Royal Greenland A/S

Annual Report

October 1st 2009 – September 30th 2010

The annual report has been prepared and approved by the ordinary Annual General Meeting on January 26th 2011

Chairman of the Annual General Meeting

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Contents

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 October 1st 2009 – September 30th 2010.

The annual report has been presented in accordance with current Danish accounting provisions. We consider the applied accounting policies appropriate for the annual report to provide a true and fair view of the Group's and the Parent's assets, equity and liabilities, financial position, financial performance, results and cash flows.

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

Aalborg, December 8th 2010

Executive Board

Flemming Knudsen	Nils Duus Kinnerup

Supervisory Board

Niels Harald de Coninck-Smith	Sven Lyse	Otto Eliassen
Marie Fleischer	Sara Heilmann	Svend Bang Christiansen
Lars Berthelsen	Peter Korsbæk	Niels Ole Møller

Independent auditor's 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 2009 to September 30th 2010, which comprises the statement by Management on the annual report, Management's review, accounting policies, income statement, balance sheet, statement of changes in equity and the notes for the Group as well as the Parent and the consolidated cash flow statement. The annual report has been prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the annual report

Management is responsible for the preparation and fair presentation of an annual report in accordance with the Danish Financial Statements Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and basis of opinion

Our responsibility is to express an opinion on this annual report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of an annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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’s financial position at September 30th 2010, and of their financial performance and the consolidated cash flows for the financial year October 1st 2009 to September 30th 2010 in accordance with the Danish Financial Statements Act.

Aalborg, December 8th 2010

Deloitte

Statsautoriseret Revisionsaktieselskab

Per Jansen	Kristian Bollerup
State Authorised	State Authorised
Public Accountant	Public Accountant

Management's review

Company details

Company	Royal Greenland A/S Qasapi 4 P.O. Box 1073 3900 Nuuk Telephone: +299 32 44 22 Telefax: +299 32 33 49 Website: www.royalgreenland.com Registration No.: 184.991 Financial year: October 1st – September 30th Registered in: Sermersooq The Government of Greenland owns all shares in the Company.
Supervisory Board	Niels Harald de Coninck-Smith, Chairman Sven Lyse, Deputy Chairman Otto Eliassen Marie Fleischer Sara Heilmann Svend Bang Christiansen Lars Berthelsen *) Peter Korsbæk *) Niels Ole Møller *) *) employee representatives
Executive Board	Flemming Knudsen, President, CEO Nils Duus Kinnerup, Chief financial executive, CFO
Auditors	Deloitte Statsautoriseret Revisionsaktieselskab

Group Chart

Royal Greenland A/S

- **Royal Greenland Seafood A/S, 100%**
  - Royal Greenland Seafood GmbH, 100%
  - Royal Greenland Seafood Sp. zoo, 100%
  - Per Nielsen Seafood International A/S,100%
    - Eastern Quebec Seafoods Ltd, 100%
  - Royal Greenland Norway AS, 100%
  - Royal Greenland Sweden AB, 100%
  - Royal Greenland UK Ltd., 100%
  - Royal Greenland France S.A.S., 100%
  - Royal Greenland Japan Ltd., 100%
  - Royal Greenland Inc., 100%
    - Iquique U.S. LLC, 18,82% associated
  - Royal Greenland GmbH, 100%
  - Royal Greenland Italy Spa., 100%
  - Fishinsea Denmark A/S, 47,5%, associated
- **Nuussuaq Fish ApS, 100%**
- **Sandgreen ApS, 100%**
- **7170629 Canada Inc., 100%**
- **Ittu A/S, 100%**
- **Kuunnaat Trawl A/S, 100%**
- **Ice Trawl Greenland A/S, 50%**
  - Qaleralik A/S, 50%, associated
  - Gaia Fish A/S, 25%, associated
- **Associated companies**
  - Upernavik Seafood A/S, 50%
  - Agama Royal Greenland LLC, 50%
  - Angunnguaq A/S, 49,4%
  - Frans Peter ApS, 43,6%
  - Polar Raajat A/S, 43%
  - Lennert og Sønner ApS, 40%
  - Savik ApS, 35%
  - Ejendomsselskabet Suliffik A/S, 30,3%
  - Sisimiut Fish ApS, 30%
  - Gaia Fish A/S, 25%
  - Akia Sisimiut A/S, 17,5%

Financial highlights and key ratios

	2009/10 DKK million	2008/09 DKK million	2007/08 DKK million	2006/07 DKK million	2005/06 DKK million
Key figures					
Profit/loss					
Net revenue	4,249	4,741	5,173	5,130	5,336
Profit from ordinary operating activities (EBIT)	73	(86)	50	98	110
Net financials	(88)	(124)	(99)	(34)	(45)
Net profit before tax	(15)	(210)	(49)	63	65
Net profit for the year	(43)	(196)	(78)	52	38
Balance sheet					
Fixed assets	1,334	1,365	1,452	1,431	1,489
Net working capital	1,545	1,411	1,814	1,826	1,747
Equity	803	831	816	894	858
Net interest-bearing debt	1,976	1,859	2,340	2,233	2,204
Balance sheet total	3,748	3,717	3,869	3,951	4,035
Investments in property, plant and equipment	98	168	221	236	196
Ratios in %					
EBIT-margin	1.7	(1.8)	1.0	1.9	2.1
EBT-margin	(0.4)	(4.4)	(0.9)	1.2	1.2
ROIC including goodwill	2.9	(3.0)	1.7	3.4	4.0
Return on equity (ROE)	(4.3)	(23.4)	(8.8)	6.7	6.3
Equity ratio	22.0	22.4	21.1	22.6	21.3
Net interest-bearing debt / EBITDA	8.0	18.8	10.5	9.0	7.6
Number of employees					
Greenland	826	855	1,015	1,003	1,023
Denmark	251	297	386	418	423
Other locations	857	928	812	621	734
Total	**1,934**	**2,080**	**2,213**	**2,042**	**2,180**

Management's review 2009/10

Positive developments for Royal Greenland

Royal Greenland achieved a strong performance improvement of DKK 159 million in its main operating result and DKK 195 million before tax in the financial year 2009/10.

The profit for the year of DKK (43) million is not, as originally anticipated, a break-even result, and is not satisfactory. A number of restructuring initiatives, amounting to DKK 39 million, were carried out. Prior to these items, the profit for the year would have been a break-even result.

The Company's financial performance in the second half of the year underlines the positive development, with a main operating result of DKK 57 million, corresponding to a margin of 2.8% and a profit of DKK 14 million, despite the implemented restructuring. Royal Greenland has succeeded in maintaining its market position, with good growth and profits in Germany, the UK and Scandinavia, and in export sales of Greenland products in general, despite an otherwise flat market. The lower revenues were mainly due to the termination of unprofitable activities and declining raw materials supplies.

The performance improvement is due, amongst other things, to improved operating margins, particularly in the German market. The main explanation for this is an enhanced ability to respond to developments in raw materials prices. Falling financial costs due to improved liquidity is another key reason for the overall improvement in performance. Finally, fixed costs before restructuring costs were reduced by DKK 65 million, or 8%.

Better competitiveness is decisive in order to secure continued improvements in operations. This will be achieved through, amongst other things, further investment in processing and production automation. The prawn processing plant in Ilulissat has thus been totally upgraded in 2009/10, and it has recently been decided to implement a similar upgrade of the plant in Sisimiut, and to invest in further processing in Qasigiannguit.

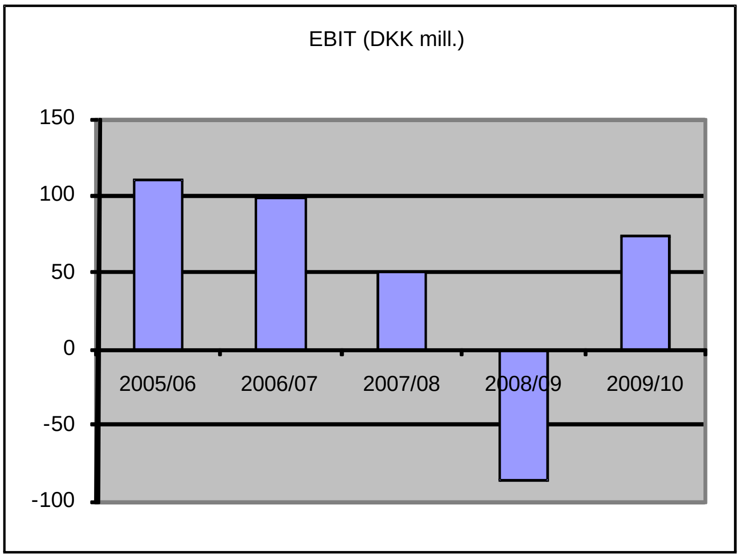
The Company's financial flexibility is satisfactory, and its interest-bearing debt, measured in relation to EBITDA, has fallen from 19 to 8. The Company's equity ratio, including the subordinate loan capital, comprises 28%.

In organisational terms, Royal Greenland underwent major alterations during the year. Under the leadership of our new commercial manager, a new sales and marketing management and organisation was successfully established. The logistics and purchasing area has been enhanced with new, experienced capacities from outside. At the end of the financial year, a contract was signed with the future CEO of Royal Greenland.

All of these initiatives, coupled with favourable market conditions, have contributed to Royal Greenland feeling well prepared and confident towards the new financial year.

Accounts

The improvement in performance in 2009/10 was realised despite a decline in turnover. The main operating result amounts to DKK 73 million, corresponding to a margin of 1.7%.

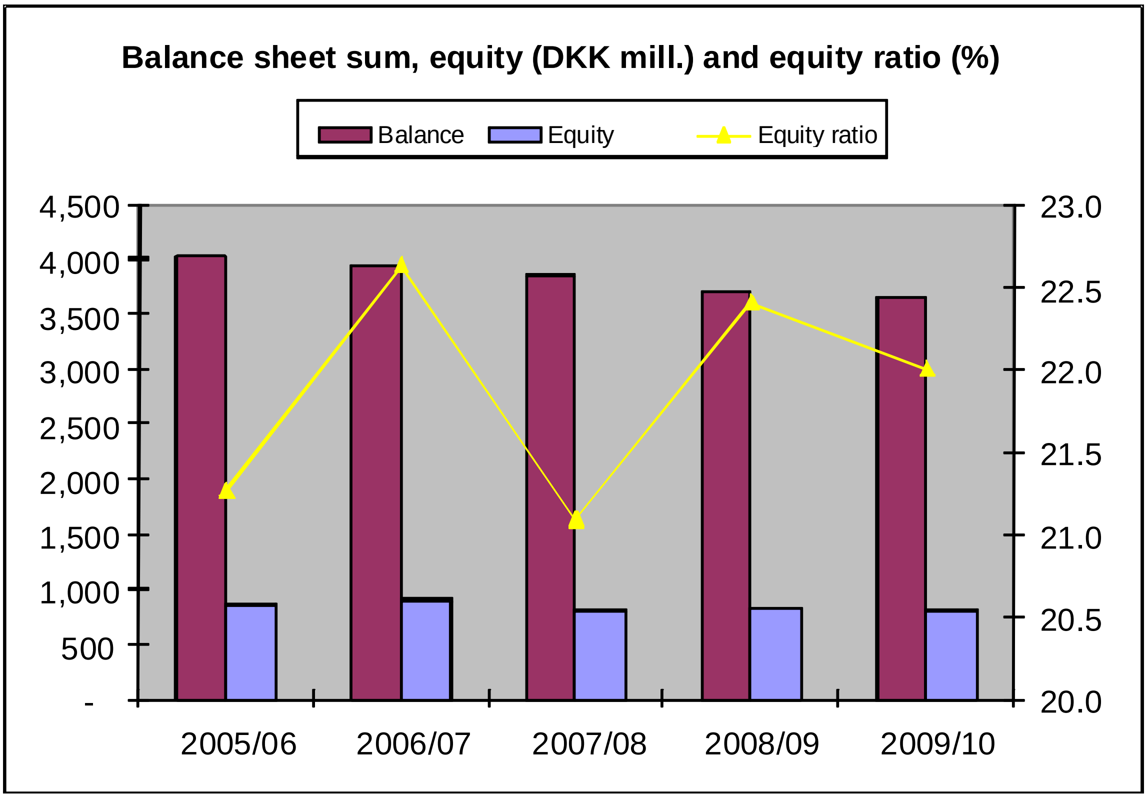


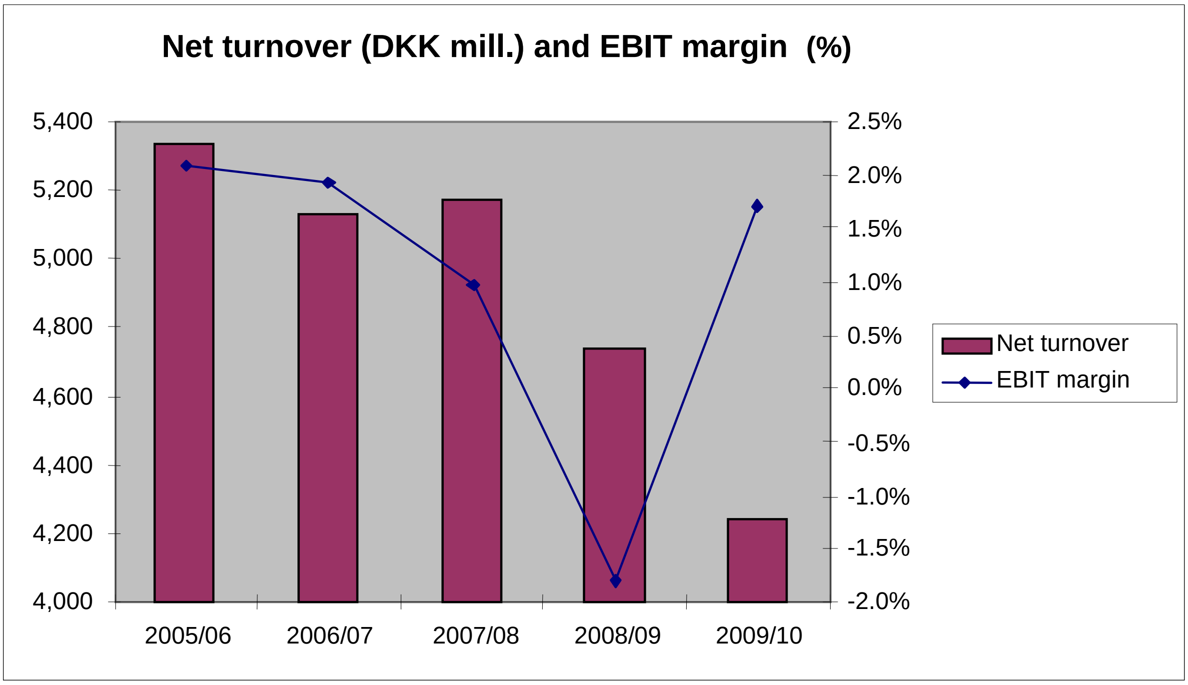
The development is due to a considerable improvement in earnings on the range from Wilhelmshaven and the Greenland products, particularly boiled and peeled prawns, shell-on prawns and halibut. The activities in Wilhelmshaven alone improved EBIT by DKK 94 million, while the Greenland activities improved by DKK 38 million. This development reflects a sharpened commercial approach to business activities and positive conditions in several markets. In parallel with the positive market developments, fixed costs were reduced by DKK 38 million. This amount includes restructuring costs of DKK 27 million, which means that in real terms, costs fell by DKK 65 million.

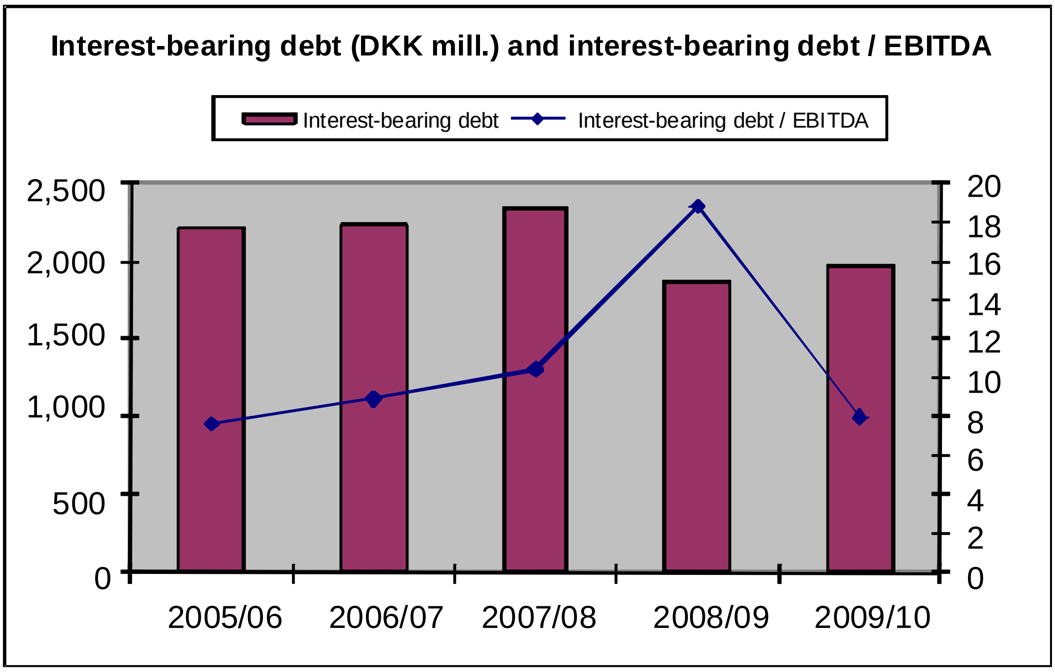
The result for the year was a loss of DKK 43 million, which is not entirely consistent with the goal, but adjusted for the implemented restructuring activities, the anticipated break-even result has been realised.

Net interest-bearing debt amounts to DKK 1,976 million, corresponding to a factor of 8 in relation to EBITDA, and is expected to improve further. Working capital was greatly reduced in 2008/09, but this trend could not be maintained in 2009/10, partly due to strategic purchases in raw materials. Working capital remains an important focus area.

The Company's equity ratio comprises 22.0%, as against 22.4% last year. Including the subordinated loan, the equity ratio comprises 28.1%.







Sales/Market

Revenues for the year comprise DKK 4.2 billion, a fall of 10%. The decline is the consequence of strategic decisions to close the sales office in the USA, end fresh produce sales from Hanstholm, and terminate a dealer agreement in Italy, as well as the challenging situation in many markets created by the financial crisis and the consequent stiffer competition. Growth has thus occurred only in the Scandinavian markets and international markets outside Europe, while all other markets have been stagnant or declining in terms of revenue.

The revenue development has also been brought about through a focus on earnings, with the termination of non-contributing business activities.

The restoration of revenue-earning capacity was one of the most important focus points throughout the year, and by the end of the year, it proved possible to achieve an attractive level. This was helped by the fact that supply and demand in Greenland halibut and prawn products have altered in a positive direction for Royal Greenland, while it has proved possible to restore interesting earnings in the remainder of the range. Increased follow-up of the individual sales organisations has also had a positive effect.

Another initiative has been aimed at transforming the organisation from an inward focus to a focus on markets, customers and creating new business. This transformation has succeeded, and has created a good basis for realising healthy future growth.

In the principal markets, the following may be highlighted:

Germany

There was a change in management during the year in Germany, with the resignation of a long-standing managing director. The new management has got off to a good start, and by the end of the financial year it had already proved possible to obtain new business, which means that the large German market will once again be a growth market for Royal Greenland.

The focus of the German organisation is, through a high level of professional skill, to establish strong customer partnerships that will make Royal Greenland a valued partner and sparring partner in virtually all areas of seafood.

This year, Germany has re-established reasonable profits on products from the factory in Wilhelmshaven, and has thus contributed significantly to the improved performance. Due to a decline in turnover, however, the overall earnings goal has not been realised.

France

France has traditionally been a growth market for Royal Greenland, but this was not the case in this financial year. The market was strongly impacted by the financial crisis, with a consequent increased focus on prices. This was aggravated by spare capacity in the market for processed products, with all parties struggling to achieve satisfactory capacity utilisation.

Despite stagnating sales, however, it has proved possible to achieve the budgeted earnings.

Scandinavia

Scandinavia is the market in which branded Royal Greenland products are strongest. Conscious efforts have been made to increase consumer awareness and loyalty towards the Royal Greenland branded range. During the financial year, three sales consultants were appointed to work on the Danish retail outlets, with the objective of improving the distribution of the range.

Overall, there has been growth on the Scandinavian market, with particularly good progress in Sweden. The retail market has generally been in growth, although the financial crisis has brought about a decline in restaurant dining, which has also impacted Royal Greenland.

<u>UK</u>

The loss of a single very large order of breaded fish caused a substantial drop in turnover on the British market, for which it has not been possible to compensate through sales of other products.

Despite this, the UK was able to realise its budgeted earnings. This was achieved on the basis of an improved exchange rate for GBP and price increases on boiled and peeled prawns, as well as on products for the fish & chips segment.

During the year, a range of breaded products was developed and introduced to the food service sector in April/May. Attempts are being made to introduce a similar range to the retail sector.

<u>Japan</u>

Sales on the Japanese market, which mainly consists of a number of products for the production of sushi, have also been hit by the financial crisis. The first half of the year saw a fall in sales due to fewer visits by the Japanese to sushi restaurants.

The final months of the year have however seen an improvement. Attempts are also being made to expand sales of the sushi range to other countries in Asia and Europe.

<u>Italy</u>

The decision to terminate our collaboration with our former partner in Italy has proved to be correct. While overall sales declined as a consequence of the fact that only sales of self-produced products were taken over, this turnover has shown good growth. It is expected that Italy will be a growth market from now on for Royal Greenland.

Product development

Product development and innovation in Royal Greenland must underpin the strategy adopted by management with respect to growth, value creation and the optimisation of business activities.

The vision is for Royal Greenland to be seen as a strong supplier that is able to interpret and create trends in the market and develop saleable products that are in demand among consumers.

There has been a high level of activity in the department over the year, both in its own innovations and in partnership with customers. In the course of the year, this has brought about a turnover of DKK 135 million in new products, corresponding to approximately 3% of overall turnover. The goal is for at least 5% of turnover each year to derive from new products.

There has been a particular focus on developing a range of breaded products for the UK food service market, and on developing products which can support future sales of the product range from the factory in Poland.

The product development costs incurred during the financial year derived mainly from the development of new products and flavours in the existing product range. These costs have been included in the profit and loss account on the basis of a caution principle, inasmuch as it is difficult to attribute them to individual products.

Operations

Greenland

Trawlers

Royal Greenland's current fleet consists of three prawn trawlers, a trawler for cod, halibut, etc., and a number of vessels for coastal fishing. The latter were expanded this year with the acquisition of the shipping companies Kuunnaat Trawl A/S and Ittu A/S, and the purchase of the ship Qajiitaq with its associated quota. The greater involvement in coastal prawn fishing is strategically important to secure raw materials supplies. The Company also participates in other trawlers via co-ownership.

Deep-sea prawn fishing was on a par with 2008/09, and the excess trawler capacity in the form of the trawler Tasermiut has remained chartered out for prawn fishing in Canada.

Catches of cod, halibut, haddock and coalfish with the trawler Sisimiut have been good throughout the year, particularly in the Barents Sea. As a new development, a licence has also been granted to fish redfish on the east coast. The Sisimiut's catches were however down by 5% on last year, but this was spread over fewer fishing days, and unplanned production downtime has been avoided.

In 2009/10, one shipyard visit was carried out.

Prawn and halibut factories

Royal Greenland has experienced a downturn in first sales of prawns compared to last year, with prawn supplies to the land-based factories falling by 10%. This decline should be seen in the light of the substantial continuing excess capacity on the factory side in Greenland, with consequent competition for raw materials, and the fact that the factory in Ilulissat was closed for 14 weeks in winter for reorganisation. The picture from the previous year, with prawn fishing off West Greenland taking place significantly further north, remains unchanged, with very little fishing south of Sisimiut.

As mentioned, the prawn factory in Ilulissat been thoroughly modernised and has a high level of activity, while the plant in Sisimiut has largely unchanged activity. Activities in Paamiut have on the other hand been substantially reduced, which should be understood as a consequence of the northward migration of the prawn resource. In general, the prawn factories have enjoyed good operations and increasing efficiency, resulting in large cost savings. Efficiency has been particularly improved in Ilulissat.

At the halibut factory in Qasigiannguit, the government of Greenland, the local municipality, SIK and Royal Greenland have successfully carried out a major project to encourage the relocation of employees to the town. Many families have thus moved to Qasigiannguit this year, and staff levels have been high and stable throughout the summer.

Most recently, it has been decided to invest in further processing at the factory, for which reason an upgrade of the factory will be carried out in the spring of 2011.

The plants in Uummannaq were very active in the summer months, which has produced a considerable challenge in securing enough staff. Lack of staff in the high season is a recurring problem, and consequently production in the high season will be restricted solely to freezing, while processing will still occur at all plants outside of the high season.

<u>Village plants</u>

As in previous years, Royal Greenland has maintained a number of village plants. The purpose of these facilities is to remain close to the smaller fishing operations in a geographically large country, thereby ensuring access to various kinds of raw materials. However, it is very difficult to run the individual plants on a profitable basis. Thanks to the service agreement entered into with the government of Greenland, the economic results this year have been acceptable. The village plants are in general dilapidated, and will require significant investments in the coming years if future operations are to be maintained.

In the summer of 2010, Royal Greenland decided to terminate its activities in Narsaq as a consequence of the lack of raw materials.

Germany

The factory in Wilhelmshaven has come back on track. Good coherence has been created in business activities, and strategic transactions in the raw materials market has produced a satisfactory result.

In general, there is overcapacity in the market for the products produced in Wilhelmshaven. Continued fierce competition is expected in both Germany and France in the efforts to achieve better utilisation of production lines. In the course of the year, the Company acquired an additional factory in Germany, situated in Cuxhaven. This factory, which produces lumpsucker roe in jars, secures from a strategic point of view the vertical integration of the raw material from Greenland, and thereby Royal Greenland's strong position in the roe market.

Poland

The factory in Poland is not contributing as expected, although operations are developing positively. A number of challenges remain, in both operational and marketing terms. The direction of developments is however positive, and a marked improvement is expected over the coming year.

Denmark

The market for prawns in brine is characterised by considerable competition, due to overcapacity and large amounts of Canadian prawns which are subject to low customs duties. With the adoption by the EU of a further reduction in duties on Canadian prawns for processing in the EU, the competitive situation is not expected to improve in the coming years. Operations at the factory in Glyngøre have improved in the course of the year, and the focus on efficiency improvements will be maintained to safeguard the factory's competitiveness.

The MAP factory is developing according to plan, with a high level of automated production and products of high uniform quality. It is expected that the capacity of the production lines will be sold out in the coming year.

The packing plant in Aalborg has experienced a downturn in activity, due to a lack of competitiveness compared to packing plants in Russia. More prawns are now being exported in bulk to Russia, whereas they were previously repackaged in Aalborg. Consequently, Royal Greenland has entered into a joint venture with a Russian partner to establish a packing plant/factory in Russia. The plant has now been completed, and production will begin in November 2010. This will provide growth opportunities for Royal Greenland on the Russian market.

Canada

Production in Canada has proceeded satisfactorily. Supplies of raw materials have been on a par with last year, and the factory is enjoying a positive development. MSC certification of the fishing in Quebec has resulted in considerably improved demand for prawns from the factory this year. A significant proportion of the production from Canada is in brine products, due to the tariff exemption on intermediate products used in the processing industry.

China

Activities in China have been on a par with last year and were based on the processing of own raw materials and purchases of intermediate products, both of these with a view to further processing in Poland and Germany. This year has seen significantly greater strategic sourcing of raw materials in Russia, which has placed heavy demands on the management of activities in China. The biggest challenge in China remains the shortage of capacity and labour, and as little improvement can be expected in these areas in the coming years, further cost increases must be anticipated in China.

Processing and sourcing in Vietnam has been established as a supplement to China, and these activities are expected to increase in the coming year.

Raw materials

Access to raw materials is by its nature an issue of major importance to Royal Greenland. During the year, the Group's vessels fished 28,500 tons, and Royal Greenland additionally purchased 46,000 tons of Greenlandic raw materials for the factories. Royal Greenland's total purchases over the year amounted to DKK 2.5 billion, of which purchases of raw materials accounted for DKK 2.2 billion. International purchases of raw materials amounted to DKK 1.8 billion, with particular focus on Alaska pollack. The market for raw materials is volatile, and both supply and prices have fluctuated a great deal in the course of the year.

<u>Prawns</u>

The prawns area has been characterised by changing catch conditions and increased competition for raw materials. Through its modest activities in Canada, Royal Greenland is in a position to procure some raw materials there, but throughout the latter part of the year there have been problems obtaining raw materials in Greenland. First sales of prawns for the factories in Greenland fell by 10%.

The overall TAC (total allowable catch) for prawns in West Greenland remained unchanged in 2010 at 114,500 tons, of which 4,000 tons is reserved for EU vessels. The TAC for East Greenland is unchanged at 12,400 tons, of which 5,400 is reserved for Greenland vessels, and the remainder for EU vessels.

The distribution between coastal and ocean-going fishing remains unchanged, with 57% for ocean-going fishing, with a 25% landing requirement, and 43% for coastal fishing.

Several coastal shipping companies have a quota share which is too small, and only the possibility of transferring the ocean-going quota to the coastal fishing has made it possible to keep the coastal fishing going and maintain reasonably stable supplies to the on-shore plants. If there is a quota reduction in 2011, there will be no quotas to transfer, and many companies will only have quotas for 7-9 months of fishing. There is a considerable need for restructuring and capacity adjustments in the coastal fishing fleet.

Halibut

Royal Greenland has had to make special efforts to retain and develop its halibut activities in 2009/10.

Due to continuing unsatisfactory conditions in Disko Bay, the TAC for Disko Bay was reduced to 8,000 tonnes in 2010. The TACs of 5,000 tons each for Uummannaq and Upernavik, respectively, were unaltered. The quotas in Disko Bay and Uummannaq rely on biological advice, while such advice is still lacking for the area around Upernavik.

First sales in Disko Bay have stabilised in relation to last year, which saw a marked reduction. In Uummannaq the fishing has been satisfactory, and the quota was by and large fully fished by the end of September. Supplies were on a par with the previous year.

The competitive situation in Disko Bay has been considerably sharpened by the establishment of a new factory in Ilulissat. There are now three players in the Disko Bay area, which has resulted in significant price pressure on raw materials. This situation is expected to continue.

Royal Greenland is the only seafood company in Greenland that processes halibut subject to landing requirements, i.e. agreements have been entered into with other companies to provide supplies to Royal Greenland. The fish is primarily produced in Qasigiannguit, where production of halibut subject to landing requirements has secured continual employment throughout the year.

Alaska pollack

This year, the Company opted to undertake major strategic transactions in Alaska pollack, based on the situation in previous years, when prices fluctuated a great deal over the year, and were especially high at year-end. There are positive prospects for the pollack area, with rising quotas in both Russia and the USA. MSC certification in Russia is taking some time, and is now expected at the end of 2011. Until Russia is MSC certified there will continue to be an imbalance between supply and demand in US and Russian products.

Cod

In 2010 the TAC for cod was set at 10,000 tons, divided between 5,000 tons for coastal fishing and 5,000 tons for deep-sea fishing, in which the EU has a considerable share. The TAC has been halved in relation to

2009. First sales of cod were on a par with the previous year. The cod market is generally improving after the collapse in 2008/2009.

The coastal TAC of 5,000 tons has been increased twice in the course of the year due to being fully fished, and this has secured supplies to the factories.

<u>Crabs</u>

Supplies of crabs to Royal Greenland have fallen from 2,100 tons to 1,500 tons – a drop of 30%, due to a lack of capacity in the fishing.

First sales in Paamiut and Sisimiut have been decreasing, while supplies in Qeqertarsuaq have been satisfactory.

<u>Lump-sucker roe</u>

With an increase of 25%, roe supplies have shown a considerable improvement over 2008/2009, and prices have also been higher than previously, due to the general shortage of roe on the world market. At the same time, competition has also increased significantly, with the establishment of a number of new players in Greenland.

<u>Flatfish</u>

Plaice and flounder comprise the principal flatfish in Royal Greenland's product range. Plaice is mainly bought at auction in Denmark, while flounder is purchased in Poland. The price of plaice has been low throughout the year due to the lack of sales opportunities on the German market. Some NGOs have black-listed plaice, which has stopped sales on the German market. Work is being done to convince the NGOs of the sustainability of plaice fishing.

Flounder supplies have been reasonable, but competition in Poland has been tight, so prices have been high.

Large numbers of flatfish have also been purchased from Alaska.

<u>Commodities</u>

Commodities consist primarily of salmon and warm-water prawns, which are purchased solely to supplement Royal Greenland's own products. The scale is relatively stable in volume, but salmon prices, in particular, have been rising in 2009/10.

Environmental performance and responsible fishing

Royal Greenland is experiencing increasing quality-consciousness among its customers. It is becoming more difficult to sell non-certified products, especially in Western Europe.

As part of its policy for responsible fishing, Royal Greenland does not purchase "black" fish caught illegally outside the quotas, and in Europe the Company is one of the leading players in the fight against this kind of illegal fishing. Furthermore, the Company does not buy plaice caught by bottom trawling, which is suspected of damaging plant and animal life on the sea bed. MSC-certified products are in increasing demand, and the factories in Canada, Germany, Poland and Denmark are all certified to produce these. The MSC, the Marine Stewardship Council, is a recognised independent, international organisation which aims to secure the responsible exploitation of marine resources, and thereby ensure that we can continue to be able to catch fish and shellfish. Work on MSC certification of Greenland prawns is under way, and an audit is expected in early 2011. MSC certification of prawns will provide a platform for working with other species, and a particular wish is to obtain certification for halibut. When prawn fishing has been certified, the industry's partners will assess whether there are grounds to initiate the certification of halibut.

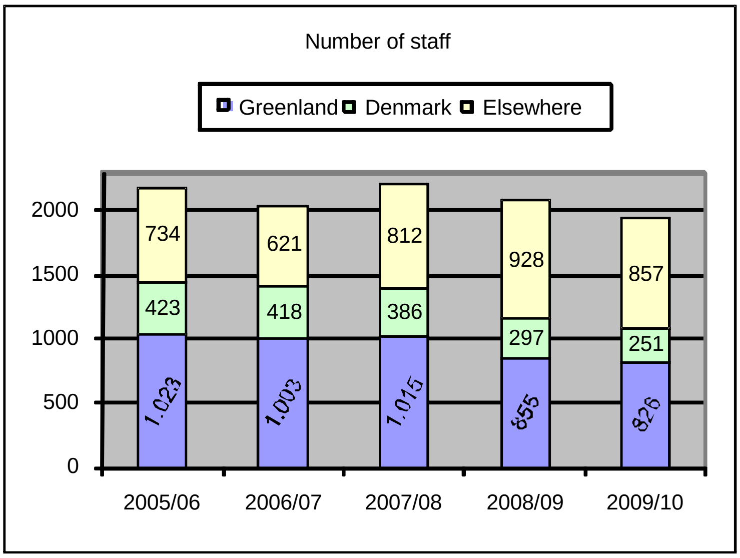
In order to co-ordinate and strengthen the work in Greenland, a joint association has been formed, SUSTAINABLE FISHERIES GREENLAND, which safeguards the interests of the industry with regard to sustainability, and is the driving force in relation to MSC certification.

In conformity with the Group's values, targeted and conscious work is being carried out with environmental issues and responsible fishing in all operations. This is done through co-operation with public authorities and suppliers, focusing for example on the reduction of pollution, the management and reduction of waste, and the reduction of energy and water consumption.

Royal Greenland is known as a trustworthy and quality-conscious supplier, and most of its factories are certified according to the British BRC standard or the German IFS standard.

Human resources

As a consequence of the lower level of activity and the implemented organisational adjustments, staff numbers have been reduced by 7%.



The adjustments have not only been carried out on the factory side, but also in other functions. Changes have thus been implemented in the sales organisation, supply chain, purchasing and administrative functions. A continual focus on optimisation will be maintained, but the focus will not only be on adjustments, but also on upgrading skills.

The strengthening of leadership in order to create job satisfaction and better results remains in focus. Performance, goals and following up must become a more natural linchpin in daily life.

Due to the geographical dispersion, differences in levels of skill and cultural differences within the Group, HR activities are prioritised and adjusted to match the current needs in the Group's various parts.

In Greenland, efforts are made via our semi-skilled worker training programme to enhance the professional and personal skills of our non-skilled staff. Non-skilled staff play a major role in our daily production, and such training can also pave the way for them to take up further courses of training or education in future.

In Greenland, a talent development and management training programme is also taking place which will ultimately help to enhance management skills. The second talent group is now taking the programme, and is expected to conclude in December 2010.

At the factory in Poland, a major organisational development project has been launched with the aim of changing behaviour and thereby creating better performance at the factory. The project will continue in the New Year.

A major programme is being carried out in the sales organisation, aimed at giving the Company and its behaviour a more market-driven focus.

The number of new recruitments over the past year has been on a par with the previous year. However, it has proved harder to attract suitable job candidates, for which reason vacancies have remained unfilled for longer than usual. On the positive side, we continue to experience great stability among our staff in Greenland.

Events following the conclusion of the financial year

No material events have occurred subsequent to the conclusion of the financial year which have a bearing on the annual report.

Risks

Raw materials

Trends in the access to and prices of raw materials comprise a significant operating risk for Royal Greenland. The risk in relation to access to raw materials mainly relates to the living resources in the waters around Greenland. These comprise 25-30% of Royal Greenland's total raw materials base, and have in recent years shown a declining trend. Continued optimisation and a higher degree of processing is important in order to maintain earnings on these resources.

The challenge in relation to the prices of raw materials applies to Royal Greenland's total purchases, which amount to DKK 2.5 million. The task is to continually maintain relative earnings despite the trends in raw materials prices. The risk has proved highly relevant in recent years, and efforts have been made to counter this via shorter-term contracts and back-to-back coverage. The improvement this year, 2009/10, is a good example of this.

Financial exposure

As a consequence of its operations, investments and financing, Royal Greenland is vulnerable towards alterations in exchange rates and interest 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 only arise in connection with commercial matters.

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

Exchange rate exposure

The Group's activities are influenced by exchange rate fluctuations, as sales are primarily invoiced in foreign currency, while costs, including salaries, are mainly incurred in DKK, EUR, PLN and USD. The Group will thus be exposed in net positions in a number of currencies. 91% of the Group's turnover derives from countries other than Denmark and Greenland, primarily countries in the euro zone, along with Japan, the UK and Sweden. Revenues in EUR and DKK comprise approximately 69% of Royal Greenland's total revenues, and are thus not assessed to represent a serious exchange rate risk. The Group is also influenced by fluctuations in exchange rates as a consequence of the fact that the profit and equity of a number of subsidiaries is translated into Danish kroner at year-end on the basis of the average exchange rates and balance sheet date rates, respectively.

Currency exposure is mainly hedged by matching incoming and outgoing payments in the same currency, as well as through forward exchange contracts. The Group's currency policy is to hedge at least 75% of the expected exchange rate exposure within the first six months, and thereafter at least 50% of the exchange rate exposure in the remaining six-month period, together with larger contracts which are settled individually. The exchange rate exposure in relation to EUR is not hedged.

Interest rate exposure

The interest-bearing debt is mainly denominated in DKK and EUR. Divided between variable and fixed-interest debt, the variable part comprised 42% at the close of the financial year, and a rise of one percentage point in the general rate of interest would induce a rise in the Group's annual interest expenses of approximately DKK 8 million.

Royal Greenland's large burden of interest-bearing debt exacerbates the financial risks, for which reason a further reduction in this debt is a strategically important focus area for the Company.

Work of the Board of Directors

Together with the management, the Board of Directors has laid down new goals and demands towards the Company's performance, which in the current year have contributed to strong improvements in profits and a satisfactory financial platform.

The Board is very conscious of the major role that Royal Greenland plays in Greenlandic society, and the consequent political attention directed at the Company. The Board of Directors remains therefore close to the Company and meets frequently with the management and selected employees.

In the course of the year, the Board of Directors visited a number of the Company's factories in Greenland and Europe. Through these visits, the Board has obtained insight into Royal Greenland's substantial range of business activities.

The Board has also appointed the coming CEO of the Company. Mikael Thinghuus possesses considerable international experience, and we look forward to working with him.

In connection with this appointment, the severance packages of management executives have been normalised. As a consequence of the adopted changes in management, DKK 14 million has been extraordinarily set aside in severance pay in 2009/10.

The Board of Directors regards Royal Greenland as a modern and committed company, and we look forward with great anticipation to its further development.

At year-end, the Board of Directors undertook an evaluation of the Board's activities, and has on that basis adopted proposals for improvements in its future work.

The audit committee also noted a continued improvement in accounting procedures, including the tightening of internal controls.

The future

It is Royal Greenland's conviction that we have now put the crisis behind us, and can concentrate on becoming a leading company in our chosen focus areas.

After some years in which the focus was on rationalisation, restructuring and securing the capital base, the objective for the coming year will be to foster growth and consolidate the level of earnings.

Sales are expected to rise by 4.5%, and the requirement towards the EBIT margin will be 3.5 to 4.0%, corresponding to an EBIT level of DKK 155-170 million.

This development will be driven by greater processing and thereby improved earnings in Greenland products, together with growth in the activities at Wilhelmshaven and Koszalin. Growth in sales is challenged by a projected decline in living resources in Greenland, but this underlines the demands of the strategy towards the Greenland products and the operation of the Greenland factories and trawlers.

As financial costs fall, improved earnings in the main operating result mean that the Company is expected to generate profits in future. In the coming year, profits in excess of DKK 50 million are expected.

In the course of the year, we will undergo a major process with the object of identifying more clearly the most attractive areas for the further development of the Group. In terms of earnings, it is our goal to be amongst the best in the industry.

Accounting policies

Basic of accounts

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 companies in reporting class D enterprises and Danish accounting standards.

The annual report has been presented applying the same accounting policies as last year. The Group has however changed the presentation of derivatives. These are from 2009/10 recognised as financial fixed assets and long-term liabilities respectively. Previous years derivaties were recognised as prepayments under current assets and short-term liabilities respectively. The change has no impact in money terms. Comparative figures have been changed accordingly.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Group and the value of the assets can be measured reliably.

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

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

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

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to the financial year. Value adjustments of financial assets and liabilities are recorded in the income statement as financial income or financial expenses.

Consolidation

The consolidated financial statements include Royal Greenland A/S (Parent) and the group enterprises (subsidiaries) in which the Parent directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling interest. Some subsidiaries have been omitted from the consolidation in accordance with the Danish Financial Statements Act § 114 article 2. Enterprises in which the Group has significant, but not controlling influence, are regarded as associates. The Group structure is shown in the Management's Review.

The consolidated financial statements consolidate the financial statements of the Parent and of the individual subsidiaries which have all been prepared applying group accounting policies. Intra-group receivables and payables, income and expenses, dividends, unrealised internal profits and losses are eliminated along with intra-group shareholdings.

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 in the acquisition of new enterprises where the Parent obtains a controlling interest. Under this method, identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of the restatements.

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

At intra-group restructurings the consolidation method is applied.

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill, former 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 includes a separate item, which specifies the proportionate share of the subsidiaries' profit/loss and equity attributable to minority interests.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date, are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

The income statements of foreign subsidiaries and associates are translated into Danish kroner using the annual average rate of exchange and the balance sheets are translated using the rate of exchange in effect on the balance sheet date. Differences in the exchange rate, which arise when translating the foreign subsidiaries' equity at the beginning of the year at the rates of exchange ruling at the balance sheet date are recognised directly on equity. This also applies to exchange rate differences arising out of the translation of the income statement from annual average rates of exchange to the exchange rates ruling at 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 on equity. When the hedged transactions are realised, the 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

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue 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 wages and salaries, 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 portion of finance lease payments, realised and unrealised capital gains and losses on securities, payables and transactions in foreign currencies, mortgage amortisation premium relating to mortgage debt, cash discounts etc as well as tax surcharge and repayment under the Danish Tax Prepayment Scheme.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit/loss for the year and recognised directly on equity by the portion attributable to entries directly on 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 this 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 assets is calculated based on the planned use of each asset. Deferred tax is not allocated on stocks in subsidiaries according to the planned use. Deferred tax is measured based on the tax regulations and tax rates of the relevant countries that will be in effect, using the laws at 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 tax base of 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 straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation period is usually 5 years, however, 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 give a better reflection of the Group's benefit from the relevant resources.

The carrying amount of goodwill is assessed currently and written down to 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 five years. Intangible rights acquired are written down to the lower of recoverable amount and carrying amount.

Development costs

Development costs comprise costs, wages and salaries and amortisation 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 and recoverable amount.

Capitalised development projects are amortised straight-line on the basis of the completion ratio of the development project over the estimated economic life of the project. The period of amortisation is usually 5-10 years.

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 of 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, subsuppliers and labour costs.

Interest expenses on loans for financing 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 to 50 years
Vessels	7 to 16 years
Plant included in the item “vessels”	5 to 10 years
Plant and machinery	5 to 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 or loss is recognised in the income statement with depreciation and impairment losses.

Fixed asset investments

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method. This means that in the balance sheet investments are measured at the pro rata share of the enterprises’ equity, cf. 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's share of the enterprises' profits or losses after elimination of unrealised intra-group profits and losses and 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 receivables from these enterprises are written down by the Parent’s share of such negative equity value if it is deemed irrecoverable. If the negative equity exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent 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 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 writedown takes into account the risk of loss associated with each individual asset.

Inventories

Stock of raw materials is measured at the lower of cost using weighted average prices or net realisable value.

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

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 and 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 net realisable value. Cost of manufactured goods consists 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 applied for 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 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 a prior event, and it is probable that future economic benefits will flow out of the Company to meet the obligation.

Provisions that are estimated to mature more than one year after the balance sheet date are discounted at the average bond yield.

Liabilities other than provisions

Financial liabilities

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 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 received income for recognition in subsequent financial years. Prepayments are 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 because it is included in the consolidated cash flow statement.

Cash flows from acquisition and divestment of 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 as well as 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. Information on business segments and geographical markets is in compliance with the internal financial ma-nagement of the Group.

Management is of the impression that the Group solely operates with one individual business segment why the business segment information required in respect 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

The financial highlights and ratios have been compiled as shown below:

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

The key figure 'net interest-bearing debt' is derived offsetting derivatives recognised as financial fixed assets. Calculating equity ratio and net interest-bearing debt/EBITDA derivatives recognised as financial fixed assets are offset in balancesheet total as well as in net interest-bearing debt.

Income statement October 1st 2009 – September 30th 2010

Parent 2008/09 DKK '000	Parent 2009/10 DKK '000		Note	Group 2009/10 DKK '000	Group 2008/09 DKK '000
1,453,457	1,458,413	Revenue	1	4,249,188	4,740,777
(66,863)	(21,697)	Change in inventories of finished goods		(62,948)	(240,715)
10,843	22,886	Other operating income	2	30,811	13,183
1,397,437	**1,459,602**			**4,217,051**	**4,513,245**
(594,859)	(585,947)	Costs of raw materials and consumables		(2,660,521)	(3,014,184)
(363,638)	(339,840)	Other external expenses		(686,872)	(744,756)
(374,813)	(373,645)	Staff costs	3	(622,367)	(655,489)
(84,321)	(96,075)	Depreciation, amortisation and impairment losses	4	(174,540)	(184,961)
(20,194)	**64,095**	**Operating profit**		**72,751**	**(86,145)**
(158,528)	(92,680)	Profit/loss from investments in group enterprises	5	0	(2,505)
945	4,576	Profit/loss from investments in associates	6	15,916	3,350
75,227	67,117	Other financial income	7	35,506	99,278
(91,902)	(82,828)	Other financial expenses	8	(139,239)	(223,735)
(194,452)	**(39,720)**	**Profit before tax**		**(15,066)**	**(209,757)**
(1,555)	(2,819)	Tax on profit	9	(20,076)	17,417
(196,007)	**(42,539)**	**Profit after tax**		**(35,142)**	**(192,340)**
-	-	Minority interests' share of profit/loss after tax of group enterprises		(7,397)	(3,667)
(196,007)	**(42,539)**	**PROFIT FOR THE YEAR**		**(42,539)**	**(196,007)**
		Proposed distribution of profit			
34,100	(14,266)	Reserve for net revaluation according to the equity method			
(230,107)	(28,273)	Retained earnings			
(196,007)	**(42,539)**				

Assets at September 30th

Parent 2009 DKK '000	Parent 2010 DKK '000		Note	Group 2010 DKK '000	Group 2009 DKK '000
13,957	**9,837**	**Intangible assets**	10	**54,472**	**46,355**
157,695	140,237	Buildings		359,802	379,814
89,085	80,561	Plant and machinery		326,188	340,959
233,324	226,905	Vessels		352,460	338,886
10,439	8,752	Other fixtures and fittings, tools and equipment		16,737	17,224
34,292	37,019	Fixed assets in progress		40,712	48,782
524,835	**493,474**	**Property, plant and equipment**	11	**1,095,899**	**1,125,665**
357,208	298,942	Investments in group enterprises	12	0	3,474
33,323	59,074	Receivables from group enterprises	13	0	0
55,152	55,339	Investments in associates	12	91,986	82,638
48,794	47,554	Receivables from associates	13	56,554	57,794
13,187	95,669	Derivatives		95,669	13,187
19,143	13,158	Other fixed asset investments	14	17,999	34,974
10,400	10,400	Deferred tax asset	19	17,475	14,325
537,207	**580,136**	**Fixed asset investments**		**279,683**	**206,392**
1,075,999	**1,083,447**	**FIXED ASSETS**		**1,430,054**	**1,378,412**
359,734	**341,700**	**Inventories**	15	**1,302,577**	**1,173,381**
8,115	15,179	Trade receivables		688,861	655,429
1,245,733	1,516,731	Receivables from group enterprises		0	0
983	1,972	Receivables from associates		1,974	7,245
1,419	7,065	Other receivables	16	46,250	37,570
1,150	13,368	Prepayments	17	18,795	7,723
1,257,400	**1,554,315**	**Receivables**		**755,880**	**707,967**
367,809	**156,940**	**Cash**		**259,149**	**457,334**
1,984,943	**2,052,955**	**CURRENT ASSETS**		**2,317,606**	**2,338,682**
3,060,942	**3,136,402**	**ASSETS**		**3,747,660**	**3,717,094**

Equity and liabilities at September 30th

Parent 2009 DKK '000	Parent 2010 DKK '000		Note	Group 2010 DKK '000	Group 2009 DKK '000
850,000	850,000	Share capital		850,000	850,000
0		Reserve for net revaluation under the equity method		0	0
(18,918)	(47,344)	Retained earnings		(47,344)	(18,918)
831,082	**802,656**	**EQUITY**		**802,656**	**831,082**
-	**-**	**Minority interests**	18	**37,794**	**33,668**
0	0	Deferred tax	19	38,542	20,198
9,500	1,542	Other provisions	20	24,119	31,684
9,500	**1,542**	**PROVISIONS**		**62,661**	**51,882**
250,000	200,000	Subordinated loans		200,000	250,000
0	0	Mortgage debt		87,226	161,311
1,519,303	1,751,680	Other credit institutions		1,750,508	1,521,521
259,529	103,518	Derivatives		106,836	260,844
2,028,832	**2,055,198**	**Long-term liabilities other than provisions**	21	**2,144,570**	**2,193,676**
0	50,000	Short-term portion of long-term liabilities other than provisions		67,126	28,948
0	0	Credit institutions		119,200	107,084
54,190	46,654	Trade payables		255,561	203,721
10,108	50,798	Payables to group enterprises		0	0
0	0	Payables to associates		7,782	0
1,532	931	Income taxes	9	3,073	6,611
119,212	125,941	Other payables	22	191,512	198,544
6,486	2,682	Deferred income	23	55,725	61,878
191,528	**277,006**	**Short-term liabilities other than provisions**		**699,979**	**606,786**
2,230,360	**2,332,204**	**LIABILITIES OTHER THAN PROVISIONS**		**2,844,549**	**2,800,462**
3,060,942	**3,136,402**	**EQUITY AND LIABILITIES**		**3,747,660**	**3,717,094**

Assets charged and contingent liabilities	24
Other notes	25-28

Statement of changes in equity

Parent

DKK '000	Share capital	Reserve under the equity method	Retained earnings	Total
Equity at September 30th 2008	600,000	0	215,871	815,871
Capital increase	250,000	0	0	250,000
Exchange adjustment, foreign entities	0	(32,661)	0	(32,661)
Fair value adjustments recognised in equity	0	(1,439)	(2,162)	(3,601)
Other capital adjustments	0	0	(2,520)	(2,520)
Net profit for the year	0	34,100	(230,107)	(196,007)
Equity at September 30th 2009	**850,000**	**0**	**(18,918)**	**831,082**
Exchange adjustment, foreign entities	0	16,274	0	16,274
Fair value adjustments recognised in equity	0	(2,008)	0	(2,008)
Other capital adjustments	0	0	(153)	(153)
Net profit for the year	0	(14,266)	(28,273)	(42,539)
Equity at September 30th 2010	**850,000**	**0**	**(47,344)**	**802,656**

The companys Share Capital consists of 850,000 stocks of 1,000 DKK or multiples. The Share capital is not divided into classes. There have been no changes in the Share capital since July 3rd 2009.

Group

Equity at September 30th 2008	600,000	-	215,871	815,871
Capital increase	250,000	-	0	250,000
Exchange adjustment, foreign entities	0	-	(32,661)	(32,661)
Fair value adjustments recognised in equity	0	-	(3,601)	(3,601)
Other capital adjustments	0	-	(2,520)	(2,520)
Net profit for the year	0	-	(196,007)	(196,007)
Equity at September 30th 2009	**850,000**		**(18,918)**	**831,082**
Exchange adjustment, foreign entities	0	-	16,274	16,274
Fair value adjustments recognised in equity	0	-	(2,008)	(2,008)
Other capital adjustments	0	-	(153)	(153)
Net profit for the year	0	-	(42,539)	(42,539)
Equity at September 30th 2010	**850,000**	**-**	**(47,344)**	**802,656**

Consolidated cash flow statement October 1st 2009 to September 30th 2010

DKK '000	Note	2009/10	2008/09
Net profit for the year		(42,539)	(196,007)
Adjustments relating to net profit for the year	29	295,765	297,519
Working capital changes	30	(177,516)	494,519
Cash flows from operating activities before net financials		75,710	596,031
Ingoing payments relating to financial items		33,840	7,234
Outgoing payments relating to financial items		(107,453)	(179,541)
Cash flows from ordinary activities		2,097	423,724
Taxes refunded/(paid)		(4,600)	(35,776)
Cash flows from operating activities		**(2,503)**	**387,948**
Purchase of assets connected to business acquisition		(47,729)	0
Takeover of liabilities connected to business acquisition		29,729	0
Purchase of fixed assets		(106,682)	(184,624)
Sale of fixed assets		30,372	29,667
Dividends received from associates		3,777	3,824
Cash flows from investing activities		**(90,533)**	**(151,133)**
Capital increase		0	250,000
Proceeds from obtaining subordinated loan		0	250,000
Proceeds from obtaining/(instalments on) long-term liabilities		(116,242)	(13,982)
Dividends paid during the year to minority interests		(1,023)	(10,764)
Cash flows from financing activities		**(117,265)**	**475,254**
Increase/decrease in cash and cash equivalents		**(210,301)**	**712,069**
Cash and cash equivalents, beginning of year		350,250	(361,819)
Cash and cash equivalents, end of year	31	**139,949**	**350,250**

Notes to the annual report

1. Net turnover

Parent

Geographical markets	Revenue 2009/10 DKK '000	Revenue 2008/09 DKK '000
Europe	1,342,504	1,263,536
Other markets	115,909	189,921
	1,458,413	**1,453,457**

Group

Geographical markets	Revenue 2009/10 DKK '000	Revenue 2008/09 DKK '000
Europe	3,675,053	**3,900,865**
Other markets	574,135	**839,912**
	4,249,188	4,740,777

2. Other operating income

Parent 2008/09 DKK '000	Parent 2009/10 DKK '000		Group 2009/10 DKK '000	Group 2008/09 DKK '000
3,953	11,925	Service agreement	11,925	3,953
1,710	3,410	Management Fees	1,950	300
2,605	2,294	Rental income	8,041	3,231
1,800	3,000	Sale of quotas	3,000	1,800
775	2,257	Other operating income	5,895	3,899
10,843	**22,886**		**30,811**	**13,183**

Notes to the annual report

3. Staff costs

Parent 2008/09 DKK '000	Parent 2009/10 DKK '000		Group 2009/10 DKK '000	Group 2008/09 DKK '000
		The total amount of wages and salaries etc is specified as follows:		
337,350	341,755	Wages and salaries	552,797	570,524
16,701	13,996	Pension contributions	33,691	41,080
20,762	17,894	Other social security costs	35,879	43,885
374,813	**373,645**		**622,367**	**655,489**
		Of this total remuneration for the Parent's:		
9,900	24,750	Executive Board, including severance payment DKK 13.5 mill.		
1,050	2,100	Supervisory Board		
977	930	Average number of employees	1,934	2,080

4. Depreciation, amortisation and impairment losses

Parent 2008/09	Parent 2009/10		Group 2009/10	Group 2008/09
26,234	23,234	Buildings	36,102	37,915
32,264	26,045	Plant and machinery	73,256	76,653
31,280	31,455	Vessels	45,913	43,132
4,778	3,289	Other fixtures and fittings, tools and equipment	6,311	7,577
-	-	Goodwill on consolidation	3,133	2,888
6,828	4,574	Quotas	7,669	7,571
5,685	5,735	Software	5,764	5,698
0	0	Licences	90	48
0	0	Received grants	(5,282)	(7,620)
(22,748)	1,743	(Gain)/loss from sale of fixed assets	1,584	11,099
84,321	**96,075**		**174,540**	**184,961**

Notes to the annual report

5. Profit/loss from investments in group enterprises

Parent 2008/09 DKK '000	Parent 2009/10 DKK '000		Group 2009/10 DKK '000	Group 2008/09 DKK '000
3,485	8,768	Profit	0	0
(149,875)	(70,746)	Loss	0	(2,505)
(12,138)	(30,702)	Change in intra-group profits	0	0
(158,528)	**(92,680)**		**0**	**(2,505)**

Profit/loss from investments in group enterprises in the Group concerns enterprises that are not consolidated pursuant to the Danish Financial Statements Act § 114 article 2.

6. Profit/loss from investments in associates

2,061	6,406	Profit	19,197	8,446
(1,109)	(1,823)	Loss	(1,823)	(3,639)
(7)	(7)	Depreciation of differential value	(1,458)	(1,457)
945	**4,576**		**15,916**	**3,350**

7. Other financial income

0	13,513	Realised capital gains	26,493	1,660
16,377	0	Unrealised capital gains	1,666	92,044
55,465	47,730	Interest from group enterprises	-	-
0	4,125	Interest on bank deposit	4,938	894
3,132	1,749	Income from fixed asset investments	1,749	3,766
253	0	Other financial income	660	914
75,227	**67,117**		**35,506**	**99,278**

Notes to the annual report

8. Other financial expenses

Parent 2008/09 DKK '000	Parent 2009/10 DKK '000		Group 2009/10 DKK '000	Group 2008/09 DKK '000
292	0	Realised capital loss	15,175	71,417
0	12,069	Unrealised capital loss	39,171	44,194
86,135	70,256	Interest on bank and mortgage debt	84,006	107,626
12	4	Other financial expenses	887	498
5,463	499	Interest to group enterprises	-	-
91,902	**82,828**		**139,239**	**223,735**

9. Tax on profit

Parent 2008/09	Parent 2009/10		Group 2009/10	Group 2008/09
(1,555)	(2,819)	Current tax for the year	(5,791)	(6,254)
0	0	Impact of changes in tax rate start of year	0	5,400
0	0	Adjustment to previous years	0	(567)
0	0	Deferred tax for the year	(14,285)	18,838
(1,555)	**(2,819)**		**(20,076)**	**17,417**
		Reconciliation of tax rate		
32%	32%	Greenland tax rate	32%	32%
0%	0%	Adjustment of tax rate in foreign enterprises	(2%)	0%
(31%)	(25%)	Adjustment for utilization of tax losses and other adjustments concerning previous years	103%	(40%)
1%	**7%**	**Tax rate expensed**	**133%**	**(8%)**

Notes to the annual report

10. Intangible assets

Parent

	Quotas DKK '000	IT DKK '000
Cost at October 1st 2009	83,003	17,912
Additions for the year	5,900	289
Disposals for the year	0	0
Cost at September 30th 2010	**88,903**	**18,201**
Amortisation and impairment losses at October 1st 2009	(78,438)	(8,520)
Amortisation for the year	(4,574)	(5,735)
Amortisation regarding disposals for the year	0	0
Amortisation and impairment losses at September 30th 2010	**(83,012)**	**(14,255)**
Carrying amount at September 30th 2010	**5,891**	**3,946**
Carrying amount at September 30th 2009	4,565	9,392

Notes to the annual report

10. Intangible assets (continued)

Group	Group-goodwill DKK '000	Quotas DKK '000	IT DKK '000	Licenses DKK '000
Cost at October 1st 2009	43,322	86,720	18,012	696
Value adjustment at closing price	0	0	6	29
Additions for the year	7,338	22,590	355	224
Disposals for the year	0	0	0	0
Cost at September 30th 2010	**50,660**	**109,310**	**18,373**	**949**
Amortisation and impairment losses at October 1st 2009	(12,034)	(81,288)	(8,543)	(530)
Corrections October 1st 2009	0	(5,754)	0	0
Value adjustment at closing price	0	0	(2)	(13)
Amortisation for the year	(3,133)	(7,669)	(5,764)	(90)
Amortisation regarding disposals for the year		0	0	0
Amortisation and impairment losses at September 30th 2010	**(15,167)**	**(94,711)**	**(14,309)**	**(633)**
Carrying amount at September 30th 2010	**35,493**	**14,599**	**4,064**	**316**
Carrying amount at September 30th 2009	31,288	5,432	9,469	166

Notes to the annual report

11. Property, plant and equipment

Parent

	Buildings DKK '000	Plant and machinery DKK '000	Vessels DKK '000	Other fixtures etc, DKK '000	Fixed assets in progress DKK '000
Cost at October 1st 2009	541,506	501,783	438,346	44,214	34,292
Transferred to group companies	0	0	0	375	
Transferred from assets in progress	3,271	9,426	192	147	(13,036)
Additions for the year	6,475	8,118	24,844	1,706	19,258
Disposals for the year	(8,066)	(19,163)	(9,627)	(4,128)	(3,495)
Cost at September 30th 2010	**543,186**	**500,164**	**453,755**	**42,314**	**37,019**
Depreciation and impairment losses at October 1st 2009	(383,811)	(412,698)	(205,022)	(33,775)	-
Transferred to group companies	0	0	0	(270)	-
Depreciation for the year	0	(42)	(1,396)	0	-
Impairment losses for the year	(23,234)	(26,004)	(30,059)	(3,289)	-
Depreciation regarding disposals for the year	4,096	19,141	9,627	3,772	-
Depreciation and impairment losses at September 30th 2010	**(402,949)**	**(419,603)**	**(226,850)**	**(33,562)**	**-**
Carrying amount at September 30th 2010	**140,237**	**80,561**	**226,905**	**8,752**	**37,019**
Carrying amount at September 30th 2009	157,695	89,085	233,324	10,439	34,292

No public land assessment is made in Greenland. The carrying amount of properties in Greenland amounts to DKK 140,237k.

In previous years, financing costs have been capitalised at DKK 6,118k, Accumulated depreciation of capitalised financing costs amounts to DKK 6,118k of which DKK 0k is recognised in 2009/10.

Notes to the annual report

11. Property, plant and equipment (continued)

Group

	Buildings DKK '000	Plant and machine-ry DKK '000	Vessels DKK '000	Other fixtures etc, DKK '000	Fixed assets in progress DKK '000
Cost at October 1st 2009	867,754	1,045,950	668,624	65,586	48,782
Value adjustment at closing price	7,029	11,368	0	564	187
Transferred from assets in progress	8,180	16,019	191	147	(24,537)
Additions for the year	8,709	35,635	73,978	6,782	22,950
Disposals for the year	(12,845)	(20,767)	(9,627)	(8,517)	(6,670)
Cost at September 30th 2010	**878,827**	**1,088,205**	**733,166**	**64,562**	**40,712**
Depreciation and impairment losses					
at October 1st 2009	(487,940)	(704,991)	(329,738)	(48,362)	-
Corrections start of year	0	0	(14,681)	(425)	-
Value adjustment at closing price	(745)	(3,610)	0	(369)	-
Impairment losses for the year	0	(42)	(1,396)	(433)	-
Depreciation for the year	(36,102)	(73,214)	(44,517)	(5,878)	-
Depreciation regarding disposals for the year	5,762	19,840	9,626	7,642	-
Depreciation and impairment losses at September 30th 2010	**(519,025)**	**(762,017)**	**(380,706)**	**(47,825)**	**-**
Carrying amount at September 30th 2010	**359,802**	**326,188**	**352,460**	**16,737**	
Carrying amount at September 30th 2009	379,814	340,959	338,886	17,224	48,782

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 60,424k.

No public land assessment is made in Greenland. The carrying amount of properties in Greenland amounts to DKK 140,237k.

Financing costs have been capitalised in previous years amounting to of DKK 6,118k. Accumulated depreciation of capitalised financing costs amounts to DKK 6,118k of which DKK 0k is recognised in 2009/10.

Notes to the annual report

12. Investments in group enterprises and associates

Parent: Group enterprises	Parent: Associates		Group: Associates
DKK '000	DKK '000		DKK '000
626,486	37,007	Cost at October 1st 2009	64,702
18,730	1	Additions for the year	1
0	(3,619)	Disposals for the year	(6,236)
645,216	**33,389**	**Cost at September 30th 2010**	**58,467**
22,599	18,375	Revaluation at October 1st 2009	27,219
0	0	Value adjustment at closing price	1,385
6,374	6,045	Additions for the year	11,015
0	(1,970)	Disposals for the year	(1,970)
28,973	**22,450**	**Revaluation at September 30th 2010**	**37,649**
(271,312)	(230)	Impairment losses at October 1st 2009	(9,283)
16,274	0	Value adjustment at closing price	0
(68,941)	(270)	Additions for the year	(210)
0	0	Disposals for the year	5,363
(323,979)	**(500)**	**Impairment losses at September 30th 2010**	**(4,130)**
(20,565)	-	Intra-group profit at October 1st 2009	-
(30,703)	-	Change during the year	-
(51,268)	**-**	**Intra-group profit at September 30th 2010**	**-**
298,942	**55,339**	**Carrying amount at September 30th 2010**	**91,986**
357,208	55,152	Carrying amount at September 30th 2009	82,638

In the Group, the differential value on acquisition of investments in associates amounts to DKK 18,543k. The carrying amount at September 30th 2010 amounts to DKK 4,367k.

Notes to the annual report

13. Receivables from subsidiaries and associates

Parent			Group
Subsidiaries DKK '000	**Associates** DKK '000		**Associates** DKK '000
33,323	48,794	Cost at October 1st 2009	63,032
25,751	92	Additions for the year	92
0	(1,303)	Disposals for the year	(1,303)
59,074	**47,583**	**Cost at September 30th 2010**	**61,821**
0	0	Impairment losses at October 1st 2009	(5,238)
0	(29)	Additions for the year	(29)
0	**(29)**	**Impairment losses at September 30th 2010**	**(5,267)**
59,074	**47,554**	**Carrying amount at September 30th 2010**	**56,554**
33,323	48,794	Carrying amount at September 30th 2009	57,794

14. Other fixed asset investments

Parent DKK '000		Group DKK '000
28,010	Cost at October 1st 2009	44,776
1,173	Additions for the year	1,626
(7,209)	Disposals for the year	(19,587)
21,974	**Cost at September 30th 2010**	**26,815**
(8,867)	Provisions for bad debts at October 1st 2009	(9,802)
51	Change in provisions for the year	986
(8,816)	**Provisions for bad debts at September 30th 2010**	**(8,816)**
13,158	**Carrying amount at September 30th 2010**	**17,999**
19,143	Carrying amount at September 30th 2009	34,974

Notes to the annual report

15. Inventories

Parent			Group	
30.09.2009 DKK '000	30.09.2010 DKK '000		30.09.2010 DKK '000	30.09.2009 DKK '000
16,729	19,168	Raw materials	456,661	308,330
1,742	1,176	Goods in progress	38,906	47,749
286,545	264,848	Finished goods	686,721	719,496
54,718	56,508	Other goods	120,289	97,806
359,734	**341,700**		**1,302,577**	**1,173,381**
85,821	**26,757**	Goods at net realisable value included in booked value of inventories	**57,336**	**151,800**

16. Other receivables

0	0	Tax receivable	4,608	4,256
0	0	VAT and duty receivable	26,599	16,538
1,419	7,065	Other receivables	15,043	16,776
1,419	**7,065**		**46,250**	**37,570**

17, Prepayments

0	4,611	Derivative financial instruments at fair value	5,530	1,680
0	250	Prepaid rent and consumption taxes	860	870
1,150	8,507	Other prepayments	12,405	5,173
1,150	**13,368**		**18,795**	**7,723**

18. Minority interests

Minority interests at October 1st 2009	33,668	40,780
Additions in the year	(2,248)	0
Share of profit/loss for the year	7,397	3,667
Dividends	(1,023)	(10,764)
Exchange adjustment	0	(15)
Minority interests at September 30th 2010	**37,794**	**33,668**

Notes to the annual report

19. Deferred tax

Parent 30.09.2009 DKK '000	Parent 30.09.2010 DKK '000		Group 30.09.2010 DKK '000	Group 30.09.2009 DKK '000
		Deferred tax incumbent on the following items:		
0	0	Property, plant and equipment	37,960	22,969
0	0	Fixed asset investments	(396)	(1,368)
0	0	Other items	(186)	(1,403)
0	**0**		**38,542**	**20,198**
		Deferred tax assets incumbent on the following items:		
0	550	Loss carried forward	4,991	10,462
10,400	9,850	Other tax assets	12,484	3,863
10,400	**10,400**		**17,475**	**14,325**

20. Other provisions

Parent 30.09.2009 DKK '000	Parent 30.09.2010 DKK '000		Group 30.09.2010 DKK '000	Group 30.09.2009 DKK '000
10,785	9,500	Other provisions at October 1st 2008	31,684	32,410
0	0	Additions for the year	0	0
(1,285)	(7,958)	Disposals for the year	(7,565)	(726)
9,500	**1,542**	**Other provisions at September 30th 2009**	**24,119**	**31,684**

Other provisions are public grants to investments, pensions and contractual risks.

21. Long-term liabilities other than provisions

Parent 30.09.2009 DKK '000	Parent 30.09.2010 DKK '000		Group 30.09.2010 DKK '000	Group 30.09.2009 DKK '000
		The following amounts fall due for payment after five years or more:		
50,000	0	Subordinated loan	0	50,000
902,392	1,059,720	Bank debt	1,059,720	902,392
0	0	Mortgage debt	28,994	49,134
952,392	**1,059,720**		**1,088,714**	**1,001,526**

Notes to the annual report

21. Long-term liabilities other than provisions (continued)

Interest and terms to maturity of long-term liabilities (Group, translated into DKK)

	Weighted term (years)	Fixed/ floating	Effective rate of interest 09/10	Effective rate of interest 08/09	Nominal value DKKm 09/10	Nominal value DKKm 08/09
Subordinated loan	5	Fixed	5.00%	5.00%	250	250
Mortgage debt	6	Fixed/ floating	7.18%	6.34%	98	194
Private Placements	5	Fixed/ floating	3.66%	3.93%	1,774	1,773
					2,122	**2,217**
Weighted average effective rate of interest			**3.98%**	**4.26 %**		

The subordinated loan from the Government of Greenland steps down for other creditors. The loan has yearly installments of DKKm 50.First installment is due in September 2011

22. Other payables

Parent 30.09.2009 DKK '000	Parent 30.09.2010 DKK '000		Group 30.09.2010 DKK '000	Group 30.09.2009 DKK '000
19,762	34,622	Wages and salaries, personal income taxes, social security costs, etc payable	54,890	35,428
29,680	28,645	Holiday pay obligation	34,764	39,471
23,105	22,694	Interest	24,092	24,763
40,329	32,145	VAT and duties	45,031	63,486
6,336	7,835	Other costs payable	32,735	35,396
119,212	**125,941**		**191,512**	**198,544**

23. Deferred income

1,354	0	Derivative financial instruments at fair value	0	1,354
5,132	2,682	Other deferred income	55,725	60,524
6,486	**2,682**		**55,725**	**61,878**

Notes to the annual report

24. Assets charged and contingent liabilities

Parent			Group	
30.09.2009 DKK '000	30.09.2010 DKK '000		30.09.2010 DKK '000	30.09.2009 DKK '000
		Assets charged		
26,701	1,687	Mortgage debt has been secured on property, plant and equipment as well as intangible assets at a carrying amount of	171,929	218,012
		Contractual obligations		
12,216	13,800	Contracts have been made relating to delivery of fixed assets within two years at a carrying amount of	13,800	23,991
137,445	113,513	Lease commitments falling due within five years after the balance sheet date amount to	129,609	146,819
37,287	37,584	Hereof due within one year	44,440	43,218
		Forward contracts and options		
117,356	216,553	Forward contracts total	499,454	416,290
		Recourse and non-recourse guarantee commitments		
2,340	990	Associates	990	2,340
8,244	12,601	Third party	12,601	8,965
622,759	569,051	Group enterprises	-	-

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 material impact on the Group's financial position.

Notes to the annual report

25. Financial exposure

Positions in the most important currencies:

	Group			
	Receivables	Liabilities	Hedged by forward exchange contracts and options	Net position
	DKK '000	DKK '000	DKK '000	DKK '000
USD	138,059	(20,152)	7,943	125,850
GBP	12,323	(921)	(132,712)	(121,310)
SEK	23,896	(12,591)	(35,049)	(23,744)
JPY	15,728	(3,422)	(83,841)	(71,535)
	190,006	**(37,086)**	**(243,659)**	**(90,739)**

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 based on the current interest level at September 30th 2010.

	Group Reassessment/maturity date				
	Within one year	Within two-five years	After five years	Hereof fixed-rate loan	Effective rate of interest
	DKK '000	DKK '000	DKK '000	DKK '000	%
Mortgage and credit institutions, loans	(65,697)	(959,104)	(989,139)	(1,147,426)	1.9-7.5

Cash and cash equivalents amounts to DKK 259,149k and has a bearing effective rate of interest from 0.0 to 1.7%. Short-term credits amounts to DKK (119,200)k. Short-term credits have a bearing effective rate of interest from 1.5% to 3.0%.

Notes to the annual report

26. Fees to auditors appointed by the general meeting

Parent 2008/09 DKK '000	Parent 2009/10 DKK '000		Group 2009/10 DKK '000	Group 2008/09 DKK '000
1,300	1,225	Audit fee to Deloitte	3,129	3,309
15	0	Other declarations from auditor	0	15
463	457	Tax advisory services	692	463
658	1,219	Other services	2,097	1,817
171	44	Adjustments concerning previous years	62	240
2,607	**2,945**		**5,980**	**5,844**

27. 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 carried out trade with the Supervisory and Executive Boards. Management remuneration is disclosed in note 3.

Notes to the annual report

28. 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	Orifarm Group A/S	Chairman
Chairman	NCS 4 A/S	Chairman
	Ferrosan Holding A/S	Chairman
	Ferrosan Medical Services A/S	Chairman
	Rambøll Gruppen A/S	Chairman
	Nordic Aviation Capital A/S	Chairman
	Dovista A/S	Chairman
Sven Lyse	Nordatlantisk Venture A/S	Chief Executive Officer
Deputy Chairman	Naqitat A/S	Deputy Chairman
	MSE Holding A/S	Member of the Supervisory Board
	MSE A/S	Member of the Supervisory Board
	MSE grus og sten A/S	Member of the Supervisory Board
	Grønlands Bådcenter A/S	Member of the Supervisory Board
	Godthåb Transportservice A/S	Member of the Supervisory Board
Svend Bang Christiansen	Fyrværkerieksperten A/S	Chairman
	Proinvent A/S Teknologiudvikling	Chairman
	P.G. Sørensen, Skanderborg A/S	Chairman
	Bach Composite Industry A/S	Chairman
	BC Group A/S	Chairman
	Videometer A/S	Chairman
	Proinvent Group Holding A/S	Chairman
	Tigervej 12 A/S	Chairman
	Vejle Eksportslagteri A/S	Member of the Supervisory Board
	Scancom A/S	Member of the Supervisory Board
	Skare Food A/S	Member of the Supervisory Board
	All Times Company A/S	Member of the Supervisory Board

Notes to the annual report

28. 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. (continued)

Executive Board

Flemming Knudsen, CEO	Arctic Umiaq Line A/S	Chairman
	Polar Raajat A/S	Deputy Chairman
	Upernavik Seafood A/S	Deputy Chairman
	Ice Trawl Greenland A/S	Member of the Supervisory Board

Notes to the annual report

	2009/10 DKK '000	2008/09 DKK '000
29. Adjustments relating to net profit for the year		
Depreciation, amortisation and impairment losses	174,540	184,961
Minority interests	7,397	3,667
Financial items allocated to profit for the year	103,733	124,457
Income taxes expensed	20,076	(17,417)
Provisions	5,935	2,696
Profit from associates	(15,916)	(845)
	295,765	**297,519**

	2009/10 DKK '000	2008/09 DKK '000
30. Working capital changes		
Change in receivables	(81,559)	242,812
Change in inventory	(129,195)	303,078
Change in trade payables and other payables	33,238	(51,371)
	(177,516)	**494,519**

	2009/10 DKK '000	2008/09 DKK '000
31. Cash and cash equivalents, end of year		
Cash and cash equivalents, end of year	259,149	457,334
Credit institutions, end of year	(119,200)	(107,084)
	139,949	**350,250**