance with a risk assessment with special focus on production country, industry and scope. The risk assessment assigns suppliers to a low, medium or high risk group.

Besides signing Royal Greenland's Supplier Code of Conduct, suppliers in the medium and high risk groups are asked to complete a self-evaluation to disclose the supplier's efforts to observe human rights, workplace health and safety, and environmental protection measures, and their handling of corruption and bribery. Suppliers in the high-risk group may also be subject to a third party ethical audit.

During the year, there have been a few cases of suppliers who did not wish to commit to Royal Greenland's Code of Conduct. This has resulted in closer dialogue and, if necessary, termination of cooperation.

SMETA audits

In 2016, six factories were subject to SMETA audits. SMETA stands for SEDEX Members' Ethical Trade Audit. In a SMETA audit, a factory's performance in terms of human rights, employee health and safety, environmental protection and anti-corruption are reviewed by a third party. The results are published in a database and presented to customers on demand, so that customers achieve full insight.

Royal Greenland supports ethical trade initiatives such as SMETA and therefore has its own factories audited if required by customers. Suppliers are also encouraged to undergo ethical third-party audits.

PEOPLE

Working conditions and human rights

	2011/12	2012/13	2013/14	2014/15	2015/16
No. of employees					
Group	1962	2057	1906	2156	2769
Greenland	832	910	979	1202	1401
Denmark	234	227	200	195	197
Other countries	896	920	727	759	1171

Training and education - Greenland

Course participants in RG Academy	-	-	-	-	549
No. of course days in RG Academy	-	-	-	-	146
No. of courses in RG Academy	-	-	-	-	45
Course participants at other venues	-	-	-	-	252
No. of course days at other venues	-	-	-	-	40
No. of courses at other venues	-	-	-	-	10
Statutory courses, participants	-	-	-	-	107

Apprentices, trainees and students

Group (apprentices/trainees)	12	20	24	30	49
Greenland	9	16	17	22	27
Students in higher education	-	-	-	25	31

Diversity

Board (w/m)	50/50	50/50	60/40	50/50	50/50
Executive management ¹	13%	15%	17%	16%	14%
Factory managers ²	-	-	93%	93%	100%
Trawler officers ²	85%	85%	82%	84%	86%

Employee safety

Work Place Assessments (WA) Greenland	-	-	11	8	18
Injury frequency ³ Group	-	-	-	8	11
- Greenland	-	-	-	7	9
- Denmark	-	-	-	11	7
- Other countries	-	-	-	14	12

¹ Percentage of women in management

² With a special connection to Greenland

³ Definition: A sudden, unexpected and harmful event that results in notification of a personal injury, calculated per 100 FTEs.

Corporate Social Responsibility/Sustainability

Corporate Social Responsibility/Sustainability

PLANET

Sustainability

	2011/12	2012/13	2013/14	2014/15	2015/16
Sustainable fisheries and utilisation of resources					
Critical species	8%	7%	6%	4%	1%
MSC certification of raw materials	34%	30%	41%	40%	45%
Resource utilisation of purchased and fished resources	61%	68%	69%	69%	68%

Environment

	2011/12	2012/13	2013/14	2014/15	2015/16
Energy consumption					
Group (KWh/tonnes finished goods)	2851	2820	2685	2585	2260
Greenland (KWh/tonnes finished goods)	1652	1622	1392	1458	1132
Ocean-going vessels (KWh/tonnes finished goods)	7916	8161	7551	7432	7040
Coastal vessels (KWh/tonnes finished goods)	-	-	-	2538	3055

Water consumption

Group (m3/tonnes)	33	28	24	26	23
Greenland (m3/tonnes)	67	49	43	39	30

PROFIT

Good business ethics

	2011/12	2012/13	2013/14	2014/15	2015/16
Anti-corruption					
Anti-corruption training	-	-	-	9%	91%
Ethical supply chain management					
Total responses	-	-	40%	70%	58%
High risk	-	-	64%	88%	86%
Medium risk	-	-	51%	55%	67%
Low risk	-	-	39%	69%	56%

FINANCIAL STATEMENTS

Accounting Policies

General

The Annual Report of Royal Greenland A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act governing state-owned limited liability companies in reporting class D.

The financial year of the company and the Group has been changed, so that it ends on December 31st 2016. The 2015/16 financial year therefore comprises 15 months from October 1st 2015 to December 31st 2016. The comparative figures for 2014/15 comprise 12 months from October 1st 2014 to September 30th 2015.

In relation to 2014/15, deferred tax assets have been reclassified from fixed to current assets. The comparative figures have been adjusted.

The accounting policies are unchanged from the previous year.

Consolidation

The consolidated financial statements include Royal Greenland A/S (Parent Company) and the Group enterprises (subsidiaries) in which the Parent Company directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling interest. Enterprises in which the Group has significant, but not controlling, influence, are regarded as associates. The Group structure is presented in the Management's Review.

The consolidated financial statements are prepared as a consolidation of the audited financial statements of the Parent Company and of the individual subsidiaries, which have all been prepared by applying the Group's accounting policies. Intra-group receivables and payables, income and expenses, dividends, unrealised internal profits and losses are eliminated, and intra-Group shareholdings are set off.

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied to the acquisition of new enterprises where the Parent Company obtains a controlling interest. Under this method, identifiable assets and liabilities of these newly-acquired enterprises are measured at fair value at the acquisition date.

On acquisition of enterprises, provisions are made for costs relating to adopted and published restructuring of the acquired enterprise. Allowance is made for the tax effect of the restatements and provisions made.

Positive differences in amount (goodwill) between the cost of the acquired interest and the fair value of the assets and liabilities taken over are recognised under intangible assets, and are amortised systematically over the income statement based on an individual assessment of their useful lives, but no more than 20 years. Negative differences in amount (negative goodwill), corresponding to expected adverse development in the relevant enterprises, are recognised in the balance sheet as deferred income, and are recognised in the income statement as such adverse development is realised.

The consolidation method is applied to intra-Group restructuring.

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill, previous price adjustments and estimated divestment or winding-up expenses. Profits and losses are recognised in the income statement.

Minority interests

Group profit/loss and Group equity include a separate item which specifies the proportional share of the subsidiaries' profit/loss and equity attributable to minority interests.

Foreign currency translation

On initial recognition, foreign currency transactions are translated by 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 on the balance sheet date. Exchange rate differences that arise between the rate on the transaction date and the rate in effect on the payment date, or the rate on the balance sheet date, are recognised in the income statement as financial income or financial expenses.

The income statements of foreign subsidiaries and associates are translated into Danish kroner using the annual average exchange rate, and the balance sheets are translated using the exchange rate on the balance sheet date.

Exchange rate differences arising on translation of the foreign subsidiaries' equity at the beginning of the year at the exchange rate on the balance sheet date are recognised directly to equity. This also applies to exchange rate differences arising on the translation of the income statement from the annual average exchange rate to the exchange rate on the balance sheet date.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost, and subsequently at fair value. Derivative financial instruments are recognised under financial fixed assets and long-term liabilities, respectively.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging of the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly to equity. When the hedged transactions are realised, the accumulated changes are recognised in the relevant items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement

Net revenue

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

Other operating income and expenses

Other operating income and expenses comprise income and expenses of a secondary nature to the Group's primary activities.

Research and development costs

Research and development costs comprise costs, including salaries and depreciation, attributable to the research and development activities carried out by the Group.

Research costs are recognised in the income statement in the year in which they are paid.

Development costs paid in relation to maintenance and optimisation of existing products or production processes are expensed.

Costs related to the development of new products are recognised in the income statement unless the criteria for recognition in the balance sheet have been met for the individual development project.

Financial income and expenses

These items comprise interest income and expenses, the interest element of financial leasing payments, realised and unrealised capital gains and losses on securities, payables and transactions in foreign currencies, amortisation premiums/discounts relating to mortgage debt, cash discounts, etc., as well as tax surcharges and repayments under the Danish Tax Prepayment Scheme.

Income taxes

Tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement for the portion attributable to the profit/loss for the year, and recognised directly to equity for the portion attributable to entries directly to equity. The portion of the tax taken to the income statement which relates to extraordinary profit/loss for the year is allocated to this entry, whereas the remaining portion is taken to the year's profit/loss from ordinary activities.

The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on the year's taxable income, adjusted for prepaid tax.

Deferred tax is recognised and measured applying the liability method on all temporary differences between the carrying amount and tax-based value of assets and liabilities, where the tax-based value of the assets is calculated on the basis of the planned use of each asset. No deferred tax is allocated concerning shares in subsidiaries. Deferred tax is measured on the basis of the tax regulations and tax rates of the relevant countries that will be in effect, according to the legislation in force as of the balance sheet date, when the deferred tax is estimated to be triggered as current tax. Changes in deferred tax resulting from changed tax rates are recognised in the income statement.

Deferred tax assets, including the taxable value of the tax loss carryforward, 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.

Balance sheet

Intangible assets

Goodwill and goodwill on consolidation

Goodwill is amortised on a straight-line basis over its estimated useful life, which is determined on the basis of the experience gained by Management for each business area. The amortisation period is usually 5 years, but it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile, if the longer amortisation period is considered to better reflect the Group's benefit from the relevant resources.

The carrying amount of goodwill is assessed currently and written down to the lower recoverable amount if the carrying amount exceeds the estimated future net income from the enterprise or activity to which the goodwill is related.

Quotas, IT and licences

Acquired intangible rights in the form of quotas, IT and licences are measured at cost less accumulated amortisation. Amortisation is carried out on a straight-line basis over a period of 3-10 years. Intangible rights acquired are written down to the lower of recoverable amount and carrying amount.

Development projects

Development projects comprise costs, wages and depreciation directly and indirectly attributable to the company's development activities and which comply with the criteria for recognition in the balance sheet.

Capitalised development costs are measured at the lower of cost less accumulated amortisation or recoverable amount.

Capitalised development projects are amortised on a straight-line basis according to the completion ratio of the development project over the estimated economic life of the project. The period of amortisation is usually 3-10 years.

Other intangible assets

Other intangible assets comprise commercial trading agreements and are measured at cost less accumulated depreciation and impairment losses. Amortisation is carried out on a straight-line basis over a period of 20 years. Intangible rights acquired are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs for the asset until the time when it is ready to be put into operation. For company-manufactured assets, cost comprises direct and indirect costs of materials, components, suppliers and labour costs.

Interest expenses on loans to finance the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other financing 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	10 - 50 years
Vessels	7 - 16 years
Plant included in the item "vessels"	5 - 10 years
Plant and machinery	5 - 10 years
Other fixtures and fittings, tools and equipment	3 - 5 years

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

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price minus selling costs and the carrying amount at the time of sale. Profit is recognised in the income statement as other operating income, and loss as other operating costs.

Fixed asset investments

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured according to the equity method. This means that in the balance sheet investments are measured at the pro rata share of the enterprises' equity, cf. the description above under consolidated annual report, plus or less unamortised goodwill or negative goodwill on consolidation and plus or minus unrealised intra-group profits and losses.

The Parent Company's share of the enterprises' profits or losses after elimination of unrealised intra-Group profits and losses, minus or plus amortisation of positive, or negative, goodwill on consolidation, is recognised in the income statement.

Subsidiaries and associates with a negative equity value are measured at zero value, and any receivables from these enterprises are written down by the Parent Company's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent Company has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Net revaluation of investments in subsidiaries and associates is taken to the reserve for net revaluation under the equity method if the carrying amount exceeds cost.

Other fixed asset investments

Other fixed asset investments primarily include long-term receivables and unlisted investments.

Investments and receivables not held to maturity are measured at cost on acquisition and subsequently at fair value. If the fair value cannot be fixed reliably, the measurement is made at cost.

Receivables held to maturity are measured at cost on acquisition and are subsequently measured at amortised cost.

In the event that fixed asset investments are written down to a lower value, such write-down takes into account the risk of loss associated with each individual asset.

Inventories

Stocks of raw materials are measured at cost using weighted average prices or any lower net realisable value.

The stock of consumables comprises for instance packaging, operating goods and fish boxes.

The stock of fish boxes is measured at a fixed amount. Supplementary acquisition of gear is expensed on a current basis.

All other stocks of consumables are measured at the lower of cost using the FIFO method or any lower net realisable value.

Goods in progress and finished goods, including finished goods produced on board own trawlers, are measured at the lower of cost using weighted average prices or any lower net realisable value. Cost of manufactured goods consist of costs of raw materials, consumables and direct labour costs, as well as indirect production overheads. Indirect production overheads are allocated on the basis of the normal capacity of the individual production entities. Indirect production overheads comprise indirect materials and labour costs, costs of maintenance of and depreciation and impairment losses on trawlers, factory buildings, machinery and equipment used in the manufacturing process, as well as costs of factory administration and management.

Receivables

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

Prepayments

Prepayments under assets comprise incurred costs relating to subsequent financial years. Prepayments are measured at amortised cost, which usually corresponds to the nominal value.

Equity

Dividends are recognised as a liability at the time of adoption at the general meeting. The proposed dividends for the financial year are disclosed as a separate item under equity.

Provisions

Provisions are recognised when the Group has a legal and constructive obligation as a result of an event prior to or as of the balance sheet date, and it is pro-

bable that future economic benefits will flow out of the company in order to meet the obligation.

Provisions that are estimated to mature more than one year after the balance sheet date are discounted at a market-based interest rate.

Liabilities other than provisions

Financial liabilities

Financial liabilities are measured at cost at the time of borrowing, corresponding to the proceeds received less transaction costs incurred. The liability is subsequently measured at amortised cost, which corresponds to the capitalised value when using the effective interest rate method, so that the difference between the proceeds and the nominal value is included in the income statement over the borrowing period.

If a financial liability has been sufficiently hedged by a derivative financial instrument, the financial liability is measured at fair value and any changes in the fair value are recognised in the income statement under other financial items along with changes in the fair value of the derivative financial instrument.

Other financial liabilities

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

Prepayments

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at amortised cost, which usually corresponds to the nominal value.

Cash flow statement

The cash flow statement of the Group is presented using the indirect method and shows cash flows from operating, investing and financing activities, as well as the Group's cash and cash equivalents at the beginning and the end of the financial year. No separate cash flow statement has been prepared for the Parent Company because it is included in the consolidated cash flow statement.

Cash flows from acquisition and divestment of new enterprises are shown separately under cash flows from investing activities. Cash flows from acquired enterprises are recognised in the cash flow statement from the time of their acquisition, and cash flows from divested enterprises are recognised up to the time of sale.

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

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises and activities, as well as purchase and sale of intangible assets, property, plant and equipment, and fixed asset investments.

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs, as well as the raising of loans, instalments on interest-bearing debt, and payment of dividends to shareholders.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk, less short-term bank debt.

Segment information

The primary segment of the Group is the business segment. The geographical markets comprise the secondary segment.

Management assesses that the Group solely operates with one individual business segment, so that the business segment information required in respect of net revenue, profit/loss before financial items, value of fixed assets and value of liabilities appears from the consolidated income statement and balance sheet.

The geographical markets are split into European countries and other markets.

Financial Highlights and Key Ratios

"Net interest-bearing debt" is calculated after set-off of derivative financial instruments with a positive value. In the calculation of equity ratio and net interest-bearing debt/EBITDA, derivative financial instruments with a positive value are set off to both total assets and net interest-bearing debt.

As the 2015/16 financial year comprises 15 months, the figures from the income statement for the financial year are converted pro rata to 12 months, to the extent that they are included in the calculation of key figures.

Financial highlights and key ratios are calculated as follows.

$$\begin{aligned} \text{EBIT margin} &= \frac{\text{EBIT} \times 100}{\text{Net revenue}} \\ \text{EBT margin} &= \frac{\text{EBT} \times 100}{\text{Net revenue}} \\ \text{ROIC including goodwill} &= \frac{\text{EBITA} \times 100}{\text{Average invested capital including goodwill}} \\ \text{Return on equity (ROE)} &= \frac{\text{Net profit/loss for the year} \times 100}{\text{Average equity}} \\ \text{Equity ratio} &= \frac{\text{Equity} \times 100}{\text{Balance sheet total}} \\ \text{Net interest-bearing debt / EBITDA} &= \frac{\text{Net interest-bearing debt}}{\text{EBITDA}} \end{aligned}$$

INCOME STATEMENT

	Note	Group		Parent	
		2015/16 15 mo. DKK 1,000	2014/15 12 mo. DKK 1,000	2015/16 15 mo. DKK 1,000	2014/15 12 mo. DKK 1,000
Revenue	1	7,104,965	4,721,326	3,287,550	2,234,973
Change in inventories of finished goods		241,156	69,364	162,501	70,501
Other operating income	2	48,847	31,156	27,226	26,003
		7,394,968	4,821,846	3,477,277	2,331,477
Costs of raw materials and consumables		(4,626,090)	(2,973,319)	(1,752,659)	(1,123,546)
Other external expenses		(1,028,047)	(699,846)	(589,027)	(412,936)
Staff costs	3	(1,164,121)	(751,768)	(740,585)	(508,838)
Depreciation, amortisation and impairment losses	4	(239,584)	(159,572)	(146,996)	(101,290)
Other operating costs		(391)	(571)	(160)	(507)
Operating profit		336,735	236,770	247,850	184,360
Profit/loss from investments in group enterprises after tax	5	0	0	27,057	26,683
Profit/loss from investments in associates after tax	6	28,524	6,368	(403)	(6,399)
Financial income	7	59,893	25,823	21,230	3,884
Financial expenses	8	(89,940)	(65,163)	(52,423)	(48,234)
Profit before tax		335,212	203,798	243,311	160,294
Tax on profit	9	(132,492)	(73,848)	(69,864)	(47,187)
Profit after tax		202,720	129,950	173,447	113,107
Minority interests' share of profit/loss after tax of group enterprises		(29,273)	(16,843)	-	-
PROFIT FOR THE YEAR		173,447	113,107	173,447	113,107
Proposed distribution of profit					
Reserve for net revaluation according to the equity method				0	0
Proposed dividend				100,000	56,500
Retained earnings				73,447	56,607
				173,447	113,107

ASSETS

	Note	Group		Parent	
		31.12.16 DKK 1,000	30.09.15 DKK 1,000	31.12.16 DKK 1,000	30.09.15 DKK 1,000
Intangible assets	10	190,945	99,788	53,879	69,534
Buildings		301,309	272,572	175,195	167,861
Plant and machinery		232,586	186,472	111,360	104,395
Vessels		423,631	275,704	181,924	212,129
Other fixtures and fittings, tools and equipment		25,698	17,452	19,290	14,929
Fixed assets in progress		88,106	52,097	74,368	43,799
Property, plant and equipment	11	1,071,330	804,297	562,137	543,113
Investments in group enterprises	12	0	0	1,827,250	1,829,427
Receivables from Group enterprises	13	0	0	59,975	0
Investments in associates	12	87,320	53,929	14,908	10,568
Receivables from associates	13	21,104	43,189	2,104	4,189
Derivative financial instruments		150,535	169,631	150,535	169,631
Other fixed asset investments	14	66,171	36,518	42,086	27,232
Fixed asset investments		325,130	303,267	2,096,858	2,041,047
FIXED ASSETS		1,587,405	1,207,352	2,712,874	2,653,694
Inventories	15	1,743,617	1,774,253	746,144	551,538
Trade receivables		739,713	521,240	8,481	11,015
Receivables from Group enterprises		0	0	179,097	151,776
Receivables from associates		0	4,596	0	4,596
Other receivables	16	45,224	105,659	9,866	3,970
Deferred tax assets	19	103,050	100,554	0	0
Income tax receivable		5,693	0	0	0
Prepayments	17	16,378	9,376	4,170	5,253
Receivables		910,058	741,425	201,614	176,610
Investment in securities		0	48,489	0	0
Cash		311,221	240,966	108,493	149,833
CURRENT ASSETS		2,964,896	2,805,133	1,056,251	877,981
ASSETS		4,552,301	4,012,485	3,769,125	3,531,675

EQUITY AND LIABILITIES

	Note	Group		Parent	
		31.12.16 DKK 1,000	30.09.15 DKK 1,000	31.12.16 DKK 1,000	30.09.15 DKK 1,000
Share capital		850,000	850,000	850,000	850,000
Reserve for net revaluation under the equity method		0	0	0	0
Proposed dividend		100,000	56,500	100,000	56,500
Retained earnings		464,351	357,286	464,351	357,286
EQUITY		1,414,351	1,263,786	1,414,351	1,263,786
Minority interests	18	103,513	77,738	-	-
Deferred tax	19	126,763	107,073	55,656	63,980
Other provisions	20	7,829	7,442	366	0
PROVISIONS		134,592	114,515	56,022	63,980
Mortgage debt		97	9,996	0	0
Payables to Group enterprises		0	0	0	9,924
Other credit institutions		1,152,215	705,769	1,146,862	705,769
Other long-term debt		119,522	0	0	0
Derivative financial instruments		430	2,173	430	1,114
Long-term liabilities other than provisions	21	1,272,264	717,938	1,147,292	716,807
Short-term portion of long-term liabilities other than provisions		405,857	545,509	398,477	535,513
Credit institutions		220,518	318,230	70,783	90,802
Trade payables		605,838	617,232	139,262	144,868
Payables to Group enterprises		0	0	295,860	480,445
Payables to associates		44,095	34,112	44,095	34,112
Income taxes	9	58,554	50,461	38,745	23,077
Other payables	22	262,027	238,369	164,238	178,285
Deferred income		30,692	34,595	0	0
Short-term liabilities other than provisions		1,627,581	1,838,508	1,151,460	1,487,102
LIABILITIES OTHER THAN PROVISIONS		2,899,845	2,556,446	2,298,752	2,203,909
EQUITY AND LIABILITIES		4,552,301	4,012,485	3,769,125	3,531,675
Assets charged and contingent liabilities	23				
Other notes	24-28				

STATEMENT OF CHANGES IN EQUITY - GROUP

	Share capital DKK 1,000	Retained earnings DKK 1,000	Proposed dividend DKK 1,000	Total DKK 1,000
Equity at October 1 st 2014	850,000	282,468	34,000	1,166,468
Exchange rate adjustment	0	(6,671)	0	(6,671)
Fair value adjustments recognised in equity	0	874	0	874
Tax, fair value adjustments	0	(131)	0	(131)
Dissolved value adjustment for sold company	0	6,172	0	6,172
Paid dividend	0	0	(34,000)	(34,000)
Tax, proposed dividend	0	17,967	0	17,967
Net profit for the year	0	56,607	56,500	113,107
Equity at September 30th 2015	850,000	357,286	56,500	1,263,786
Exchange rate adjustment	0	6,885	0	6,885
Fair value adjustments recognised in equity	0	(7,188)	0	(7,188)
Tax, fair value adjustments	0	2,390	0	2,390
Dissolved value adjustment for sold company	0	(269)	0	(269)
Paid dividend	0	0	(56,500)	(56,500)
Tax, proposed dividend	0	31,800	0	31,800
Net profit for the year	0	73,447	100,000	173,447
Equity at December 31st 2016	850,000	464,351	100,000	1,414,351

STATEMENT OF CHANGES IN EQUITY - PARENT

	Share capital DKK 1,000	Reserve under the equity method DKK 1,000	Retained earnings DKK 1,000	Proposed dividend DKK 1,000	Total DKK 1,000
Equity at October 1 st 2014	850,000	0	282,468	34,000	1,166,468
Exchange rate adjustment	0	0	(6,671)	0	(6,671)
Fair value adjustments recognised in equity	0	0	874	0	874
Tax, fair value adjustments	0	0	(131)	0	(131)
Dissolved value adjustment for sold company	0	0	6,172	0	6,172
Paid dividend	0	0	0	(34,000)	(34,000)
Tax, proposed dividend	0	0	17,967	0	17,967
Net profit for the year	0	0	56,607	56,500	113,107
Equity at September 30th 2015	850,000	0	357,286	56,500	1,263,786
Exchange rate adjustment	0	0	6,885	0	6,885
Fair value adjustments recognised in equity	0	0	(7,188)	0	(7,188)
Tax, fair value adjustments	0	0	2,390	0	2,390
Dissolved value adjustment for sold company	0	0	(269)	0	(269)
Paid dividend	0	0	0	(56,500)	(56,500)
Tax, proposed dividend	0	0	31,800	0	31,800
Net profit for the year	0	0	73,447	100,000	173,447
Equity at December 31st 2016	850,000	0	464,351	100,000	1,414,351

The company's share capital consists of 850,000 shares of DKK 1,000 or multiples thereof. The share capital is not divided into classes. There have been no changes in the share capital for the last 5 years.



CONSOLIDATED CASH FLOW STATEMENT

	Note	2015/16 15 mo. DKK 1,000	2014/15 12 mo. DKK 1,000
Net profit for the year		173,447	113,107
Adjustments relating to net profit for the year	28	370,893	270,663
Working capital changes	29	(131,580)	(208,490)
Cash flows from operating activities before net financials		412,760	175,280
Ingoing payments relating to financial items		46,034	12,120
Outgoing payments relating to financial items		(58,959)	(44,253)
Cash flows from ordinary activities		399,835	143,147
Paid taxes		(86,681)	(58,867)
Cash flows from operating activities		313,154	84,280
Purchase of net assets connected to business transfer		(120,625)	(88,000)
Purchase of intangible and tangible fixed assets		(401,125)	(194,073)
Purchase of shares in associates		(42)	0
Purchase of other financial fixed assets		(29,346)	(11,891)
Sale of intangible and tangible fixed assets		30,117	15,971
Sale of shares in associates		0	33,726
Sale of other financial fixed assets		33,616	2,172
Dividends received from associates		3,228	1,346
Cash flows from investing activities		(484,177)	(240,749)
Proceeds from obtaining/(instalments on) long-term liabilities		330,472	(15,701)
Paid dividend		(56,500)	(34,000)
Supply of capital from minority interests		7,414	250
Dividends paid during the year to minority interests		(10,912)	(5,456)
Cash flows from financing activities		270,474	(54,907)
Increase/decrease in cash and cash equivalents		99,451	(211,376)
Cash and cash equivalents, beginning of year		(28,775)	212,886
(Reduction)/addition connected to business transfer		20,027	(30,285)
Cash and cash equivalents, end of year	30	90,703	(28,775)

NOTES TO THE FINANCIAL STATEMENTS

	Group		Parent	
	2015/16 15 mo. DKK 1,000	2014/15 12 mo. DKK 1,000	2015/16 15 mo. DKK 1,000	2014/15 12 mo. DKK 1,000
1 Net revenue - Geographical markets				
Europe	4,666,591	3,596,868	3,048,657	1,992,123
Other markets	2,438,374	1,124,458	238,893	242,850
	7,104,965	4,721,326	3,287,550	2,234,973
2 Other operating income				
Management fees	2,642	3,157	7,023	6,707
Rental income	5,446	4,156	3,431	2,708
Sale of quotas	8,928	6,976	13,148	10,676
Profit on sale of fixed assets	21,804	10,129	995	4,153
Received grants	4,482	3,615	0	0
Other operating income	5,545	3,123	2,629	1,759
	48,847	31,156	27,226	26,003
3 Staff costs				
The total amount of wages and salaries etc. is specified as follows:				
Wages and salaries	1,051,560	669,644	669,450	457,420
Pension contributions and other social costs	50,577	37,048	38,299	26,179
Other personnel costs	61,984	45,076	32,836	25,239
	1,164,121	751,768	740,585	508,838
Average number of employees	2,769	2,156	1,415	1,263
Remuneration for the Supervisory Board and Executive Board				
Remuneration for the Parent Company's Supervisory Board	2,200	2,200		
Executive Board	Fixed salary	Bonus		
Mikael Thinghuus	5,019			
Nils Duus Kinnerup	3,412			
Bruno Olesen	3,167			
Lars Nielsen	3,120			
Total Executive Board	14,718	3,141	17,859	13,742

NOTES TO THE FINANCIAL STATEMENTS

	Group		Parent	
	2015/16 15 mo. DKK 1,000	2014/15 12 mo. DKK 1,000	2015/16 15 mo. DKK 1,000	2014/15 12 mo. DKK 1,000
4 Depreciation, amortisation and impairment losses				
Buildings	47,969	25,833	30,662	18,820
Plant and machinery	62,693	48,145	33,268	24,166
Vessels	87,524	59,662	55,204	43,507
Other fixtures and fittings, tools and equipment	8,760	5,581	6,948	4,451
Goodwill	7,534	10,736	3,780	4,026
Quotas	5,373	6,447	1,640	3,212
Software and licences	3,849	3,168	3,730	3,108
Development costs	11,764	0	11,764	0
Other intangible assets	4,118	0	0	0
	239,584	159,572	146,996	101,290
5 Profit/loss from investments in Group enterprises				
Profit	0	0	42,123	55,391
Loss	0	0	(12,454)	0
Change in intra-group profits	0	0	(2,612)	(28,708)
	0	0	27,057	26,683
6 Profit/loss from investments in associates				
Profit	36,680	14,731	7,753	1,795
Loss	(8,156)	(8,363)	(8,156)	(8,194)
Depreciation of differential value	0	0	0	0
	28,524	6,368	(403)	(6,399)

NOTES TO THE FINANCIAL STATEMENTS

	Group		Parent	
	2015/16 15 mo. DKK 1,000	2014/15 12 mo. DKK 1,000	2015/16 15 mo. DKK 1,000	2014/15 12 mo. DKK 1,000
7 Financial income				
Capital gains	46,951	21,646	11,227	1,790
Interest from Group enterprises	-	-	4,010	1,234
Interest on bank deposit	1,224	784	315	0
Income from fixed asset investments	4,400	2,685	2,088	858
Other financial income	7,318	708	3,590	2
	59,893	25,823	21,230	3,884
8 Financial expenses				
Capital loss	35,858	20,382	10,971	11,012
Interest on bank and mortgage debt	43,284	32,395	37,396	27,528
Other financial expenses	10,798	12,386	4,056	8,677
Interest to Group enterprises	-	0	0	1,017
	89,940	65,163	52,423	48,234
9 Tax on profit				
Current tax for the year	(106,150)	(78,834)	(72,867)	(42,817)
Other taxes	(3,804)	(1,460)	(2,880)	(1,460)
Adjustment to previous years	0	(6,499)	0	(106)
Deferred tax for the year	(22,538)	12,945	5,883	(2,804)
	(132,492)	(73,848)	(69,864)	(47,187)
Reconciliation of tax rate:				
Greenland tax rate	32 %	32 %	32 %	32 %
Other taxes	1 %	1 %	1 %	1 %
Capitalisation of tax asset in foreign enterprises	5 %	0 %	0 %	0 %
Effect of difference in tax rate between Greenland and foreign enterprises	2 %	3 %	0 %	0 %
Tax free income (net) from affiliated and associated companies etc.	0 %	0 %	(4) %	(4) %
Tax rate expensed	40 %	36 %	29 %	29 %

NOTES TO THE FINANCIAL STATEMENTS

10 Intangible assets	Group				
	Group goodwill DKK 1,000	Quotas DKK 1,000	IT and licenses DKK 1,000	Develop- ment project DKK 1,000	Other intangible assets DKK 1,000
Cost at October 1 st 2015	96,313	151,325	32,712	11,764	0
Business acquisition	3,815	0	0	0	102,282
Value adjustment at closing price	120	0	(7)	0	3,239
Additions for the year	0	3,148	3,723	0	7,598
Disposals for the year	0	(527)	0	0	0
Cost at December 31st 2016	100,248	153,946	36,428	11,764	113,119
Amortisation and impairment losses at October 1 st 2015	(34,788)	(130,456)	(27,082)	0	0
Value adjustment at closing price	(4)	0	5	0	(124)
Amortisation for the year	(7,534)	(5,373)	(3,849)	(4,902)	(4,118)
Impairment for the year	0	0	0	(6,862)	0
Amortisation regarding disposals for the year	0	527	0	0	0
Amortisation and impairment losses at December 31st 2016	(42,326)	(135,302)	(30,926)	(11,764)	(4,242)
Carrying amount at December 31st 2016	57,922	18,644	5,502	0	108,877
Carrying amount at September 30 th 2015	61,525	20,869	5,630	11,764	0

NOTES TO THE FINANCIAL STATEMENTS

10 Intangible assets	Parent			
	Goodwill DKK 1,000	Quotas DKK 1,000	IT DKK 1,000	Develop- ment projects DKK 1,000
Cost at October 1 st 2015	50,495	116,763	31,868	11,764
Business acquisition	2,496	2,480	0	0
Additions for the year	0	0	3,058	0
Disposals for the year	0	(527)	0	0
Cost at December 31st 2016	52,991	118,716	34,926	11,764
Amortisation and impairment losses at October 1 st 2015	(4,026)	(110,897)	(26,433)	0
Business acquisition	(1,399)	(1,376)	0	0
Amortisation for the year	(3,780)	(1,640)	(3,730)	(4,902)
Impairment for the year	0	0	0	(6,862)
Amortisation regarding disposals for the year	0	527	0	0
Amortisation and impairment losses at December 31st 2016	(9,205)	(113,386)	(30,163)	(11,764)
Carrying amount at December 31st 2016	43,786	5,330	4,763	0
Carrying amount at September 30 th 2015	46,469	5,866	5,435	11,764



NOTES TO THE FINANCIAL STATEMENTS

11 Property, plant and equipment	Group				
	Buildings DKK 1,000	Plant and machinery DKK 1,000	Vessels DKK 1,000	Other fixtures etc. DKK 1,000	Fixed assets in progress DKK 1,000
Cost at October 1 st 2015	974,318	729,007	718,011	63,001	52,097
Business acquisition	65,561	130,077	41,442	13,365	0
Value adjustment at closing price	(1,203)	1,592	1,879	406	(201)
Transferred from assets in progress	18,592	19,525	481	40	(38,638)
Additions for the year	23,410	49,404	225,531	13,462	74,848
Disposals for the year	(7,840)	(39,661)	(15,535)	(6,269)	0
Transferred to intangible assets	0	0	0	0	0
Cost at December 31st 2016	1,072,838	889,944	971,809	84,005	88,106
Amortisation and impairment losses at October 1 st 2015	(701,746)	(542,535)	(442,307)	(45,549)	-
Business acquisition	(26,943)	(87,741)	(30,636)	(9,504)	-
Value adjustment at closing price	(374)	(339)	(1,027)	(326)	-
Amortisation for the year	(36,984)	(60,642)	(84,982)	(8,760)	-
Impairment for the year	(10,985)	(2,051)	(2,542)	0	-
Amortisation regarding disposals for the year	5,503	35,950	13,316	5,832	-
Amortisation and impairment losses at December 31st 2016	(771,529)	(657,358)	(548,178)	(58,307)	-
Carrying amount at December 31st 2016	301,309	232,586	423,631	25,698	88,106
Carrying amount at September 30 th 2015	272,572	186,472	275,704	17,452	52,097

Value according to public land assessment

The public land assessment relating to property in Denmark amounts to DKK 45,000k. The buildings in Denmark have a carrying amount of DKK 16,606k.

No public land assessment is made in Greenland. The carrying amount of properties in Greenland amounts to DKK 175,195k.

NOTES TO THE FINANCIAL STATEMENTS

11 Property, plant and equipment	Parent				
	Buildings DKK 1,000	Plant and machinery DKK 1,000	Vessels DKK 1,000	Other fixtures etc. DKK 1,000	Fixed assets in progress DKK 1,000
Cost at October 1 st 2015	745,288	413,639	534,225	53,110	43,799
Business acquisition	16,611	1,286	3,079	1,424	717
Transferred from assets in progress	17,542	12,290	144	40	(30,016)
Additions for the year	17,483	27,957	22,268	10,968	59,868
Disposals for the year	(2,938)	(22,480)	0	(4,719)	0
Transferred to intangible assets	0	0	0	0	0
Cost at December 31st 2016	793,986	432,692	559,716	60,823	74,368
Amortisation and impairment losses at October 1 st 2015	(577,427)	(309,244)	(322,096)	(38,181)	-
Business acquisition	(13,147)	(1,235)	(492)	(1,028)	-
Depreciation for the year	(28,690)	(33,268)	(55,204)	(6,948)	-
Impairment for the year	(1,972)	0	0	0	-
Depreciation regarding disposals for the year	2,445	22,415	0	4,624	-
Depreciation and impairment losses at December 31st 2016	(618,791)	(321,332)	(377,792)	(41,533)	-
Carrying amount at December 31st 2016	175,195	111,360	181,924	19,290	74,368
Carrying amount at September 30 th 2015	167,861	104,395	212,129	14,929	43,799

No public land assessment is made in Greenland. The carrying amount of properties in Greenland amounts to DKK 175,195k.

NOTES TO THE FINANCIAL STATEMENTS

	Group		Parent
	Associates DKK 1,000	Associates DKK 1,000	Group enterprises DKK 1,000
12 Investments in group enterprises and associates			
Cost at October 1 st 2015	25,898	16,687	2,049,930
Transferred	0	0	0
Additions for the year	42	42	14,829
Disposals from merger	0	0	(13,951)
Disposals for the year	(1,600)	(1,600)	(19,471)
Cost at December 31st 2016	24,340	15,129	2,031,337
Value adjustments at October 1 st 2015	28,031	(6,119)	(220,503)
Transferred	0	0	0
Exchange rate adjustments	102	(22)	6,908
Share of profit/loss for the year	28,524	(403)	27,057
Dividends	(3,228)	(3,228)	(16,027)
Capital adjustments for the year	0	0	826
Disposals from merger	0	0	(1,901)
Disposals for the year	9,185	9,185	(447)
Value adjustments at December 31st 2016	62,614	(587)	(204,087)
Transferred to provisions	366	366	0
Carrying amount at December 31st 2016	87,320	14,908	1,827,250
Carrying amount at September 30 th 2015	53,929	10,568	1,829,427

In the Group, the differential value on acquisition of investments in associates amounts to DKK 7,311k.
The carrying amount at 31.12.2016 amounts to DKK 0k.

In the parent, the original differential value on acquisition of investments in associates amounts to DKK 60k.
The carrying amount at 31.12.2016 amounts to DKK 0k.

NOTES TO THE FINANCIAL STATEMENTS

	Group		Parent
	Associates DKK 1,000	Associates DKK 1,000	Group enterprises DKK 1,000
13 Receivables from subsidiaries and associates			
Cost at October 1 st 2015	43,189	4,189	0
Value adjustment	0	0	0
Additions for the year	0	0	59,975
Disposals for the year	(22,085)	(2,085)	0
Cost at December 31st 2016	21,104	2,104	59,975
Carrying amount at December 31st 2016	21,104	2,104	59,975
Carrying amount at September 30 th 2015	43,189	4,189	0
14 Other fixed asset investments		Group DKK 1,000	Parent DKK 1,000
Cost at October 1 st 2015		53,277	41,125
Value adjustment		1,047	0
Additions for the year		29,346	29,406
Business acquisition		30,762	0
Disposals for the year		(33,616)	(16,626)
Cost at December 31st 2016		80,816	53,905
Provisions for bad debts at October 1 st 2015		(16,759)	(13,893)
Value adjustment		39	0
Business acquisition		0	0
Change in provisions for the year		2,075	2,074
Provisions for bad debts at December 31st 2016		(14,645)	(11,819)
Carrying amount at December 31st 2016		66,171	42,086
Carrying amount at September 30 th 2015		36,518	27,232

NOTES TO THE FINANCIAL STATEMENTS

	Group		Parent	
	31.12.2016 DKK 1,000	30.09.2015 DKK 1,000	31.12.2016 DKK 1,000	30.09.2015 DKK 1,000
15 Inventories				
Raw materials	443,187	740,832	38,253	18,484
Goods in progress	72,673	59,186	4,757	1,467
Finished goods	1,122,763	872,795	638,314	475,814
Other goods	104,994	101,440	64,820	55,773
	1,743,617	1,774,253	746,144	551,538
Goods at net realisable value included in booked value of inventories	218,618	82,548	109,041	56,501
16 Other receivables				
VAT and duty receivable	8,333	58,528	0	0
Other receivables	36,891	47,131	9,866	3,970
	45,224	105,659	9,866	3,970
17 Prepayments				
Prepaid rent and consumption taxes	3,752	1,045	0	0
Other prepayments	12,626	8,331	4,170	5,253
	16,378	9,376	4,170	5,253
18 Minority interests				
Minority interests at October 1 st 2015	77,738	66,101		
Addition	7,414	250		
Disposal	0	0		
Share of profit/loss for the year	29,273	16,843		
Dividend and capital adjustments	(10,912)	(5,456)		
Minority interests at December 31st 2016	103,513	77,738		

NOTES TO THE FINANCIAL STATEMENTS

	Group		Parent	
	31.12.2016 DKK 1,000	30.09.2015 DKK 1,000	31.12.2016 DKK 1,000	30.09.2015 DKK 1,000
19 Deferred tax				
Deferred tax incumbent on the following items:				
Property, plant and equipment	102,074	95,061	66,223	77,720
Fixed asset investments	35,074	10,081	0	0
Other items	(10,385)	1,931	(10,567)	(13,740)
	126,763	107,073	55,656	63,980
Deferred tax assets incumbent on the following items:				
Loss carried forward	14,806	18,293	0	0
Other tax assets	88,244	82,261	0	0
	103,050	100,554	0	0
20 Other provisions				
Other provisions at October 1 st 2015	7,442	6,841	0	0
Additions for the year	387	601	366	0
Disposals for the year	0	0	0	0
Other provisions at December 31st 2016	7,829	7,442	366	0

Other provisions concern pensions and associates



NOTES TO THE FINANCIAL STATEMENTS

	Group		Parent			
	31.12.2016 DKK 1,000	30.09.2015 DKK 1,000	31.12.2016 DKK 1,000	30.09.2015 DKK 1,000		
21 Long-term liabilities other than provisions						
The following amounts fall due for payment after five years or more:						
Other credit institutions	834,184	102,888	834,086	102,888		
	834,184	102,888	834,086	102,888		
Interest and terms to maturity of long-term liabilities (Group, translated into DKK)	Weighted term (years)	Fixed/floating	Effective rate of interest 2015/16	2014/15	Nominal value DKKm 2015/16	2014/15
Mortgage debt	2	Fixed	3.29 %	8.25 %	6	20
Other long-term debt	5	Floating	4.01 %	-	31	0
Private Placements	5	Fixed/floating	1.80 %	1.83 %	1,390	1,074
					1,427	1,094
Weighted average effective rate of interest			1.86%	1.94 %		

22 Other payables

	Group		Parent	
	31.12.2016 DKK 1,000	30.09.2015 DKK 1,000	31.12.2016 DKK 1,000	30.09.2015 DKK 1,000
Wages and salaries, personal income taxes, social security costs, etc payable	93,534	88,445	64,162	59,150
Holiday pay obligation	45,151	45,632	35,787	37,969
Interest	4,808	6,654	4,611	6,453
VAT and duties	62,471	64,677	44,945	58,019
Derivative financial instruments	0	954	0	0
Other costs payable	56,063	32,007	14,733	16,694
	262,027	238,369	164,238	178,285

NOTES TO THE FINANCIAL STATEMENTS

23 Assets charged and contingent liabilities

	Group		Parent	
	31.12.2016 DKK 1,000	30.09.2015 DKK 1,000	31.12.2016 DKK 1,000	30.09.2015 DKK 1,000
Assets charged				
Mortgage debt has been secured on property, plant and equipment at a carrying amount of	189,483	107,574	0	0
Contractual obligations				
Contracts have been made relating to delivery of fixed assets at a carrying amount of	38,189	7,050	36,060	7,050
Lease commitments falling due after the balance sheet date amount to	50,869	67,061	43,407	55,577
Hereof due within one year	28,541	31,484	24,927	26,652
Recourse and non-recourse guarantee commitments				
Associates	0	8,425	0	8,425
Third party	14,794	14,559	9,217	14,359
Group enterprises	-	-	465,953	467,475

Contingent liabilities

The Royal Greenland Group has some pending lawsuits, including inquiries from the tax authorities. Management believes that the outcome of these lawsuits and inquiries will not have a material impact on the Group's financial position.



NOTES TO THE FINANCIAL STATEMENTS

24 Financial risks

Positions in the most important currencies:

	Group			Net position DKK 1,000
	Receivables DKK 1,000	Liabilities DKK 1,000	Hedged by forward exchange contracts and options DKK 1,000	
USD	169,124	(110,636)	(98,047)	(39,559)
GBP	41,702	(32,044)	(84,616)	(74,958)
SEK	23,325	(18,860)	(23,894)	(19,429)
JPY	109,420	(4,081)	(128,092)	(22,753)
	343,571	(165,621)	(334,649)	(156,699)

Foreign exchange contracts solely cover commercial positions.

Interest-rate exposure

The agreed reassessment and repayment dates of the Group's financial assets and liabilities are specified below according to maturity date. The effective interest rates have been determined on the basis of the current interest rate level at 31.12.2016.

	Group Reassessment/maturity date				Effective rate of interest %
	Within one year DKK 1,000	Within two-five years DKK 1,000	After five years DKK 1,000	Hereof fixed-rate loan DKK 1,000	
Mortgage and credit institutions, loans	(338,800)	(290,813)	(797,561)	(967,818)	0.0 - 7.25

Cash and cash equivalents amount to DKK 311,221k and have a bearing effective rate of interest from 0.0 to 2.2%. Short-term credits amount to DKK 220,518k. Short-term credits have a bearing effective rate of interest from 1.5 - 1.9%.

NOTES TO THE FINANCIAL STATEMENTS

25 Fees to auditors appointed by the general meeting

	Group		Parent	
	2015/16 15 mo. DKK 1,000	2014/15 12 mo. DKK 1,000	2015/16 15 mo. DKK 1,000	2014/15 12 mo. DKK 1,000
Audit fee	2,736	2,531	1,330	1,180
Other declarations from auditor	136	18	9	18
Tax advisory services	1,272	743	1,002	501
Other services	931	884	580	634
Adjustments concerning previous years	28	53	39	7
	5,103	4,229	2,960	2,340

Related parties

Related parties of the Group are the members of the Supervisory and the Executive Boards, as well as the owner, the Government of Greenland.

In the current financial year, the Group has not executed any transactions with the Supervisory and Executive Boards other than management remuneration, as disclosed in Note 3.



NOTES TO THE FINANCIAL STATEMENTS

27 The managerial positions held by members of the Supervisory Board and Executive Board in other Greenlandic and Danish public limited companies

The managerial positions held by members of the Supervisory Board and Executive Board in other Greenlandic and Danish public limited companies except for managerial positions in wholly owned subsidiaries.

Supervisory Board	Company	Managerial position
Niels de Coninck-Smith Chairman	Orifarm Group A/S Welltec A/S Dovista A/S Rambøll Gruppen A/S	Chairman Chairman Deputy Chairman Member of the Supervisory Board
Jan Harald Lynge-Pedersen Deputy Chairman	KNI Ejendomme A/S Neqi A/S Akia Sisimiut A/S	Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board
Pernille Fabricius	Atak A/S MT Højgaard A/S Højgaard Holding A/S Gabriel Holding A/S Gabriel A/S Gabriel Ejendomme A/S Gabriel Innovation A/S Zenxit A/S	Chairman Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board
Tim Ørting Jørgensen	System Frugt Holding A/S System Frugt A/S	Chairman Chairman
Niels Ole Møller	Inughuit Seafood A/S	Chief Executive Officer
Executive Board	Company	Managerial position
Mikael Thinghuus CEO	Ice Trawl Greenland A/S Toms Gruppen A/S	Member of the Supervisory Board Member of the Supervisory Board
Nils Duus Kinnerup CFO	Intego A/S Proniq Holding A/S	Member of the Supervisory Board Member of the Supervisory Board
Bruno Olesen Group Sales Director	Skare Meat Packers K/S Skare Food A/S	Member of the Supervisory Board Member of the Supervisory Board
Lars Nielsen Group Production Director	Gaia Fish A/S Pelagic Greenland A/S Inughuit Seafood A/S Gaia Fish A/S Ice Trawl Greenland A/S	Chief Executive Officer Chairman Deputy Chairman Member of the Supervisory Board Member of the Supervisory Board

NOTES TO THE FINANCIAL STATEMENTS

	Group	
	2015/16 15 mo. DKK 1,000	2014/15 12 mo. DKK 1,000
28 Adjustments relating to net profit for the year		
Depreciation, amortisation and impairment losses	239,584	159,572
Minority interests	29,273	16,843
Financial items allocated to profit for the year	30,047	39,340
Income taxes expensed	132,492	73,848
Provisions, etc.	(6,084)	601
Received grants	(4,482)	(3,615)
Gains and losses from sale of fixed assets	(21,413)	(9,558)
Profit from associates	(28,524)	(6,368)
	370,893	270,663
29 Working capital changes		
Change in receivables	(134,112)	25,691
Change in inventory	38,606	(273,272)
Change in trade payables and other payables	(36,074)	39,091
	(131,580)	(208,490)
30 Cash and cash equivalents, end of year		
Cash and cash equivalents, end of year	311,221	240,966
Investment in securities	0	48,489
Credit institutions, end of year	(220,518)	(318,230)
	90,703	(28,775)

SUPERVISORY BOARD

CHAIRMAN

NIELS HARALD DE
CONINCK-SMITH



DEPUTY CHAIRMAN

JAN H. LYNGE
PEDERSEN



BOARDMEMBER

PERNILLE
FABRICIUS



BOARDMEMBER

SARA
HEILMANN



BOARDMEMBER

TIM ØRTING
JØRGENSEN



BOARDMEMBER

ÅSE AULIE
MICHELET



BOARDMEMBER

NIELS OLE
MØLLER *)



BOARDMEMBER

PETER
KORSBÆK *)



BOARDMEMBER

LARS
BERTHELSEN *)



*) Employee
representatives

EXECUTIVE BOARD

CEO

MIKAEL
THINGHUUS



CFO

NILS DUUS
KINNERUP



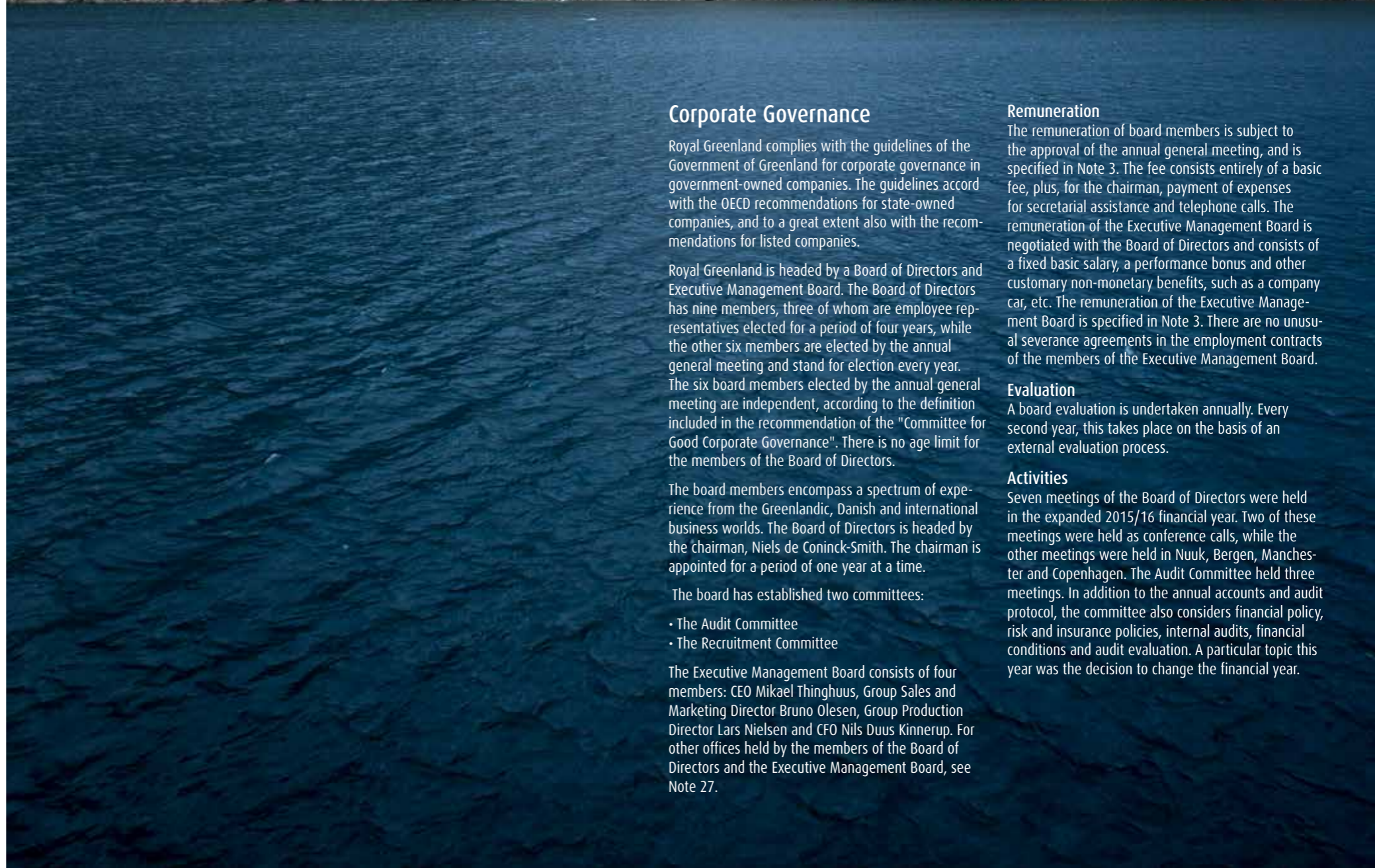
GROUP PRODUCTION DIRECTOR

LARS
NIELSEN



GROUP SALES DIRECTOR

BRUNO
OLESEN



Corporate Governance

Royal Greenland complies with the guidelines of the Government of Greenland for corporate governance in government-owned companies. The guidelines accord with the OECD recommendations for state-owned companies, and to a great extent also with the recommendations for listed companies.

Royal Greenland is headed by a Board of Directors and Executive Management Board. The Board of Directors has nine members, three of whom are employee representatives elected for a period of four years, while the other six members are elected by the annual general meeting and stand for election every year. The six board members elected by the annual general meeting are independent, according to the definition included in the recommendation of the "Committee for Good Corporate Governance". There is no age limit for the members of the Board of Directors.

The board members encompass a spectrum of experience from the Greenlandic, Danish and international business worlds. The Board of Directors is headed by the chairman, Niels de Coninck-Smith. The chairman is appointed for a period of one year at a time.

The board has established two committees:

- The Audit Committee
- The Recruitment Committee

The Executive Management Board consists of four members: CEO Mikael Thinghuus, Group Sales and Marketing Director Bruno Olesen, Group Production Director Lars Nielsen and CFO Nils Duus Kinnerup. For other offices held by the members of the Board of Directors and the Executive Management Board, see Note 27.

Remuneration

The remuneration of board members is subject to the approval of the annual general meeting, and is specified in Note 3. The fee consists entirely of a basic fee, plus, for the chairman, payment of expenses for secretarial assistance and telephone calls. The remuneration of the Executive Management Board is negotiated with the Board of Directors and consists of a fixed basic salary, a performance bonus and other customary non-monetary benefits, such as a company car, etc. The remuneration of the Executive Management Board is specified in Note 3. There are no unusual severance agreements in the employment contracts of the members of the Executive Management Board.

Evaluation

A board evaluation is undertaken annually. Every second year, this takes place on the basis of an external evaluation process.

Activities

Seven meetings of the Board of Directors were held in the expanded 2015/16 financial year. Two of these meetings were held as conference calls, while the other meetings were held in Nuuk, Bergen, Manchester and Copenhagen. The Audit Committee held three meetings. In addition to the annual accounts and audit protocol, the committee also considers financial policy, risk and insurance policies, internal audits, financial conditions and audit evaluation. A particular topic this year was the decision to change the financial year.

GROUP CHART

COMPANY

Royal Greenland A/S
 Qasapi 4
 P.O. Box 1073
 3900 Nuuk
 Telephone: +299 36 13 00
 Telefax: +299 32 33 49
 www.royalgreenland.com
 Reg.nr. 184.991

FINANCIAL YEAR:

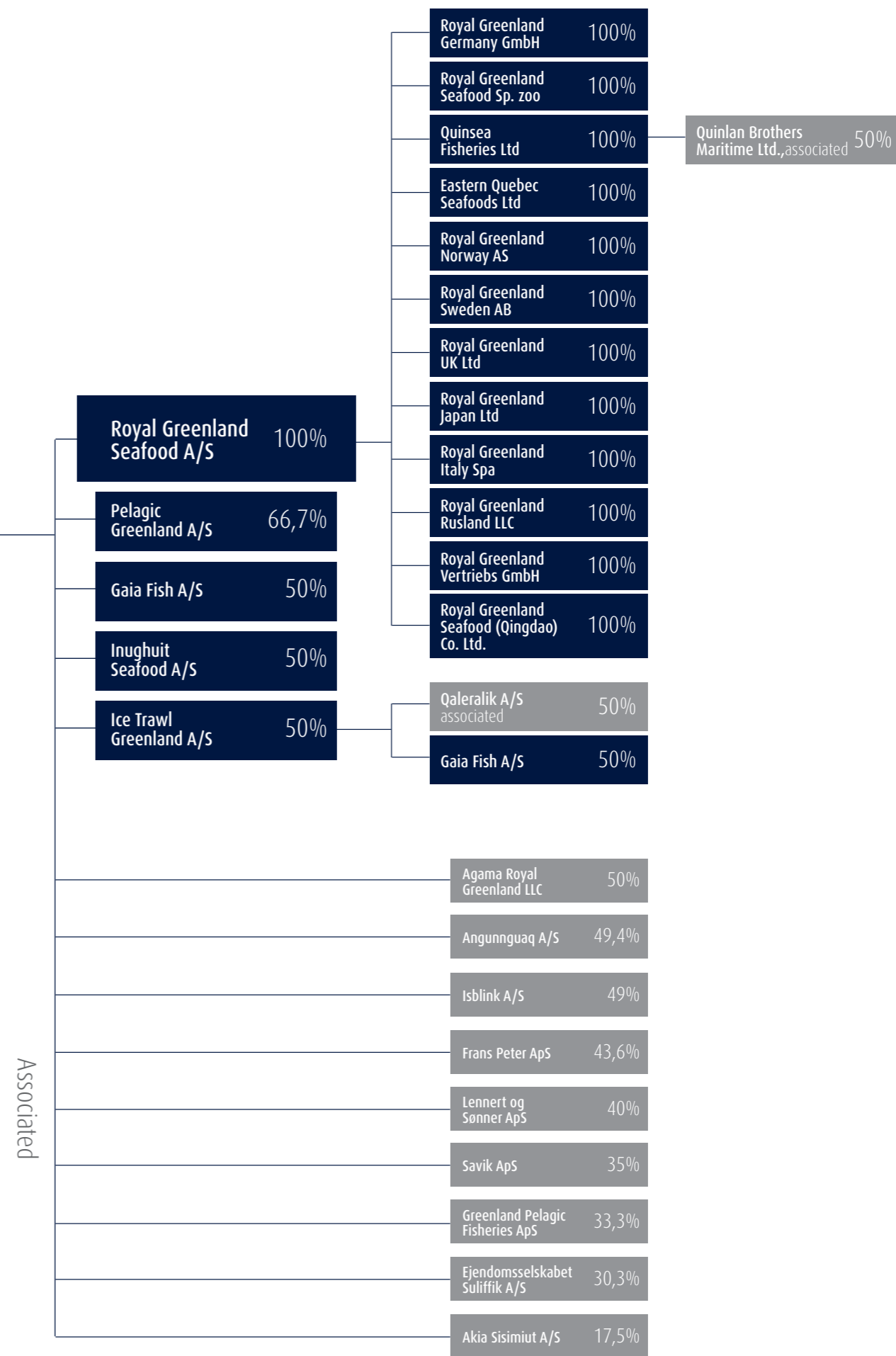
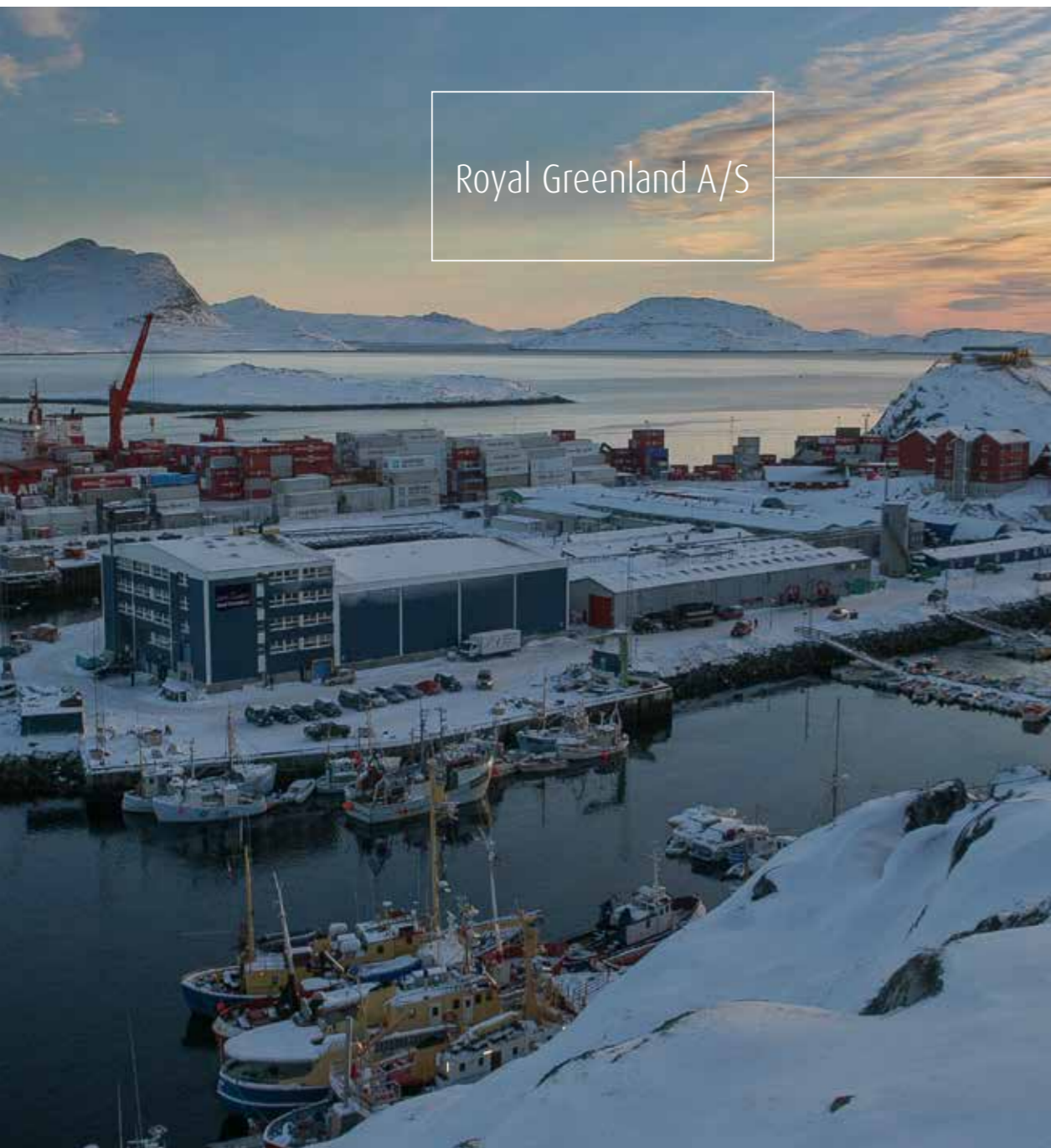
October 1st 2015 – December 31st 2016

REGISTERED IN: Kommuneqarfiik Sermersooq

The Government of Greenland owns all shares in the Company

AUDITORS: EY Grønland

Godkendt Revisionsanpartsselskab



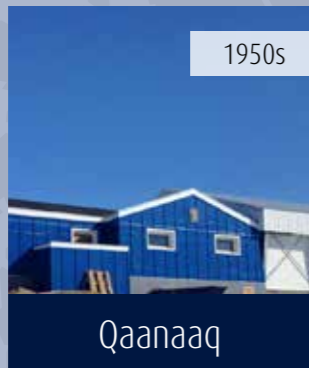
PRODUCTION UNITS IN GREENLAND

Royal Greenland now owns 39 facilities in Greenland. All but two of these facilities are in operation. The factories in Greenland primarily land prawns, Greenland halibut, cod, crab and lumpfish roe.

The facilities' activities range from production and packaging of finished products, to packaging of semi-manufactures for further processing in Asia or Poland, and e.g. block freezing and salting.

Factory Manager: Imiina Avatannnguaq
Primary species: Greenland halibut
Products: Freezing and drying of Greenland halibut
Capacity: 2 t/day
Cold store capacity: 200 ton
Employees: 5 in the season

As at 1/10 2014, J/V Inughuit Seafood A/S with 50% RG ownership.



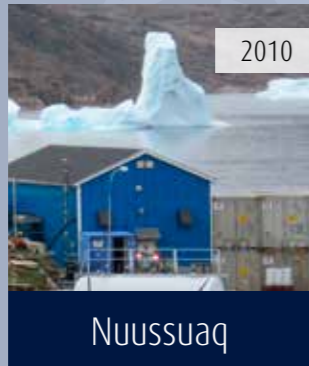
Qaanaaq

Factory Manager: Aviaaja Danielsen
Primary species: Greenland halibut
Products: Freezing of Greenland halibut
Capacity: 4 t/day
Cold store capacity: 500 ton
Employees: 4-10 low/peak seasons



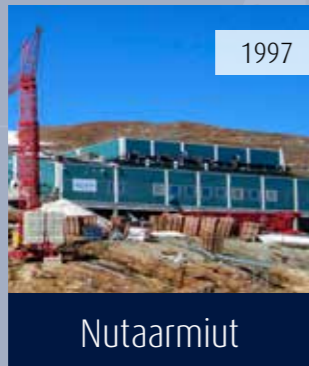
Kullorsuaq

Factory Manager: Anton Heilmann
Primary species: Greenland halibut
Products: Freezing of Greenland halibut
Capacity: 3 t/day
Cold store capacity: 130 ton
Employees: 1-7 low/peak seasons



Nuussuaq

Factory Manager: Bendikte Eskildsen
Primary species: Greenland halibut
Products: Freezing of Greenland halibut
Capacity: 12 t/day
Cold store capacity: 600 ton
Employees: 10-15 low/peak seasons



Nutaarmiut



Aappilattoq (NORTH)

Factory Manager: Justine Petersen
Primary species: Greenland halibut
Products: Freezing of Greenland halibut
Capacity: 2 t/day
Cold store capacity: 130 ton
Employees: 4-10 low/peak seasons

- Qaanaaq
- Kullorsuaq
- Nuussuaq
- Nutaarmiut
- Aappilattoq
- Innaarsuit
- Tasiusaq
- Upernavik
- Upernavik Kujalleq
- Nuugaatsiaq
- Ukkusissat
- Saattut
- Qaarsut / Uummannaq
- Ikerasak

Factory Manager: Frederik Olsen
Primary species: Greenland halibut
Products: Freezing of Greenland halibut
Capacity: 20 t/day
Cold store capacity: 600 ton
Employees: 10-20 low/peak seasons



Tasiusaq

Factory Manager: Hans Peter Kristensen
Primary species: Greenland halibut
Products: Freezing of Greenland halibut
Capacity: 10 t/day
Cold store capacity: 550 ton
Employees: 10-20 low/peak seasons



Innaarsuit

Factory Manager: Harald Kleeman
Primary species: Greenland halibut
Products: Freezing of Greenland halibut
Capacity: 5 t/day
Cold store capacity: 200 ton
Employees: 4-10 low/peak seasons



Upernavik

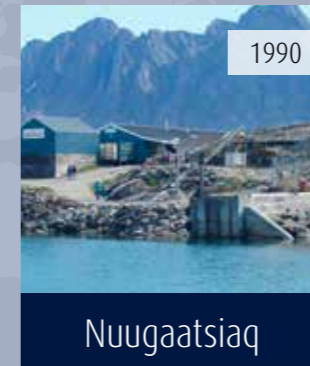
Factory Manager: Magnus Grim
Primary species: Greenland halibut
Products: Freezing of Greenland halibut
Capacity: 2 t/day
Cold store capacity: 100 ton
Employees: 1-7 low/peak seasons



Upernavik kujalleq

Factory Manager: Job Mikaelson
Primary species: Greenland halibut
Products: J-cut, heads, tails, whole fish
 In winter drying of Greenland halibut
Capacity: 4.5 t/day
Cold store capacity: 100 ton
Employees: 1-10 low/peak seasons

New freezing facilities in 2013, new drying house in 2013.



Nuugaatsiaq



Ukkusissat



Saattut



Ikerasak



Qaarsut



Uummannaq

Factory Manager: Johanne Knudsen Samuelsen
Primary species: Greenland halibut
Products: J-cut, heads, tails, whole fish
Capacity: 4.5 t/day
Cold store capacity: 100 ton
Employees: 1-10 low/peak seasons

New freezing facilities in 2013, new drying house in 2013.

Factory Manager: Marie Knudsen
Primary species: Greenland halibut
Products: J-cut, heads, tails, whole fish
Capacity: 7 t/day
Cold store capacity: 400 ton
Employees: 1-15 low/peak seasons

Current unit was refurbished in 1998, when the large freezing facility was also taken into use.

Factory Manager: Elisabeth Filemosen
Primary species: Greenland halibut
Products: Whole fish, fillets with and without skin
Capacity: 20 t/day
Cold store capacity: 80 ton
Employees: 2-25 low/peak seasons

The unit has only been refurbished to a small degree since it was established. New freezing facilities were established in 2008.

Factory Manager: -
Primary species: -
Products: -
Capacity: -
Cold store capacity: -
Employees: -

Not in operation

Factory Manager: Kirsten Jensen
Primary species: Greenland halibut
Products: Whole Greenland halibut, heads, tails, fillets and J-cut
Capacity: 40 t/day
Cold store capacity: 1,100 ton
Employees: 10-50 low/peak seasons

Current location since 1966, but the unit has been expanded several times, most recently in 2003. The plant is undergoing major expansion.

Factory Manager: Jakob Broberg
Primary species: Greenland halibut
Products: J-cut, whole fish
Capacity: 20 t/day
Cold store capacity: 100 ton
Employees: 15 low/peak seasons



Qeqertaq

Factory Manager: Mathias Nielsen
Primary species: Greenland halibut, other fish
Products: Whole Greenland halibut frozen in blocks
Capacity: 8 t/day
Cold store capacity: 80 ton
Employees: 2-10 low/peak seasons



Saqqaq

Factory Manager: Emil Mølgård
Primary species: Snow crab, cod, Greenland halibut, lumpfish roe
Products: Crab sections, fish frozen in blocks, lumpfish roe in barrels
Capacity: 10 ton snow crab, 1 ton fish/day
Cold store capacity: 100 ton
Employees: 3-30 low/peak seasons



Qeqertarsuaq

Factory Manager: Jensigne Schmidt
Primary species: Prawns, Greenland halibut
Products: IQF prawns, prawnmeal, whole Greenland halibut, cod
Capacity: 120 t prawns, 20 t fish/day
Cold store capacity: 1,600 ton
Employees: 100 low/peak seasons



Ilulissat

Factory Manager: -
Primary species: -
Products: -
Capacity: -
Cold store capacity: -
Employees: -



Kitsissuarsuit

Not in operation

Factory Manager: Hans Grønvold
Primary species: Greenland halibut, other fish, lumpfish roe
Products: Greenland halibut fillets, frills, heads, IQF fillets, loins
Capacity: 25 ton Greenland halibut/day
Cold store capacity: 1,800 ton
Employees: 130 low/peak seasons



Qasigiannuit

Refurbished as a prawn factory in 1952 and several times later on. Closed in 1997. Recommended operations in 2000 and refurbished in 2011.

Factory Manager: Albinus Larsen
Primary species: None
Products: None
Capacity: 0 t/day
Cold store capacity: 20 ton
Employees: 0



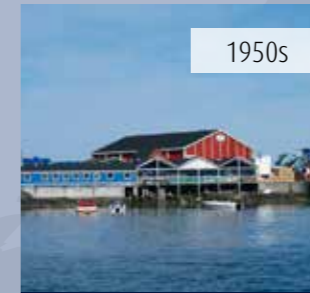
Ikamiut

Factory Manager: Peter Nielsen
Primary species: None
Products: Dried fish, lumpfish roe from spring 2014
Capacity: 0 t/day
Cold store capacity: No cold store
Employees: 0



Akunnaaq

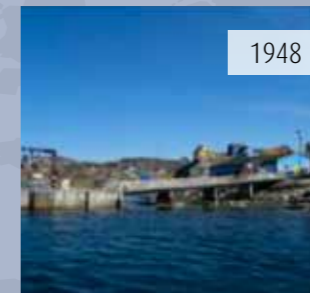
Factory Manager: Abia Thorsteinsen
Primary species: Cod, lumpfish roe
Products: Cod frozen in blocks, lumpfish roe in barrels
Capacity: 15 t/day freezing
Cold store capacity: 100 ton
Employees: 2-25 low/peak seasons



Kangaatsiaq

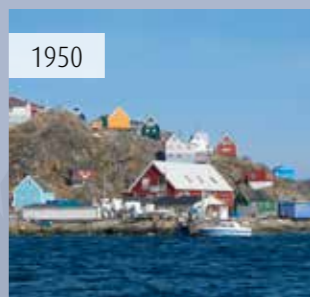
The unit was renovated/built in 1986 in its current form with production of cod. Today, cod and other fish are frozen and in the season lumpfish roe is processed. Rebuilt for cod fillet production 2015.

Factory Manager: Judithe Wille
Primary species: Cod, lumpfish roe
Products: Salted fish, lumpfish roe
Capacity: 5 t/day
Cold store capacity: No cold store
Employees: 4-10 low/peak seasons



Niaqornaarsuk

Refurbished and renovated in 1995. Expanded in 2013.



Ikerasaarsuk

Factory Manager: Lars Karlsen
Primary species: Cod, lumpfish roe
Products: Salted fish from cod and ugaq, lumpfish roe
Capacity: 5 t/day
Cold store capacity: No cold store
Employees: 1-10 low/peak seasons

Renovated in 1995.

Factory Manager: Erneeraq Uggernangitsoq
Primary species: Cod
Products: Salted fish, lumpfish roe, frozen cod and other species
Capacity: 2 t/day
Cold store capacity: 20 ton
Employees: 0



Attu

Factory Manager: Hans Lars Olsen
Primary species: Prawns, cod, snow crab
Products: Cooked and peeled prawns, cod fillets, crab sections
Capacity: 120 ton prawns, 15 ton snow crab/day
Cold store capacity: 1,600 ton
Employees: 100 low/peak seasons



Sisimiut

Current unit built in 1969 for production of cod and prawns, renovated in 1992 and 2011 into a modern prawn processing facility.

Factory Manager: -
Primary species: -
Products: -
Capacity: -
Cold store capacity: -
Employees: -



Sisimiut FISH

Operational in roe season

Factory Manager: Lars Peter Berthelsen
Primary species: Cod
Products: Salted fish of cod and cod frozen in blocks
Capacity: 15 t/day
Cold store capacity: 80 ton
Employees: 1-13 low/peak seasons



Sarfannguaq

Renovated in 2005.



Factory Manager: Otto Enoksen
Primary species: Cod and lumpfish roe
Products: Salted fish and lumpfish roe
Capacity: 1.5 t/day
Cold store capacity: 10 ton
Employees: 1-7 low/peak seasons

Renovated in 1991/93 and in 1994/95.



Itilleq

Factory Manager: Kristian Larsen
Primary species: Cod, wolffish, Greenland halibut, lumpfish roe
Products: Whole fish, Winter-dried cod, dried wolffish, lumpfish roe in barrels
Capacity: 5 t/day
Cold store capacity: 30 ton
Employees: 4-16 low/peak seasons

Renovated in 1994/95. Expansion of the freezing capacity and cold store.



Kangaamiut

Factory Manager: Susanne Marie Knudsen
Primary species: Nutaaq cod, snow crab, cod
Products: Crab sections and fillets of fish
Capacity: 5 ton snow crab-, 50 ton fish/day
Cold store capacity: 500 ton
Employees: 25-100 low/peak seasons

Filleting line and production of dried cod for the home market established.



Maniitsoq

Factory Manager: Erik Henriksen
Primary species: Cod, wolffish, lumpfish roe
Products: Whole fish, salted fish, lumpfish roe in barrels
Capacity: 3 ton freezing, 4 ton salting/day
Cold store capacity: 8 ton
Employees: 4-20 low/lumpfish roe season

Expansion of the cold store and freezing capacity. 8-10 ton freezing, 4 ton salting.



Atammik

Factory Manager: Theo Didriksen
Primary species: Cod, Greenland halibut, redfish, wolffish, lumpfish roe
Products: Lumpfish roe, whole fish IQF, products for the home market
Capacity: 50 t/day
Cold store capacity: 200 ton
Employees: 12-40 low/peak seasons

Godthåb Fiskeindustri taken over in 1990, prawn production closed in 2002.



NUUK

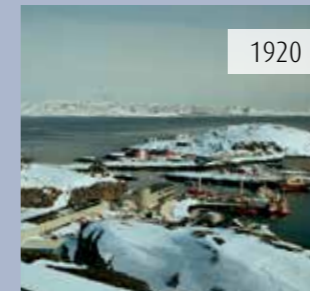
Factory Manager: Ingvar Motzfeldt
Primary species: Cod, lumpfish roe
Products: Salted fish, cod IQF, cod frozen in blocks, lumpfish roe in barrels
Capacity: 4 ton salted fish, 18 ton fish/day
Cold store capacity: 80 ton
Employees: 6-16 low/peak seasons



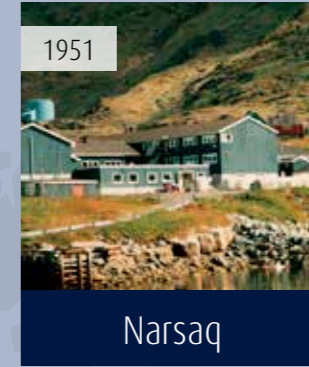
Qeqertarsuatsiaat

Factory Manager: Ilannguaq Abrahamsen
Primary species: Snow crab, cod, lumpfish roe, other fish
Products: Crab sections, cod fillets, lumpfish roe, freezing
Capacity: Crab sections 10 t/day, fillets 20 t/day
Cold store capacity: 500 ton
Employees: 10-50 low/peak seasons

Refurbished from cod production to smokehouse in 1997. Closed in 2003. Prawn and crab production established in 2004. In 2012, the prawn production was closed in favour of the cod filleting line.



Paamiut



Narsaq

Factory Manager: Niels Sakariassen
Primary species: Lumpfish roe, cod
Products: Lumpfish roe in barrels
Capacity: Freezing of 20 t/day
Cold store capacity: 600 ton
Employees: 1-10 low/peak seasons

Renovated in 1995.



Aappilattoq (south)

Factory Manager: Aqqalu Levisen
Primary species: Halibut, cod
Products: Freezing
Capacity: 4 t/day
Cold store capacity: 70 ton
Employees: 3

Taken over after the AGF bankruptcy in June 2013. First sales of raw materials initiated in 2014 after refurbishment and modernisation of cooling plant.

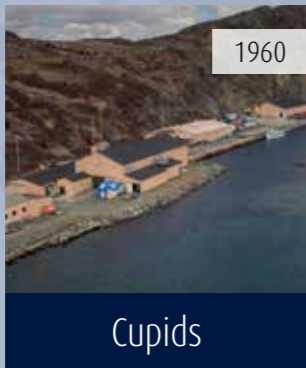


PRODUCTION UNITS IN CANADA

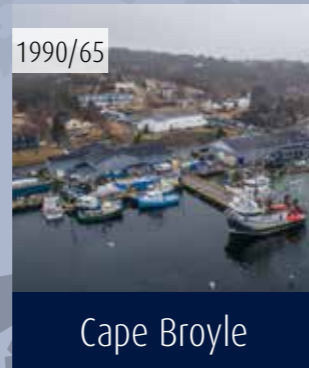
After the investment in Quin-Sea Fisheries, Royal Greenland now operates six factories in Canada. In Newfoundland, there are five production units where local fishermen land their catches. The primary species originating from Newfoundland are snow crab, prawn, whelk, lobster, herring, cod, Greenland halibut and capelin.

In Matane, on the northern coast of New Brunswick, Eastern Quebec Seafoods Ltd. lands and processes prawns, primarily from the local fishing areas.

Factory Manager: Monty Noble
Primary species: Ground fish, Pelagics
Products: Split/salt fish, Block frozen capelin/herring/mackerel
Capacity: 38 t/day
Cold store capacity: 1000 ton
Employees: 30 low/peak seasons



Cupids



Cape Broyle

Factory Manager: Surendra Botlagunta/ Bill Molloy
Primary species: Snow crab, Pelagics, Sea cucumber, Ground fish
Products: Crab sections/cooked/RAW snow crab, Block frozen capelin/herring/mackerel, Butterfly cut/gutted sea cucumber, J-Cut/H&G/HOG Greenland halibut
Capacity: 110 t/day
Cold store capacity: 75 ton
Employees: 135 low/peak seasons

Factory Manager: Gregg Hardy
Primary species: Prawns, Snow crab, Whelk, Scallop
Products: Cooked & Peeled
Capacity: 195 t/day
Cold store capacity: 300 ton
Employees: 400 low/peak seasons



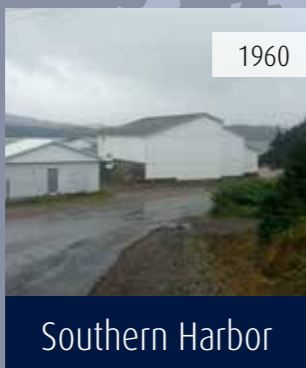
Old Perlican



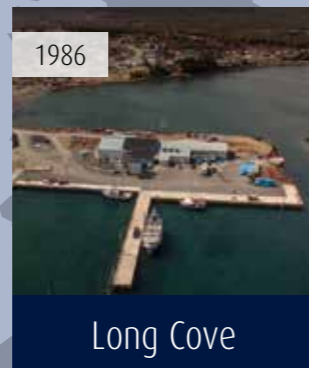
Conche Seafood

Factory Manager: Stedman Letto
Primary species: Snow crab, whelk, Pelagics
Products: Crab sections/Cooked snow crab, In shell/cooked whelk, Block frozen capelin/herring/mackerel, J-Cut/H&G/HOG Greenland halibut
Capacity: 145 t/day
Cold store capacity: 50 ton
Employees: 70 low/peak seasons

Factory Manager: Charles Daley
Primary species: Pelagics, Lobster
Products: Block frozen capelin/herring/mackerel, Fresh/frozen lobster
Capacity: 24 t/day
Cold store capacity: 80 ton
Employees: 50-100 low/peak seasons



Southern Harbor

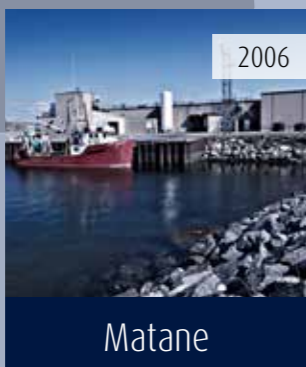


Long Cove

Factory Manager: -
Primary species: -
Products: -
Capacity: -
Cold store capacity: -
Employees: -

Not in operation

Factory Manager: Gudmundur Hognason
Primary species: Prawns
Products: Cooked and peeled prawns
Capacity: 30 t/day
Employees: 120 low/peak seasons



Matane

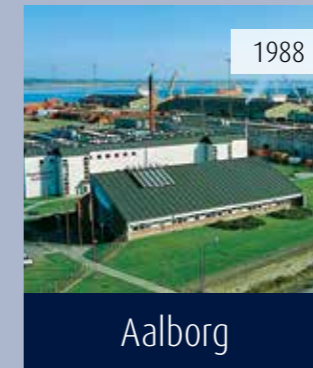
- Conche Seafood
- Long Cove
- Old Perlican
- Cupids
- Cape Broyle
- Southern Harbor

PRODUCTION UNITS IN EUROPE

In Denmark, the factory in Aalborg primarily operates in two areas: packaging prawns for European retail and foodservice customers, and production of prawns in brine. The two German factories in Cuxhaven are subject to joint administration and focus on packaging of zip-lock and chain-pack ranges, respectively, as well as retail packaging of lumpfish roe.

The factory in Koszalin fillets plaice, flounder and Greenland halibut, and handles extensive final processing and packaging for the European markets.

Factory Manager: Peter Korsbæk
Primary species: Prawns
Products: Packaging of shellfish for retail and foodservice
Capacity: 15-18,000 t/year
Employees: 50-70 low/peak seasons



Aalborg



Cuxhaven (roe)

Factory Manager: Helgi Helgason
Primary species: Lumpfish roe
Products: Lumpfish roe in glass jars
Capacity: 125,000 jars/day
Employees: 19-60 low/peak seasons

Factory Manager: Meinhard Jacobsen
Primary species: Plaice, flounder, cod
Products: Breaded, battered and stuffed flatfish, natural fillets, topped salmon fillets
Capacity: 20,000 t/year
Employees: 425 low/peak seasons



Koszalin



Cuxhaven (ziplock)

Factory Manager: Helgi Helgason
Primary species: Salmon, plaice, cod
Products: Fish portions/fillets/tails in ZipLock bags
Capacity: 40 t/day
Employees: 18-25 low/peak seasons



THE ROYAL GREENLAND FLEET - OFFSHORE

Royal Greenland's offshore fleet consists of three ocean-going prawn trawlers, two ocean-going production trawlers for Greenland halibut, cod etc., one line vessel for Greenland halibut, cod etc. and three trawlers, one halibut/mackerel trawler and two trawlers for pelagic fishing.

Master: Linjohn Christiansen/
Jogvan Trondarson
Length/width: 75.8 x 14.5 m
Production capacity: 110 ton/day
Catch capacity: 7-10,000 ton/yearly
Hold capacity: 450-750 ton
Crew: 22-26 men
Trawler type: Ocean-going prawn trawler
Ownership: RG 100%



2001

Akamalik

Master: Torbjørn Joensen
Tordar Dimon
Length/width: 70 x 14.6 m
Production capacity: 110 ton/day
Catch capacity: 7-10,000 ton/yearly
Hold capacity: 450-750 ton
Crew: 22-26 men
Trawler type: Ocean-going prawn trawler
Ownership: RG 100%



2002

Qaqqatsiaq

Master: Martin Jacobsen/Davur Mohr
Length/width: 67.5 x 14.5 m
Production capacity: 110 ton/day
Catch capacity: 7-10,000 ton/yearly
Hold capacity: 600 ton
Crew: 22-24 men
Trawler type: Ocean-going prawn trawler
Ownership: RG 50%



2001

Nataarnaq

Master: Ivan Olsen/Pauli Olsen
Length/width: 66 x 14 m
Production capacity: 25-30 ton/day
Catch capacity: 5-6,000 ton/yearly
Hold Capacity: 750 ton
Crew: 24-34 men
Trawler type: Ocean-going fish trawler
Ownership: RG 100%



1992

Sisimiut



2001

Masilik

Master: Hans Petur Samuelsen
Gunnar Olsen
Length/width: 52 x 12 m
Production capacity: 20 ton/day
Fangstkapacitet: 3-5.000 ton/yearly
Hold capacity: 350 tons
Crew: 18 men
Trawler type: Line boat
Ownership: RG 50%



2002

Tuugaalik

Master: Regin Henriksen/Pauli Justinussen
Length/width: 66.4 x 14.6 m
Production capacity: 80 ton/day
Catch capacity: 6-7.000 ton/yearly
Hold capacity: 800 ton
Crew: 25 men
Trawler type: Ocean-going Greenland halibut/mackerel trawler
Ownership: RG 25%



1987

Tasiilaq

Master: Jónfrídur Poulsen
Birgir Petersen
Length/width: 77,6 x 12,6 m
Production capacity: 120 ton/day
Fangstkapacitet: 20-25.000 ton/yearly
Hold capacity: 700 tons
Crew: 22 men
Trawler type: pelagic trawls and purse seines
Ownership: RG 66%



1988

Tuneq

Master: Páll Johan Poulsen
Length/width: 70 x 12,5 m
Production capacity: 60 ton/day
Fangstkapacitet: 10-15.000 ton/yearly
Hold capacity: 500 tons
Crew: 10-12 men
Trawler type: Pelagic trawl
Ownership: RG 66%

THE ROYAL GREENLAND FLEET - COASTAL

The coastal fleet comprises nine vessels for catching prawns, Greenland halibut, cod and crab. Catches are landed at landing points along the west coast of Greenland.

Master: Jakup Bech, Karl Egede Petersen
Length/width: 43.2 x 9.6 m
Production capacity: 60 ton/day
Catch capacity: 6,000 ton/yearly
Hold capacity: 130 ton
Crew: 11 men
Trawler type: Coastal prawn trawler
Ownership: RG 75%



Lomur

Master: Hans Henrik
Length/width: 14.3 x 4.52 m
Production capacity: 3 ton/day
Catch capacity: 150-300 ton/yearly
Hold capacity: 14 ton
Crew: 3-5 men
Trawler type: Coastal Greenland halibut vessel
Ownership: RG 100%



Niels

Master: Jakob Lukassen
Length/width: 19.4 x 5.2 m
Production capacity: 3 ton/day
Catch capacity: 150-300 ton/yearly
Hold capacity: 30 ton
Crew: 3-5 men
Trawler type: Coastal Greenland halibut vessel
Ownership: RG 100%



Laila S

Master: Laasinnguaq Jensen
Length/width: 9.91 x 3.04 m
Production capacity: None
Catch capacity: 60 ton/yearly
Hold capacity: 3 ton
Crew: 3 men
Trawler type: Coastal line/net vessel
Ownership: RG 100%



Nukarleq



Sermilik

Master: Sivert Møller/Nuka Levisen
Length/width: 26 x 8 m
Production capacity: 20 ton/day
Catch capacity: 2,500 ton/yearly
Hold capacity: 45 ton
Crew: 6-9 men
Trawler type: Coastal prawn trawler, iced prawns, cod
Ownership: RG 100%



Aluk

Master: Peter Jacobsen
Length/width: 19.4 x 5.2 m
Production capacity: 3 ton/day
Catch capacity: 150-300 ton/yearly
Hold capacity: 30 ton
Crew: 3-5 men
Trawler type: Coastal Greenland halibut vessel
Ownership: RG 100%



Jens Henrik

Master: Piitannuaq Møller
Length/width: 13.80 x 4.60 m
Production capacity: 3 ton/day
Catch capacity: 100-200 ton/yearly
Hold capacity: 12 ton
Crew: 3-5 men
Trawler type: Coastal line/net vessel
Ownership: RG 100%



Lea

Master: Frederik Mathiassen
Length/width: 14.85 x 5.16 m
Production capacity: None
Catch capacity: 150 ton/yearly
Hold capacity: 10 ton
Crew: 4 men
Trawler type: Coastal line/net vessel
Ownership: RG 100%



Kamma

Master: Erik Nielsen
Length/width: 14.99 x 5.21 m
Production capacity: None
Catch capacity: 150 ton/yearly
Hold capacity: 14 ton
Crew: 3 men
Trawler type: Coastal line/net vessel
Ownership: RG 100%

Royal Greenland A/S
2015/16

