Dan Exchange A/S

Reventlowsgade 14, st. th., 1651 København V

Company reg. no. 10 00 82 63

Annual report

1 April 2019 - 31 March 2020

The annual report was submitted and approved by the general meeting on the 9 December 2020.

Firas Karim Said
Chairman of the meeting

Contents

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Dan Exchange A/S for the financial year 1 April 2019 to 31 March 2020.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 March 2020 and of the company's results of its activities in the financial year 1 April 2019 to 31 March 2020.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Copenhagen, 9 December 2020

Managing Director

Firas Karim Said

Board of directors

Magad Takei Bageir	Saif Kadem Koudeir Al-Awadi	Firas Karim Said
Abbas Kadir	Faisal Karim Said	

Independent auditor's report

To the shareholder of Dan Exchange A/S

Opinion

We have audited the annual accounts of Dan Exchange A/S for the financial year 1 April 2019 to 31 March 2020, which comprise accounting policies, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 March 2020 and of the results of the company's operations for the financial year 1 April 2019 to 31 March 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainties concerning the enterprise's ability to continue as a going concern

We hereby draw your attention to the fact that there are material uncertainties, raising significant doubt as to the company's ability to continue as a going concern. With reference to note 1 in the financial statements, the Danish tax authorities have notified an increase in income, leading to payable taxes which would render the company heavily insolvent and unable to continue as a going concern.

The company's management and financial advisers disagree with the treatment by the tax authorities and state that the company satisfies applicable rules, including money laundering legislation, etc. The company being able to continue as a going concern is contingent on the tax authority's proposed increase in income not being upheld. In its financial reporting, the management operates with the assumption that no increase in income will be implemented and has therefore presented its financial statements under the assumption of going concern.

Our opinion has not been modified as a result of this.

The management's responsibilities for the annual accounts

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

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management’s preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management’s review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management’s review and in that connection consider whether the management’s review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 9 December 2020

BUUS JENSEN
State Authorised Public Accountants
Company reg. no. 16 11 90 40

Ulrik Nørskov
State Authorised Public Accountant
mne29456

Company information

The company	Dan Exchange A/S Reventlowsgade 14, st. th. 1651 København V	
	Company reg. no.	10 00 82 63
	Established:	1 October 1999
	Domicile:	Copenhagen
	Financial year:	1 April - 31 March
Board of directors	Magad Takei Bageir Saif Kadem Koudeir Al-Awadi Firas Karim Said Abbas Kadir Faisal Karim Said	
Managing Director	Firas Karim Said	
Auditors	BUUS JENSEN, Statsautoriserede revisorer	
Parent company	Dan Exchange Holding ApS	
Subsidiaries	Dan Exchange i Sverige AB, Malmø, Sverige Malmö Cash AB, Malmø, Sverige Dan Exchange Netherlands B.V, Amsterdam, Holland Dan Exchange Belgium, Bruxelles, Belgien	
Associated enterprise	Dan Exchange Poland Spólka z o. o., Warszawa, Polen	

Management commentary

The principal activities of the company

The principal activity of the company is purchase and sale of currencies.

Development in activities and financial matters

The results from ordinary activities after tax are DKK -1.011.570 against DKK -132.643 last year. The management consider the results unsatisfactory.

The tax authorities have notified the company of an increase in income, leading to payable taxes of more than DKK 200 million. This matter will result in the company being unable to continue as a going concern. The management disagrees with the increase in income proposed by the tax authorities, ensuing from a desire to have the company disclose personal identification for all cash transactions, notwithstanding that the money laundering legislation, etc., only requires identification for amounts of EUR 500 or more, which the company fully complies with – and which the tax authorities have confirmed.

Moreover, the company acts as an agent for an international collaboration partner and the tax authorities now expect the persons making use of this collaboration partner's systems to be identified –notwithstanding that the company is not, nor is allowed to be, in possession of such current data, which is the property of the international collaboration partner in question.

According to the company, the notice given by the tax authorities is tantamount to a new practice with which the company disagrees; moreover, the company lawyers as well as tax, financial, and legal advisors are of the opinion that the company complies with applicable law and expectations.

Events subsequent to the financial year

With reference to the latest information from the Ministry of State on further COVID-19 restrictions in Copenhagen, for example, where the company's divisions are located, the company expects the sector to be extremely negatively affected and hence the company's business, as these restrictions will prevent customers from making use of the service provided by the company. This effect will slow down business activities in the company to a considerable extent.

Income statement 1 April - 31 March

All amounts in DKK.

Note		2019/20	2018/19
	Gross profit	**10.777.569**	**9.036.373**
2	Staff costs	-10.572.531	-8.607.769
	Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-267.619	-180.673
	Operating profit	**-62.581**	**247.931**
	Income from equity investments in group enterprises	-625.596	-165.989
	Income from equity investments in associates	11.977	-89.291
	Other financial income from group enterprises	9.801	5.324
	Other financial income	149.631	25.753
	Writedown relating to financial assets	-576.064	137.905
3	Other financial costs	-117.738	-100.980
	Pre-tax net profit or loss	**-1.210.570**	**60.653**
4	Tax on ordinary results	199.000	-193.296
	Net profit or loss for the year	**-1.011.570**	**-132.643**
	Proposed appropriation of net profit:		
	Reserves for net revaluation according to the equity method	-619.140	-255.280
	Transferred to retained earnings	52.594	15.071
	Transferred to other reserves	-445.024	107.566
	Total allocations and transfers	**-1.011.570**	**-132.643**

Statement of financial position at 31 March

All amounts in DKK.

Note	Assets	2020	2019
	Non-current assets		
5	Concessions, patents, licenses, trademarks, and similar rights acquired	270.533	0
6	Goodwill	104.833	136.833
	Total intangible assets	375.366	136.833
7	Other fixtures and fittings, tools and equipment	569.047	372.143
8	Leasehold improvements	704.952	330.032
	Total property, plant, and equipment	1.273.999	702.175
9	Equity investments in group enterprises	5.413.500	6.307.803
10	Equity investments in associated enterprises	0	0
11	Other securities and equity investments	0	846.597
12	Deposits	1.045.309	870.584
	Total investments	6.458.809	8.024.984
	Total non-current assets	**8.108.174**	**8.863.992**
	Current assets		
	Amounts owed by group enterprises	601.318	302.191
	Amounts owed by associated enterprises	502.629	510.355
	Other debtors	630.371	1.267.602
	Accrued income and deferred expenses	97.317	66.700
	Total receivables	1.831.635	2.146.848
	Available funds	8.524.161	12.060.023
	Total current assets	**10.355.796**	**14.206.871**
	Total assets	**18.463.970**	**23.070.863**

Statement of financial position at 31 March

All amounts in DKK.

Note	Equity and liabilities	2020	2019
	Equity		
13	Contributed capital	500.000	500.000
14	Revaluation reserve	0	445.024
15	Reserves for net revaluation as per the equity method	4.522.389	5.511.479
16	Results brought forward	8.481.661	8.429.067
	Total equity	**13.504.050**	**14.885.570**
	Provisions		
	Provisions for deferred tax	0	199.000
	Other provisions	93.655	111.741
	Total provisions	**93.655**	**310.741**
	Liabilities other than provisions		
17	Other payables	442.660	0
	Total long term liabilities other than provisions	442.660	0
	Trade creditors	150.000	50.000
	Debt to group enterprises	0	2.677.265
	Payables to associates	1.745.588	0
	Corporate tax	0	197.296
	Other debts	2.528.017	4.949.991
	Total short term liabilities other than provisions	4.423.605	7.874.552
	Total liabilities other than provisions	**4.866.265**	**7.874.552**
	Total equity and liabilities	**18.463.970**	**23.070.863**

1 Uncertainties concerning the enterprise's ability to continue as a going concern

18 Contingencies

Notes

All amounts in DKK.

	2019/20	2018/19

1. Uncertainties concerning the enterprise's ability to continue as a going concern

The tax authorities have notified the company of an increase in income, leading to payable taxes of more than DKK 200 million. This matter will result in the company being unable to continue as a going concern. The management disagrees with the increase in income proposed by the tax authorities, ensuing from a desire to have the company disclose personal identification for all cash transactions, notwithstanding that the money laundering legislation, etc., only requires identification for amounts of EUR 500 or more, which the company fully complies with – and which the tax authorities have confirmed.

Moreover, the company acts as an agent for an international collaboration partner and the tax authorities now expect the persons making use of this collaboration partner's systems to be identified –notwithstanding that the company is not, nor is allowed to be, in possession of such current data, which is the property of the international collaboration partner in question.

According to the company, the notice given by the tax authorities is tantamount to a new practice with which the company disagrees; moreover, the company lawyers as well as tax, financial, and legal advisors are of the opinion that the company complies with applicable law and expectations.

2. Staff costs

	2019/20	2018/19
Salaries and wages	10.449.843	8.500.417
Other costs for social security	122.688	107.352
	10.572.531	**8.607.769**
Average number of employees	36	32

3. Other financial costs

	2019/20	2018/19
Other financial costs	117.738	100.980
	117.738	**100.980**

4. Tax on ordinary results

	2019/20	2018/19
Tax of the results for the year, parent company	0	197.296
Adjustment for the year of deferred tax	-199.000	-4.000
	-199.000	**193.296**

Notes

All amounts in DKK.

		31/3 2020	31/3 2019
5.	**Concessions, patents, licenses, trademarks, and similar rights acquired**		
	Transfers from other assets	276.054	0
	Cost 31 March 2020	**276.054**	**0**
	Amortisation and writedown 1 April 2019	0	0
	Amortisation for the year	-5.521	0
	Amortisation and writedown 31 March 2020	**-5.521**	**0**
	Carrying amount, 31 March 2020	**270.533**	**0**

6.	**Goodwill**		
	Cost 1 April 2019	160.000	0
	Additions during the year	0	160.000
	Cost 31 March 2020	**160.000**	**160.000**
	Amortisation and writedown 1 April 2019	-23.167	0
	Amortisation for the year	-32.000	-23.167
	Amortisation and writedown 31 March 2020	**-55.167**	**-23.167**
	Carrying amount, 31 March 2020	**104.833**	**136.833**

7.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 April 2019	585.711	314.902
	Additions during the year	305.158	270.809
	Cost 31 March 2020	**890.869**	**585.711**
	Amortisation and writedown 1 April 2019	-213.568	-159.516
	Depreciation for the year	-108.254	-54.052
	Amortisation and writedown 31 March 2020	**-321.822**	**-213.568**
	Carrying amount, 31 March 2020	**569.047**	**372.143**

Notes

All amounts in DKK.

		31/3 2020	31/3 2019
8.	**Leasehold improvements**		
	Cost 1 April 2019	1.496.555	1.496.555
	Additions during the year	496.764	0
	Cost 31 March 2020	**1.993.319**	**1.496.555**
	Depreciation and writedown 1 April 2019	-1.166.523	-1.063.069
	Depreciation for the year	-121.844	-103.454
	Depreciation and writedown 31 March 2020	**-1.288.367**	**-1.166.523**
	Carrying amount, 31 March 2020	**704.952**	**330.032**
9.	**Equity investments in group enterprises**		
	Acquisition sum, opening balance 1 April 2019	680.332	680.332
	Additions during the year	112.874	0
	Cost 31 March 2020	**793.206**	**680.332**
	Revaluations, opening balance 1 April 2019	5.627.471	5.855.683
	Translation by use of the exchange rate	-376.060	-62.223
	Results for the year before goodwill amortisation	-631.117	-165.989
	Revaluation 31 March 2020	**4.620.294**	**5.627.471**
	Book value 31 March 2020	**5.413.500**	**6.307.803**

Group enterprises:

	Domicile	**Share of ownership**
Dan Exchange i Sverige AB	Malmø, Sverige	100 %
Malmö Cash AB	Malmø, Sverige	100 %
Dan Exchange Netherlands B.V	Amsterdam, Holland	100 %
Dan Exchange Belgium	Bruxelles, Belgien	100 %

All amounts in DKK.

		31/3 2020	31/3 2019
10.	**Equity investments in associated enterprises**		
	Acquisition sum, opening balance 1 April 2019	4.255	4.255
	Cost 31 March 2020	**4.255**	**4.255**
	Revaluation, opening balance 1 April 2019	-115.996	-27.419
	Translation by use of the exchange rate valid on balance sheet date	6.109	714
	Results for the year before goodwill amortisation	11.977	-89.291
	Revaluation 31 March 2020	**-97.910**	**-115.996**
	Transferred to provisions	93.655	111.741
	Set off against debtors and provisions for liabilities	**93.655**	**111.741**
	Book value 31 March 2020	**0**	**0**

Associated enterprises:

	Domicile	Share of ownership
Dan Exchange Poland Spólka z o. o.	Warszawa, Polen	49 %

		31/3 2020	31/3 2019
11.	**Other securities and equity investments**		
	Cost 1 April 2019	276.054	276.054
	Transfer to other assets	-276.054	0
	Cost 31 March 2020	**0**	**276.054**
	Revaluation 1 April 2019	570.543	432.638
	Revaluations for the year	0	137.905
	Adjustment of previous revaluations	-570.543	0
	Revaluation 31 March 2020	**0**	**570.543**
	Book value 31 March 2020	**0**	**846.597**

All amounts in DKK.

		31/3 2020	31/3 2019
12.	**Deposits**		
	Cost 1 April 2019	870.584	804.461
	Additions during the year	174.725	66.123
	Cost 31 March 2020	**1.045.309**	**870.584**
	Writedown, assets disposed of	0	0
	Book value 31 March 2020	**1.045.309**	**870.584**
13.	**Contributed capital**		
	Contributed capital 1 April 2019	500.000	500.000
		500.000	**500.000**
14.	**Revaluation reserve**		
	Revaluation reserve 1 April 2019	445.024	337.458
	Revaluations for the year	-445.024	107.566
		0	**445.024**
15.	**Reserves for net revaluation as per the equity method**		
	Reserves for net revaluation 1 April 2019	5.511.479	5.828.268
	Share of results	-619.140	-255.280
	Exchange rate adjustments	-369.950	-61.509
		4.522.389	**5.511.479**
16.	**Results brought forward**		
	Results brought forward 1 April 2019	8.429.067	8.413.996
	Profit or loss for the year brought forward	52.594	15.071
		8.481.661	**8.429.067**

Notes

All amounts in DKK.

		31/3 2020	31/3 2019
17.	**Other payables**		
	Total other payables	442.660	0
	Share of amount due within 1 year	0	0
	Total other payables	**442.660**	**0**
	Share of liabilities due after 5 years	442.660	0

18. Contingencies

Contingent liabilities

The company has entered leasing agreements with a total residual leasing commitment of DKK 1.659.317 per March 31st 2020.

The company is involved in a pending tax dispute, cf. further information in note 1. The company's management holds the opinion that the notified increase in income leading to payable taxes of up to DKK 200 million is incorrect. The company's management does not expect the tax increases to be levied, which would render the company highly insolvent.

Joint taxation

Dan Exchange Holding ApS, company reg. no 37284564 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

The jointly taxed enterprises' total, known net liability to the Danish tax authorities appears from the annual accounts of the administration company.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

Accounting policies

The annual report for Dan Exchange A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

In case the foreign group enterprises and associated enterprises meet the criteria for being independent units, the profit and loss accounts are translated by using an average exchange rate for the period in question, and the balance sheet items are translated by using the closing rate. Differences arising in connection with the translation of the equity of foreign group enterprises at the beginning of the year to the closing rate are recognised directly in the equity. The same goes for differences arising in connection with translation of the profit and loss accounts from average exchange rate to the closing rate.

At recognition of foreign group enterprises which are integrated units, the monetary items are translated by using the closing rate. Non monetary items are translated by using the exchange rate prevailing at the time of acquisition or at the time of the following depreciation or writedown of the asset. The items of the profit and loss account are translated by using the exchange rate prevailing at the date of the transaction. However, items in the profit and loss account deriving from non monetary items are translated by using historical prices.

Currency adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in the equity. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised in the equity.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Interest and other costs concerning loans for financing the production of intangible and tangible fixed assets and concerning the production period are not recognised in the cost of the fixed asset.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement as a proportional share of the group enterprises' post-tax profit or loss.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Intangible fixed assets

Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. The amortisation period is set at 5 years.

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

	Useful life	*Residual value*
Other plants, operating assets, fixtures and furniture	*3-10 years*	*0 %*

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Decoration of rented premises

Decoration of rented premises are measured at cost with deduction of accrued depreciation. Depreciation takes place on a straight-line basis over the estimated useful life of the asset, which is set at 3-10 years.

Financial fixed assets

Equity in group enterprises

Equity in group enterprises recognised in the statement of financial position as a proportional share of the enterprise’s equity value. This is calculated on the basis of the accounting policies of the parent less/plus unrealised intercompany profits and losses, and less/plus residual value of positive or negative goodwill measured by applying the purchase method.

Group enterprises with negative equity are recognised at no value and, to the extent they are considered irrevocable, amounts owed by these companies are made subject to impairment by the parent’s share of the equity. If the negative equity exceeds the receivables, the residual amount is recognised under liability provisions to the extent that the parent has a legal or actual liability to cover the negative equity of these subsidiaries.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

Profit or loss in connection with the disposal of group enterprises are measured as the difference between the sales amount and the carrying amount of net assets at the time of sale, inclusive of remaining consolidated goodwill and expected costs of sale or liquidation. Profit and loss are recognised in the income statement under net financials.

For the acquisition of new group enterprises, the purchase method is applied, by which the acquirees’ assets and liabilities are measured at fair value at the time of acquisition. Provisions for payment of costs for pre-determined restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of revaluations is taken into consideration.

Positive differences (goodwill) between cost and fair value of identifiable acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises and are amortised over their estimated useful economic life. The useful life is determined on the basis of management’s experience in the individual business areas. The amortisation period is maximum 20 years, being the longer for strategical acquirees with a strong market position and a longterm earnings potential. The carrying amount of goodwill is subject to impairment tests on a continuing basis and written down in the income statement in those cases when the carrying amount exceeds the expected future net income from the enterprise or the activity to which the goodwill is attached.

Other securities and equity investments

Securities and equity investments recognised under fixed assets comprise listed bonds and shares which are measured at fair value on the balance sheet date. Listed securities are measured at market price.

Deposits

Deposits are measured at amortised cost and represent rent deposits, etc.

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Revaluation reserve

Revaluations of property less deferred tax are recognised under the revaluation reserve. The reserve is reduced when the value of revalued property is reduced due to depreciation. The reduction represents the difference between depreciation based on the revalued carrying amount of the property and depreciation based on the original cost of the property. The reserve is partly or totally dissolved on the sale of the property and reduced as a result of impairment loss on property.

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries and associates proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Dan Exchange A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Other provisions

Provisions comprise expected costs for guarantee liabilities, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual liability which is due to a previous event and when it is likely that the settlement of the liability will result in expenditure of the financial resources of the company.

If the settlement of the liability is expected to take place in some remote future, provisions are measured at the net realisable value or at fair value.

Guarantee liabilities comprise liabilities for repairs within the guarantee period of 1-5 years. The provisions are measured at the net realisable value and recognised on basis of the obtained experience with guarantee work. If provisions have an expected due date later than 1 year from the balance sheet date, they are discounted at the average bond interest.

On the acquisition of enterprises, provisions for restructuring within the acquired enterprise is included in the acquisition cost, and thereby in the goodwill or the consolidated goodwill, to the extent that they have been approved and announced on the date of acquisition at the latest.

When it is likely that the total costs will exceed the total income of work in progress for the account of others, provisions are made for the total loss expected on the contract. Provisions are recognised as costs under production costs.

Liabilities

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