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Container Centralen A/S
Sanderumvej 16
5250 Odense SV
Central Business Registration
No 13909709

Annual report 2017

The Annual General Meeting adopted the annual report on 30.05.2018

Chairman of the General Meeting

____
Name: Lars Sørensen

Contents

Entity details

Entity
Container Centralen A/S
Sanderumvej 16
5250 Odense SV

Central Business Registration No: 13909709
Founded: 14.12.1989
Registered in: Odense
Financial year: 01.01.2017 - 31.12.2017

Phone: +4563142190
Fax: +4563142198
Website: www.container-centralen.com

Board of Directors
Lars Aage Sørensen, Chairman
Herman de Boon, Vice Chairman
Nicolaas Alfons van der Plas
Thomas Marstrand

Executive Board
Roel de Jong, CEO
Krishan Dahoe, CFO

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Tværkajen 5
Postboks 10
5100 Odense C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Container Centralen A/S for the financial year 01.01.2017 - 31.12.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations and cash flows for the financial year 01.01.2017 - 31.12.2017.

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

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

Odense, 30.05.2018

Executive Board

Roel de Jong CEO	Krishan Dahoe CFO

Board of Directors

Lars Aage Sørensen Chairman	Herman de Boon Vice Chairman	Nicolaas Alfons van der Plas
Thomas Marstrand		

Independent auditor's report

To the shareholders of Container Centralen A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Container Centralen A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2017, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exits. Misstatements

Independent auditor's report

can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

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

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

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Odense, 30.05.2018

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Lars Knage Nielsen
State Authorised Public Accountant
Identification number (MNE) mne10074

Management commentary

	2017 EUR'000	2016 EUR'000	2015 EUR'000	2014 EUR'000	2013 EUR'000
Financial highlights					
Key figures					
Revenue	79,872	79,207	79,010	81,606	82,152
Gross profit/loss	30,809	29,925	29,932	36,643	35,353
Operating profit/loss	6,257	4,629	5,345	5,018	4,640
Net financials	(1,619)	(1,306)	(1,695)	(1,741)	(2,004)
Profit/loss for the year	4,333	2,484	2,988	2,818	2,584
Total assets	108,432	112,769	115,261	113,980	118,673
Investments in property, plant and equipment	11,089	8,129	17,429	7,214	12,222
Equity	42,363	40,844	38,677	35,110	31,633
Ratios					
Gross margin (%)	38.6	37.8	37.9	44.9	43.0
Net margin (%)	5.4	3.1	3.8	3.5	3.1
Return on equity (%)	10.4	6.2	8.1	8.4	8.5
Equity ratio (%)	39.1	36.2	33.6	30.8	26.7

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2010" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios
Gross margin (%)	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities
The Company’s activities consist of purchase, sales and rental of returnable equipment and packaging, for example CC Containers (flower trolleys) and plastic crates for transport of fruit, vegetables and convenience goods etc. in an international pool system, which also includes maintenance and administration of the products. The Company also conducts Pool Management including “optimization of logistical flows and balance clearing" between parties in the supply chain, where other products than the Company’s own are utilized.

Development in activities and finances
Result for the year after tax is a profit of EUR 4,333k. This is higher compared to the EUR 2,484k of 2016. The company has put more effort on regaining control of its operations and continues an impacting project to modernize its IT infrastructure and operational systems as well as attacking the problem of increasing shelf repair.

The company continued the usage of the implemented RFID identification system to secure the CC Pool System which was introduced in 2011. The system is the world’s largest RFID system in an open logistic supply chain.

The last couple of years the company invested time and money, together with key players in the horticultural sector, to discuss and agree with the sector on an acceptable solution for the shelf repair cost. The sector acknowledged the fact that repair cost is high due to shelves that are being repaired while not under contract and or low quality shelves put into the pool. Management has come to an agreement with sector to implement a quota system. This means that all customers that have shelves under contract can hand in 100% of their contracted volume for repair. During the 1st quarter of 2018 this percentage will go down to 40% and in the 1st quarter of 2019 it will be changed to 20%. In the meantime CC will continue to investigate if there are ways to improve the current shelf or implement a total new interchangeable product. CC also ensured that across Europe the quota could be implemented by introducing new Terms and Conditions that were accepted by all our customers. This was a huge effort and accomplishment by our legal and sales team.

Overall sales in our markets and product lines is lightly growing. Growth is more eminent in our recurring sales lines and in our pool management activities. During the course of 2017 a new website was launched. Our sales team put a lot of effort in communicating with customers on a face to face basis to ensure quota plan was explained and understood by our customers.

In the finance function the BI (Data analyses) team started to deliver tangible products for our customers to monitor their overall RTI performance. Shared service support functions are being executed from the sales office in The Netherlands, where all the European customers are supported in 9 languages.

Pool Service B.V. the subsidiary delivering pool management solutions for customers who utilize their own returnable equipment and transport packaging contributed positively to the result. Our subsidiary CC Inc. (in the USA) delivered a lower result than budgeted, but still is expected to provide results in line with the 10 year plan for next coming years.

Management commentary

Profit/loss for the year in relation to expected developments
The Company delivered a result close to the budget 2017. Management expectation is that the company is running important programs to realize future growth. The company's future looks bright and with the right resources and tools there is strong believe that CC will be a value adding partner for its customers.

Description of material changes in activities and finances
Management does not project major changes in activities in 2018.

Outlook
Our unapproved budget for 2018 is to deliver an EBT of EUR 4.1M. The growth in budgeted revenue is projected conservatively. Investments and capital needs are basically going to be financed out of the operations as our bank position will not significantly change compared to end of December 2017. The Company expects to have sufficient liquidity available for 2018.

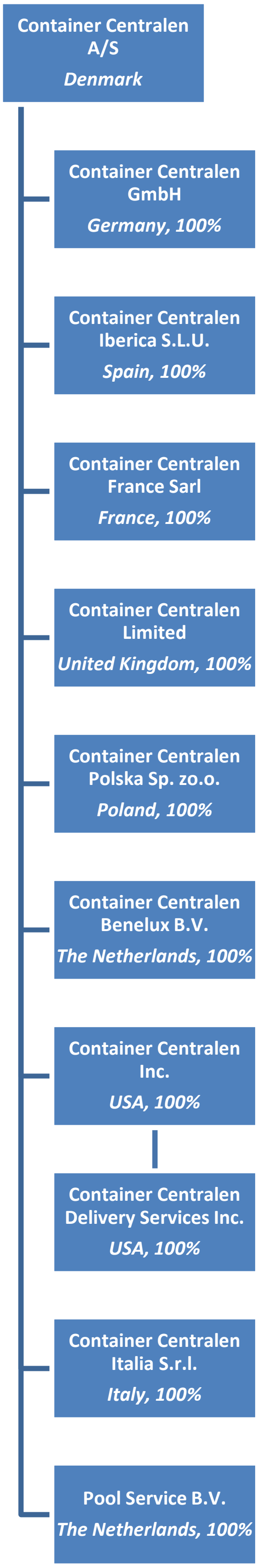
Material assumptions and uncertainties
Market conditions in the horticultural sector have improved over the last years and are expected to remain positive in 2018. Economic forecast in our major horticultural markets is showing growth. Consolidation in this industry is ongoing and expected to accelerate. The company is seeing a clear trend that more business is going direct, meaning the auction is bypassed increasingly and some business is moving to online platforms. CC will seek for opportunities to connect to some of these platforms. Market outlook in our pool management activities is strong as more and more companies are outsourcing their management of returnable transport items. CC has been successful in getting major retailers on board executing parts of their RTI flows.

Research and development activities
CC together with a project group with members from the industry as well as the company will continue to research possibilities to strengthen the shelf as well as look at possible other interchangeable products. Introducing a new shelf is a material and impactful change for CC's customers. During 2018 and 2019 and going forward CC will continue to have in depth discussions with market parties on how a new shelf can be introduced and the financial feasibility of such introduction.

Management commentary

Group relations

Group chart:



Management commentary

Statutory report on corporate social responsibility
The company is fully aware of UN's 'Global Compact' and we strive to work in correspondence with the guidelines hereof. The company does however not operate policies including for environment, climate and human rights protection in accordance with the Danish Financial Statements Act § 99a.

Statutory report on the underrepresented gender
The board of directors has implemented a policy including targets for any gender which may underrepresented on management level within Container Centralen A/S.

The policy stipulates that in the event that candidates with sufficient industry knowledge can be found, the share of the underrepresented gender (currently women) in the board of directors should increase from the current 0% to minimum 25% before 2020. The target was not met in 2017, since the best qualified candidates for the Board were men. The company is struggling to achieve the minimum as in this sector women are not acting on senior management level. Nevertheless the company will continue to strive for women in management positions.

Since the company has less than 50 employees, we have not established a specific policy for the underrepresented gender in the other management levels. The board of directors has implemented a policy including targets for any gender which may underrepresented on management level within Container Centralen A/S.

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

Consolidated income statement for 2017

	Notes	2017 EUR'000	2016 EUR'000
Revenue	2	79,872	79,207
Cost of sales		(41,456)	(41,307)
Other external expenses	3	(7,607)	(7,975)
Gross profit/loss		**30,809**	**29,925**
Staff costs	4	(12,502)	(12,095)
Depreciation, amortisation and impairment losses	5	(12,050)	(13,201)
Operating profit/loss		**6,257**	**4,629**
Other financial income		77	28
Other financial expenses	6	(1,696)	(1,334)
Profit/loss before tax		**4,638**	**3,323**
Tax on profit/loss for the year	7	(305)	(839)
Profit/loss for the year	8	**4,333**	**2,484**

Consolidated balance sheet at 31.12.2017

	Notes	2017 EUR'000	2016 EUR'000
Completed development projects		3,174	3,769
Acquired licences		2	11
Development projects in progress		1,376	1,122
Intangible assets	9	**4,552**	**4,902**
Land and buildings		0	35
Plant and machinery		80,558	88,203
Other fixtures and fittings, tools and equipment		1,936	2,851
Property, plant and equipment	10	**82,494**	**91,089**
Other investments		175	0
Fixed asset investments	11	**175**	**0**
Fixed assets		**87,221**	**95,991**
Manufactured goods and goods for resale		422	526
Inventories		**422**	**526**
Trade receivables	12	11,132	8,633
Other receivables		536	904
Income tax receivable		285	154
Prepayments	13	2,893	2,899
Receivables		**14,846**	**12,590**
Cash		**5,943**	**3,662**
Current assets		**21,211**	**16,778**
Assets		**108,432**	**112,769**

Consolidated balance sheet at 31.12.2017

	Notes	2017 EUR'000	2016 EUR'000
Contributed capital		9,383	9,383
Reserve for development expenditure		1,792	1,343
Retained earnings		29,188	29,118
Proposed dividend		2,000	1,000
Equity		**42,363**	**40,844**
Deferred tax	14	12,134	12,646
Other provisions	15	393	1,833
Provisions		**12,527**	**14,479**
Deferred income	16	5,082	6,546
Non-current liabilities other than provisions		**5,082**	**6,546**
Bank loans		20,845	23,717
Prepayments received from customers	17	1,852	2,209
Trade payables		8,185	8,447
Income tax payable		213	104
Other payables		4,594	3,496
Deferred income	18	12,771	12,927
Current liabilities other than provisions		**48,460**	**50,900**
Liabilities other than provisions		**53,542**	**57,446**
Equity and liabilities		**108,432**	**112,769**
Events after the balance sheet date	1		
Financial instruments	20		
Unrecognised rental and lease commitments	21		
Contingent liabilities	22		
Mortgages and securities	23		
Transactions with related parties	24		
Subsidiaries	25		

Consolidated statement of changes in equity for 2017

	Contributed capital EUR'000	Reserve for development expenditure EUR'000	Retained earnings EUR'000	Proposed dividend EUR'000
Equity beginning of year	9,383	1,343	29,118	1,000
Ordinary dividend paid	0	0	0	(1,000)
Exchange rate adjustments	0	0	(2,350)	0
Other equity postings	0	0	304	0
Tax of equity postings	0	0	232	0
Transfer to reserves	0	449	(449)	0
Profit/loss for the year	0	0	2,333	2,000
Equity end of year	**9,383**	**1,792**	**29,188**	**2,000**

	Total EUR'000
Equity beginning of year	40,844
Ordinary dividend paid	(1,000)
Exchange rate adjustments	(2,350)
Other equity postings	304
Tax of equity postings	232
Transfer to reserves	0
Profit/loss for the year	4,333
Equity end of year	**42,363**

Consolidated cash flow statement for 2017

	Notes	2017 EUR'000	2016 EUR'000
Operating profit/loss		6,257	4,629
Amortisation, depreciation and impairment losses		12,050	13,201
Other provisions		(1,433)	0
Working capital changes	19	(2,864)	(789)
Cash flow from ordinary operating activities		**14,010**	**17,041**
Financial income received		77	28
Financial income paid		(1,696)	(1,334)
Income taxes refunded/(paid)		(607)	(1,057)
Cash flows from operating activities		**11,784**	**14,678**
Acquisition etc of intangible assets		(1,373)	(2,428)
Sale of intangible assets		0	304
Acquisition etc of property, plant and equipment		(11,089)	(8,459)
Sale of property, plant and equipment		4,316	1,744
Acquisition of fixed asset investments		(175)	0
Cash flows from investing activities		**(8,321)**	**(8,839)**
Dividend paid		(1,000)	(1,000)
Cash flows from financing activities		**(1,000)**	**(1,000)**
Increase/decrease in cash and cash equivalents		**2,463**	**4,839**
Cash and cash equivalents beginning of year		(20,055)	(25,199)
Currency translation adjustments of cash and cash equivalents		2,690	305
Cash and cash equivalents end of year		**(14,902)**	**(20,055)**
Cash and cash equivalents at year-end are composed of:			
Cash		5,943	3,662
Short-term debt to banks		(20,845)	(23,717)
Cash and cash equivalents end of year		**(14,902)**	**(20,055)**

Notes to consolidated financial statements

1. Events after the balance sheet date

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

	2017 EUR'000	2016 EUR'000
2. Revenue		
Export markets - USA	21,185	20,002
Export markets - Europa	54,393	55,598
Denmark	4,294	3,607
	79,872	**79,207**

The main activity of the Group is to hire out containers in Europe and USA. The activities on each market including the competitive situation and risk profile are regarded as very homogeneous except for the differences in language, etc. In the light of this the Group is not seen as having different segment activities.

	2017 EUR'000	2016 EUR'000
3. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	62	60
Tax services	43	37
Other services	37	21
	142	**118**

	2017 EUR'000	2016 EUR'000
4. Staff costs		
Wages and salaries	9,325	9,285
Pension costs	701	734
Other social security costs	1,190	1,023
Other staff costs	1,286	1,053
	12,502	**12,095**
Average number of employees	**132**	**124**

Notes to consolidated financial statements

	Remuneration of management 2017 EUR'000	Remuneration of management 2016 EUR'000
Executive Board	641	646
Committee of Representatives	67	88
	708	**734**

	2017 EUR'000	2016 EUR'000
5. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	1,322	3,264
Depreciation of property, plant and equipment	7,487	9,234
Impairment losses on property, plant and equipment	778	396
Profit/loss from sale of intangible assets and property, plant and equipment	2,463	307
	12,050	**13,201**

	2017 EUR'000	2016 EUR'000
6. Other financial expenses		
Interest expenses	1,343	1,229
Exchange rate adjustments	326	0
Other financial expenses	27	105
	1,696	**1,334**

	2017 EUR'000	2016 EUR'000
7. Tax on profit/loss for the year		
Tax on current year taxable income	740	447
Change in deferred tax for the year	479	397
Adjustment concerning previous years	0	(5)
Effect of changed tax rates	(914)	0
	305	**839**

	2017 EUR'000	2016 EUR'000
8. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	2,000	1,000
Retained earnings	2,333	1,484
	4,333	**2,484**

Notes to consolidated financial statements

	Completed develop-ment projects EUR'000	Acquired licences EUR'000	Develop-ment projects in progress EUR'000
9. Intangible assets			
Cost beginning of year	24,671	85	1,122
Exchange rate adjustments	(269)	0	(2)
Transfers	1,641	0	0
Additions	1,117	0	256
Disposals	(1)	0	0
Cost end of year	**27,159**	**85**	**1,376**
Amortisation and impairment losses beginning of year	(20,902)	(74)	0
Exchange rate adjustments	(128)	(1)	0
Transfers	(1,641)	0	0
Amortisation for the year	(1,314)	(8)	0
Amortisation and impairment losses end of year	**(23,985)**	**(83)**	**0**
Carrying amount end of year	**3,174**	**2**	**1,376**

Development projects in progress

CC Solid and CC Air are the 2 development projects which are part of the beginning balance. Both projects intend to improve the quality, extend the lifespan en reduce the repair & maintenance cost for CC and our customers.

During 2017, CC mainly invested in the preparation of a relabelling project for some of the RTI products in 2019 as well as in the implementation of new operational and financial systems.

Completed development consist of software supporting the business which is completed and in use. Additions mainly comprise of investments in extra Loglink & RFID functionality.

Notes to consolidated financial statements

	Land and buildings EUR'000	Plant and machinery EUR'000	Other fixtures and fittings, tools and equipment EUR'000
10. Property, plant and equipment			
Cost beginning of year	56	215,054	21,188
Exchange rate adjustments	0	(5,692)	(1,225)
Additions	0	10,703	386
Disposals	(56)	(10,974)	(106)
Cost end of year	**0**	**209,091**	**20,243**
Depreciation and impairment losses beginning of the year	(21)	(126,851)	(18,337)
Exchange rate adjustments	0	964	1,312
Impairment losses for the year	0	(778)	0
Depreciation for the year	(16)	(6,099)	(1,372)
Reversal regarding disposals	37	4,231	90
Depreciation and impairment losses end of the year	**0**	**(128,533)**	**(18,307)**
Carrying amount end of year	**0**	**80,558**	**1,936**

	Other investments EUR'000
11. Fixed asset investments	
Additions	175
Cost end of year	**175**
Carrying amount end of year	**175**

12. Short-term trade receivables

Receivables include receivables that are due only after one year with EUR 705.

13. Prepayments

Includes prepayments for the period 2018 to 2027. The prepayments is related to CBL-creates. Prepayments after 2018, EUR 1,690k.

Notes to consolidated financial statements

	2017 EUR'000	2016 EUR'000
14. Deferred tax		
Intangible assets	703	749
Property, plant and equipment	19,161	24,400
Receivables	(117)	(167)
Provisions	(1,076)	(1,507)
Liabilities other than provisions	(727)	(1,034)
Tax losses carried forward	(5,810)	(9,795)
	12,134	**12,646**

Changes during the year	
Beginning of year	12,646
Recognised in the income statement	(435)
Recognised directly in equity	(77)
End of year	**12,134**

15. Other provisions

Other provisions may be attributed to certain significant customers where there is a risk of loss of containers.

16. Long-term deferred income

	2017 EUR'000	2016 EUR'000
Prepaid rent, containers	8,468	10,839
Replacementsale	2,293	1,721
Accrued repair and maintenance fees	7,092	6,913
	17,853	**19,473**
Taken to income in 2018	12,771	12,927
Taken into income in 2019 and subsequent years	5,082	6,546
	17,853	**19,473**

The prepaid hire concerns the containers mentioned under property, plant and equipment.

17. Prepayments received from customers

Received prepayments from customers can primarily be attributed to CBL-crates.

Notes to consolidated financial statements

18. Short-term deferred income

	2017 EUR'000	2016 EUR'000
Prepaid rent, containers	8,468	10,839
Replacementsale	2,293	1,721
Accrued repair and maintenance fees	7,092	6,913
	17,853	**19,473**
Taken to income in 2018	12,771	12,927
Taken into income in 2019 and subsequent years	5,082	6,546
	17,853	**19,473**

The prepaid hire concerns the containers mentioned under property, plant and equipment.

	2017 EUR'000	2016 EUR'000
19. Change in working capital		
Increase/decrease in inventories	104	509
Increase/decrease in receivables	(2,125)	(300)
Increase/decrease in trade payables etc	(843)	(998)
	(2,864)	**(789)**

20. Financial instruments

Other debt includes negative value of interest rate swap of EUR 201k. Interest swaps have been entered into to hedge fixed interest on the company's bank debt. The interest rate swaps have a total principal of EUR 1,343k with a fixed rate of 1.66% and expire on 03.10.2018.

	2017 EUR'000	2016 EUR'000
21. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**3,901**	**2,664**

22. Contingent liabilities

Container Centralen Benelux B.V. has provided security of EUR 84k for the tenancy on a tied account.

The company's subsidiaries has given an absolute guarantee for all accounts with Nordea Bank Danmark A/S and NIBC Bank N.V.

Notes to consolidated financial statements

23. Mortgages and securities

Bank debt is secured by way of a floating charge of nominal DKK 250m on goodwill, operating equipment, inventories and trade receivables.

	2017 EUR'000	2016 EUR'000
Carrying amount of mortgaged other fixtures and fillings, tools and equipment	159	162
Carrying amount of mortgaged plant and machinery	49,073	52,522
Carrying amount of mortgaged inventories/containers for rent	422	526
Carrying amount of mortgaged trade receivables	7,255	4,495

24. Transactions with related parties

	Other related parties. EUR'000
Sales	1,619
Purchase	113
Receivables	259
Liabilities other than provisions	7

Notes to consolidated financial statements

	Registered in	Equity interest %
25. Subsidiaries		
Container Centralen GmbH	Germany	100.0
Container Centralen Iberica S.L.U.	Spain	100.0
Container Centralen France Sarl	France	100.0
Container Centralen Limited	United Kingdom	100.0
Container Centralen Polska Sp. zo.o.	Poland	100.0
Container Centralen Benelux B.V.	The Netherlands	100.0
Container Centralen Inc.	USA	100.0
Container Centralen Italia S.r.l.	Italy	100.0
Pool Service B.V.	The Netherlands	100.0
Container Centralen Delivery Services, Inc	USA	100.0

Container Centralen Delivery Services, Inc is a subsidiary of Container Centralen Inc.

Parent income statement for 2017

	Notes	2017 EUR'000	2016 EUR'000
Revenue	2	57,039	57,561
Cost of sales		(41,061)	(40,606)
Other external expenses		(3,241)	(4,156)
Gross profit/loss		**12,737**	**12,799**
Staff costs	3	(1,284)	(1,199)
Depreciation, amortisation and impairment losses	4	(8,686)	(9,945)
Operating profit/loss		**2,767**	**1,655**
Income from investments in group enterprises		2,503	1,327
Other financial income	5	1,348	1,368
Other financial expenses	6	(1,798)	(1,550)
Profit/loss before tax		**4,820**	**2,800**
Tax on profit/loss for the year	7	(487)	(316)
Profit/loss for the year	8	**4,333**	**2,484**

Parent balance sheet at 31.12.2017

	Notes	2017 EUR'000	2016 EUR'000
Completed development projects		1,817	2,279
Acquired licences		2	10
Development projects in progress		1,376	1,122
Intangible assets	9	**3,195**	**3,411**
Land and buildings		0	35
Plant and machinery		49,073	52,522
Other fixtures and fittings, tools and equipment		159	162
Property, plant and equipment	10	**49,232**	**52,719**
Investments in group enterprises		9,222	8,074
Receivables from group enterprises		30,851	36,998
Other investments		175	0
Fixed asset investments	11	**40,248**	**45,072**
Fixed assets		**92,675**	**101,202**
Manufactured goods and goods for resale		422	526
Inventories		**422**	**526**
Trade receivables		7,255	4,495
Receivables from group enterprises		19	0
Other receivables		413	818
Income tax receivable		285	0
Prepayments	12	2,566	2,509
Receivables		**10,538**	**7,822**
Cash		**3,506**	**2,690**
Current assets		**14,466**	**11,038**
Assets		**107,141**	**112,240**

Parent balance sheet at 31.12.2017

	Notes	2017 EUR'000	2016 EUR'000
Contributed capital	13	9,383	9,383
Reserve for net revaluation according to the equity method		6,450	4,290
Reserve for development expenditure		1,792	1,343
Retained earnings		22,738	24,828
Proposed dividend		2,000	1,000
Equity		**42,363**	**40,844**
Deferred tax	14	10,670	10,445
Other provisions	15	393	1,833
Provisions		**11,063**	**12,278**
Deferred income	16	4,186	4,179
Non-current liabilities other than provisions		**4,186**	**4,179**
Bank loans		20,845	23,717
Prepayments received from customers	17	1,852	2,209
Trade payables		6,841	6,953
Payables to group enterprises		7,074	9,361
Income tax payable		0	62
Other payables	18	1,579	839
Deferred income	19	11,338	11,798
Current liabilities other than provisions		**49,529**	**54,939**
Liabilities other than provisions		**53,715**	**59,118**
Equity and liabilities		**107,141**	**112,240**
Events after the balance sheet date	1		
Financial instruments	20		
Unrecognised rental and lease commitments	21		
Contingent liabilities	22		
Mortgages and securities	23		
Related parties with controlling interest	24		
Transactions with related parties	25		

Parent statement of changes in equity for 2017

	Contributed capital EUR'000	Reserve for net revaluation according to the equity method EUR'000	Reserve for development expenditure EUR'000	Retained earnings EUR'000
Equity beginning of year	9,383	4,290	1,343	24,828
Ordinary dividend paid	0	0	0	0
Exchange rate adjustments	0	0	0	(2,350)
Other equity postings	0	0	0	304
Tax of equity postings	0	0	0	232
Transfer to reserves	0	0	449	(449)
Profit/loss for the year	0	2,160	0	173
Equity end of year	**9,383**	**6,450**	**1,792**	**22,738**

	Proposed dividend EUR'000	Total EUR'000
Equity beginning of year	1,000	40,844
Ordinary dividend paid	(1,000)	(1,000)
Exchange rate adjustments	0	(2,350)
Other equity postings	0	304
Tax of equity postings	0	232
Transfer to reserves	0	0
Profit/loss for the year	2,000	4,333
Equity end of year	**2,000**	**42,363**

Notes to parent financial statements

1. Events after the balance sheet date

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

	2017 EUR'000	2016 EUR'000
2. Revenue		
Export markets - Europa	52,745	53,954
Denmark	4,294	3,607
	57,039	**57,561**

The main activity of the Group is to hire out containers in Denmark and abroad, primarily in Europe. The activities on each market including the competitive situation and risk profile are regarded as very homogeneous except for the differences in language, etc. In the light of this the Group is not seen as having different segment activities.

	2017 EUR'000	2016 EUR'000
3. Staff costs		
Wages and salaries	1,087	1,052
Pension costs	117	111
Other social security costs	9	17
Other staff costs	71	19
	1,284	**1,199**
Average number of employees	**13**	**10**

	Remuneration of management 2017 EUR'000	Remuneration of management 2016 EUR'000
Executive Board	353	357
Committee of Representatives	67	88
	420	**445**

Notes to parent financial statements

	2017 EUR'000	2016 EUR'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	1,084	2,848
Depreciation of property, plant and equipment	5,139	6,400
Impairment losses on property, plant and equipment	686	396
Profit/loss from sale of intangible assets and property, plant and equipment	1,777	301
	8,686	**9,945**

	2017 EUR'000	2016 EUR'000
5. Other financial income		
Financial income arising from group enterprises	1,340	1,367
Interest income	1	1
Other financial income	7	0
	1,348	**1,368**

	2017 EUR'000	2016 EUR'000
6. Other financial expenses		
Financial expenses from group enterprises	185	217
Interest expenses	1,309	1,231
Exchange rate adjustments	268	66
Other financial expenses	36	36
	1,798	**1,550**

	2017 EUR'000	2016 EUR'000
7. Tax on profit/loss for the year		
Tax on current year taxable income	247	74
Change in deferred tax for the year	240	247
Adjustment concerning previous years	0	(5)
	487	**316**

	2017 EUR'000	2016 EUR'000
8. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	2,000	1,000
Transferred to reserve for net revaluation according to the equity method	2,160	1,200
Retained earnings	173	284
	4,333	**2,484**

Notes to parent financial statements

	Completed development projects EUR'000	Acquired licences EUR'000	Development projects in progress EUR'000
9. Intangible assets			
Cost beginning of year	22,225	85	1,122
Exchange rate adjustments	(34)	0	(2)
Transfers	1,641	0	0
Additions	619	0	256
Disposals	(1)	0	0
Cost end of year	**24,450**	**85**	**1,376**
Amortisation and impairment losses beginning of year	(19,946)	(75)	0
Exchange rate adjustments	30	0	0
Transfers	(1,641)	0	0
Amortisation for the year	(1,076)	(8)	0
Amortisation and impairment losses end of year	**(22,633)**	**(83)**	**0**
Carrying amount end of year	**1,817**	**2**	**1,376**

Development projects in progress

CC Solid and CC Air are the 2 development projects which are part of the beginning balance. Both projects intend to improve the quality, extend the lifespan en reduce the repair & maintenance cost for CC and our customers.

During 2017, CC mainly invested in the preparation of a relabelling project for some of the RTI products in 2019 as well as in the implementation of new operational and financial systems.

Completed development consist of software supporting the business which is completed and in use. Additions mainly comprise of investments in extra Loglink & RFID functionality.

Notes to parent financial statements

10. Property, plant and equipment	Land and buildings EUR'000	Plant and machinery EUR'000	Other fixtures and fittings, tools and equipment EUR'000
Cost beginning of year	56	168,244	9,395
Exchange rate adjustments	0	(237)	(13)
Additions	0	7,901	76
Disposals	(56)	(9,775)	(90)
Cost end of year	**0**	**166,133**	**9,368**
Depreciation and impairment losses beginning of the year	(21)	(115,722)	(9,233)
Exchange rate adjustments	0	163	11
Impairment losses for the year	0	(686)	0
Depreciation for the year	(16)	(5,046)	(77)
Reversal regarding disposals	37	4,231	90
Depreciation and impairment losses end of the year	**0**	**(117,060)**	**(9,209)**
Carrying amount end of year	**0**	**49,073**	**159**

11. Fixed asset investments	Investments in group enterprises EUR'000	Receivables from group enterprises EUR'000	Other investments EUR'000
Cost beginning of year	3,784	36,998	0
Exchange rate adjustments	0	(4,236)	0
Additions	0	0	175
Disposals	(47)	(1,911)	0
Cost end of year	**3,737**	**30,851**	**175**
Revaluations beginning of year	4,290	0	0
Exchange rate adjustments	(939)	0	0
Share of profit/loss for the year	2,504	0	0
Adjustment of intra-group profits	(45)	0	0
Dividend	(344)	0	0
Reversal regarding disposals	19	0	0
Revaluations end of year	**5,485**	**0**	**0**
Carrying amount end of year	**9,222**	**30,851**	**175**

Notes to parent financial statements

12. Prepayments

Includes prepayments for the period 2017 to 2027. The prepayments is related to CBL-creates. Prepayments after 2018, EUR 1,690k.

	Number	Par value EUR'000	Nominal value EUR'000
13. Contributed capital			
Share certificates of DKK 10,000	10	1.34	13
Share certificates of DKK 25,000	8	3.35	27
Share certificates of DKK 100,000	12	13.4	161
Share certificate of DKK 500,000	1	67.02	67
Share certificates of DKK 1,000,000	23	134.04	3,083
Share certificate of DKK 5,000,000	1	670.22	670
Share certificates of DKK 10,000,000	4	1340.45	5,362
	59		**9,383**

	2017 EUR'000	2016 EUR'000
14. Deferred tax		
Intangible assets	703	748
Property, plant and equipment	11,000	10,953
Receivables	0	(21)
Provisions	(1,033)	(1,235)
	10,670	**10,445**

Changes during the year	
Beginning of year	10,445
Recognised in the income statement	240
Recognised directly in equity	(15)
End of year	**10,670**

15. Other provisions

Other provisions may be attributed to certain significant customers where there is a risk of loss of containers.

Notes to parent financial statements

16. Long-term deferred income

	2017 EUR'000	2016 EUR'000
Prepaid rent, containers	6,653	7,551
Replacementsale	2,293	1,721
Accrued repair and maintenance fees	6,578	6,705
	15,524	**15,977**
Taken to income in 2018	11,338	11,798
Taken into income in 2019 and subsequent years	4,186	4,179
	15.524	**15.977**

The prepaid hire concerns the containers mentioned under property, plant and equipment.

17. Prepayments received from customers

Received prepayments from customers can primarily be attributed to CBL-crates.

18. Other payables

	2017 EUR'000	2016 EUR'000
Other costs payable	1,579	839
	1,579	**839**

19. Deferred income

	2017 EUR'000	2016 EUR'000
Prepaid rent, containers	6,653	7,551
Replacementsale	2,293	1,721
Accrued repair and maintenance fees	6,578	6,705
	15,524	**15,977**
Taken to income in 2018	11,338	11,798
Taken into income in 2019 and subsequent years	4,186	4,179
	15,524	**15,977**

The prepaid hire concerns the containers mentioned under property, plant and equipment.

Notes to parent financial statements

20. Financial instruments

Other debt includes negative value of interest rate swap of EUR 201k. Interest swaps have been entered into to hedge fixed interest on the company's bank debt. The interest rate swaps have a total principal of EUR 1,343k with a fixed rate of 1.66% and expire on 03.10.2018.

	2017 EUR'000	2016 EUR'000
21. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**84**	**77**

22. Contingent liabilities

The company's subsidiaries has given an absolute guarantee for all accounts with Nordea Bank Danmark A/S and NIBC Bank N.V.

Container Centralen A/S has made a negative pledge to the bank in relation to sales of shares in Container Centralen Inc.

Container Centralen Limited, registered in the UK under company number 04344379, has taken the exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary undertakings. Container Centralen A/S has given a guarantee for all outstanding liabilities to which Container Centralen Limited is subject at 31 December 2017.

Container Centralen A/S has provided security for the liabilities of the subsidiaries in the Netherlands under art. 2:396. Paragraph 7 of the Netherlands Civil Code.

The Company serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable income taxes etc. and for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these companies.

Notes to parent financial statements

23. Mortgages and securities

Bank debt is secured by way of a floating charge of nominal DKK 250m on goodwill, operating equipment, inventories and trade receivables.

	2017 EUR'000	2016 EUR'000
Carrying amount of mortgaged other fixtures and fillings, tools and equipment	**159**	**162**
Carrying amount of mortgaged plant and machinery	**49,073**	**52,522**
Carrying amount of mortgaged inventories/containers for rent	**422**	**526**
Carrying amount of mortgaged trade receivables	**7,255**	**4,495**

24. Related parties with controlling interest

GASA GROUP INVEST A/S, Lavsensvænget 1, 5200 Odense V, Denmark
Veegeecee B.V., Turfstekerstraat 63, 1431 GD Aalsmeer, the Netherlands

25. Transactions with related parties	Subsidiaries EUR'000	Other related parties. EUR'000
Sales	0	1,619
Purchase	17,048	113
Receivables	30,870	259
Liabilities other than provisions	7,074	7

Accounting policies

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

The accounting policies applied for this consolidated financial statements and parent financial statements are consistent with those applied last year.

Transactions with the company's shareholders have been on commercial terms with reference to the Danish Financial Statements Act § 98c paragraph. 7.

The company has made a reclassification of other provision, accrual income, trade payables and other payable in the balance sheet at the end of 2016. The change can be attributed only to the balance and has no influence on the result:

	2016 (corrected) EUR'000	**2016 EUR'000**
Other provisions	1,833	0
Deferred income (long-term)	6,546	4,179
Trade payables	8,447	5,479
Prepayments from debtors	2,209	0
Other payables	3,496	13,673
Deferred income (short-term)	12,927	12,127

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

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

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

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

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

Accounting policies

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of Container Centralen A/S and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group’s accounting policies.

Subsidiaries’ financial statement items are recognised in full in the consolidated financial statements. Minority interests’ pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries’ net assets at the takeover date, with net assets having been calculated at fair value.

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. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates. The comparative figures might deviate slightly from last years annual report du to roudings.

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 other receivables or other payables.

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

Accounting policies

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.

Changes in the fair value of derivative financial instruments applied for hedging net investments in independent foreign subsidiaries or associates are classified directly as equity.

Income statement

Revenue

New rental is normally based on short term (from day hire to period) till long term (five-year) agreements, according to which the full rental amount is paid as a lump sum and taken to income, deferred over time depending on the contract type. Apart from that CC generates service income related to pool management.

Sale of containers on service agreements

The sales amount is taken to income at the closure of the contract.

Pool fee

Income from repair and maintenance agreements is stated on an accrual basis for each month, so that, based on the prudence concept, a provision is made to meet the expected direct repair and maintenance costs during the rest of the period which the invoiced fees concern.

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

Other external expenses

Other external expenses comprise expenses for distribution, sale, marketing, administration, premises, bad debts, etc.

Other external costs are recognised together with insurance costs, costs regarding development projects that do not comply with the criteria for recognition in the balance sheet and amortisation of development projects recognised.

Staff costs

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

Depreciation, amortisation and impairment losses

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

Accounting policies

Other financial income
Other financial income comprises interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies, amortisation of financial liabilities etc.

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

Balance sheet
Intellectual property rights etc
Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Development costs are measured at cost.

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is usually tree to six years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. Development projects are written down to the lower of recoverable amount and carrying amount.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

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

Accounting policies

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.

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 (leasehold improvements)	5 years
Other fixtures and fittings, tools and equipment	3-10 years

Plant and machinery (containers etc.)
The basis of depreciation is acquisition cost less estimated residual value after the end of useful life. Straight-line depreciation is calculated on the basis of the following estimated useful lives of the assets:

CC Containers, European pool	10 years
Other equipment	5-10 years
CC Containers, US pool	20 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 less selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement as an adjustment to depreciation and impairment losses.

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

Group enterprises with negative equity are measured at DKK 0, and any 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 value 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.

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

Goodwill is calculated as the difference between cost of the investments and fair value of the assets and liabilities acquired. Goodwill is amortised over its estimated useful life which is normally ten years, however, in certain cases 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 benefit from the relevant resources.

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

Accounting policies

Other investments
Other investments comprise wlisted securities which are measured at fair value (market price) at the balance sheet date.

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

Cost consists of purchase price plus delivery costs.

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

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

Income tax payable or receivable
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.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

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

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

Accounting policies

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

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

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and 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, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

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