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Container Centralen A/S

Sanderumvej 16
5250 Odense SV
Central Business Registration
No 13909709

Annual report 2019

The Annual General Meeting adopted the annual report on 08.06.2020

Chairman of the General Meeting

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Name: Krishan Dahoe

Contents

Entity details

Entity
Container Centralen A/S
Sanderumvej 16
5250 Odense SV

Central Business Registration No (CVR): 13909709
Founded: 14.12.1989
Registered in: Odense
Financial year: 01.01.2019 - 31.12.2019

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

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

Executive Board
Roel de Jong, CEO
Krishan Dahoe, CFO

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København 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 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019.

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, 08.06.2020

Executive Board

Roel de Jong CEO	Krishan Dahoe CFO

Board of Directors

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

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 01.01.2019 - 31.12.2019, 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 31.12.2019, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2019 - 31.12.2019 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.

Copenhagen, 08.06.2020

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Peter Mølkjær
State Authorised Public Accountant
Identification No (MNE) mne24821

Gert Rasmussen
State Authorised Public Accountant
Identification No (MNE) mne35430

Management commentary

	2019 EUR'000	2018 EUR'000	2017 EUR'000	2016 EUR'000	2015 EUR'000
Financial highlights					
Key figures					
Revenue	89,756	84,949	79,872	79,207	79,010
Gross profit/loss	36,958	31,629	30,809	29,925	29,932
Operating profit/loss	11,150	10,040	6,257	4,629	5,345
Net financials	(866)	(1,535)	(1,619)	(1,306)	(1,695)
Profit/loss for the year	7,849	6,506	4,333	2,484	2,988
Total assets	134,616	123,979	108,432	112,769	115,261
Investments in property, plant and equipment	22,520	19,302	11,089	8,459	8,129
Equity	56,180	47,667	42,363	40,844	38,677
Ratios					
Gross margin (%)	41.2	37.2	38.6	37.8	37.9
Net margin (%)	8.7	7.7	5.4	3.1	3.8
Return on equity (%)	15.1	14.5	10.4	6.2	8.1
Equity ratio (%)	41.7	38.4	39.1	36.2	33.6

Financial highlights are defined and calculated in accordance with below principles:

Ratios	**Calculation formula**	**Calculation formula reflects**
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 7,849k. This is higher compared to the EUR 6,506k of 2018. The change in accounting estimate has had a positive impact of EUR 1.0 million on profit before tax. The company has put more effort on 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. A major impact on the result for 2019 is because the company changed its policy on how impairment on its assets is calculated in 2018. The policy used was too aggressive and is changed to a method which is considered fair and representing better factual financial situation. Further the results were positively influenced because of the quota on repair of shelves.

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. During 2019 the company introduced a new financial system. A major achievement and first step in the journey of modernizing its IT and application landscape.

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. When implementing the quota system this meant that all customers that have shelves under contract could hand in 100% of their contracted volume for repair. In 2019 the company applied a 40% quota for the first two months. As of March 1st, 2019 this percentage went down 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.

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. 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.

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 significant higher result than budgeted. Management expect to provide results in line with the 5-year plan for next coming years.

Management commentary

Profit/loss for the year in relation to expected developments
The Company delivered a result significantly higher than the budget 2019. 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.

Outlook
Our approved budget for 2020 is to deliver an EBT of EUR 10.4M. The growth in budgeted revenue is projected to be higher than previous years. Investments and capital needs are basically going to be financed partly out of the operations and from our bank loans. The companies loan position will increase slightly compared to end of December 2019. The Company expects to have enough liquidity available for 2020. Furthermore, the company will keep the repair quota in place.

Management does not project major changes in activities in 2020.

Material assumptions and uncertainties
Market conditions in the horticultural sector have improved over the last years. 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.

Statutory report on corporate social responsibility

Business model

We operate in markets across Europe, providing containers and pool management, products and services. Our products can be rented for long- or short-term hire. Our most important products are; CC containers, rolly's, dolly's, Euro containers and crates. Most of our Reusable Transport Items (RTIs) can be nested, which increases the number of empty items you can fit into a vehicle. This creates return transport efficiencies. One good example is our virtual transfer by which our client may deliver containers at a depot in one part of Europe and have the corresponding quantity of containers delivered at a depot in another part of

Management commentary

Europe. We thus avoid unnecessary transportation of empty units while optimising the economy of transportation and minimising CO_2 emissions. Our goal is to continuously improve supply chains by moving products more efficiently. We do this by integrating RTIs into supply chains and managing their rotation throughout a multi-client pool. In doing this we consider the interests of retailers, consumers and suppliers. We have 230 employees across locations in 10 different countries including the United States.

Our risk landscape

We operate in Europe and United States. For both US and Europe, we face a high level of regulations in relation to environment and employee relations. We are highly aware of complying with all relevant regulatory requirements across the EU market, including regarding environment and climate protection, labour rights and financial legislation.

We do not assess that we operate in areas and locations, where there are major risks related to human rights, labour rights, the environment and anti-corruption and we have not encountered any incidents of this nature. The main parts of our products are produced in Europe. To our knowledge our suppliers adhere to rules and regulations.

Policies, activities and results

The company is fully aware of UN's 'Global Compact' and we strive to work in correspondence with the principles stated herein with a focus on respecting human rights, labor rights, the environment and working against corruption in all its forms. CC has selected three goals; 9,10 and 12 on which it will further discuss and implement individual, formalised policies. in accordance with the Danish Financial Statements Act § 99a. The company has assessed that there are no significant risks within the company's business operations and supply chain.

The company operates mainly in Europe and US were there are strong regulations in place from national or supra national legislative bodies. Due to this the company does not feel the need to implement additional specific policies.

As a responsible company, we continuously reassess our approach and, in that way, find new ways to improve in relation to CSR. In CC we welcome this challenge as part of our overall aim of growing responsibly. Integrating CSR into our operations helps us to create transparency and clarity throughout the organization and to our stakeholders. Thus, we want CSR to become a natural part of our daily operations and code of conduct, and not just an 'add-on activity'. At CC we are committed to implementing responsible business practices, and by doing so we are able to reduce costs, manage risks, minimize our impact on the environment, attract and retain employees, and strengthen our brand and business overall.

Management commentary

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 under-represented gender (currently women) in the board of directors should increase from the current 0% to minimum 25% before 2021.

The target was not met in 2019, since the best qualified candidates for the Board were men, but more so due to the fact there was no vacancy for a board position. The company is struggling to achieve the minimum as in this sector women are very scarcely 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 in Container Centralen A/S, we have not established a specific policy for the underrepresented gender in the other management levels.

Events after the balance sheet date
The spread of COVID-19 throughout the world can potentially have an influence on the business for the company in 2020.

Year to date 2020, the spread of COVID-19 has not impacted the company significantly, however at this time it is not possible to predict the influence in the coming months. The companies bank facility will expire end of July. Management has discussed possible scenarios with the banks and so far the banks are willing to provide additional facility to CC in case CC would need it because of COVID-19.

As the potential impact is unknown at this time, this has not been included when setting the expectations for activity and earnings in 2020.

Other than the above 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 2019

	Notes	2019 EUR'000	2018 EUR'000
Revenue	2	89,756	84,949
Cost of sales		(43,940)	(45,847)
Other external expenses	3	(8,858)	(7,473)
Gross profit/loss		**36,958**	**31,629**
Staff costs	4	(13,425)	(13,278)
Depreciation, amortisation and impairment losses	5	(12,383)	(8,311)
Operating profit/loss		**11,150**	**10,040**
Other financial income		137	18
Other financial expenses	6	(1,003)	(1,553)
Profit/loss before tax		**10,284**	**8,505**
Tax on profit/loss for the year	7	(2,435)	(1,999)
Profit/loss for the year	8	**7,849**	**6,506**

Consolidated balance sheet at 31.12.2019

	Notes	2019 EUR'000	2018 EUR'000
Completed development projects		4,052	2,282
Acquired licences		21	39
Development projects in progress		195	1,500
Intangible assets	9	**4,268**	**3,821**
Plant and machinery		96,575	88,762
Other fixtures and fittings, tools and equipment		6,578	2,000
Property, plant and equipment in progress		0	3,114
Property, plant and equipment	10	**103,153**	**93,876**
Other investments		175	175
Fixed asset investments	11	**175**	**175**
Fixed assets		**107,596**	**97,872**
Manufactured goods and goods for resale		2,051	1,031
Prepayments for goods		0	3,413
Inventories		**2,051**	**4,444**
Trade receivables	12	15,937	11,150
Other receivables		766	1,043
Income tax receivable		203	211
Prepayments	13	3,803	3,449
Receivables		**20,709**	**15,853**
Cash		**4,260**	**5,810**
Current assets		**27,020**	**26,107**
Assets		**134,616**	**123,979**

Consolidated balance sheet at 31.12.2019

	Notes	2019 EUR'000	2018 EUR'000
Contributed capital		9,383	9,383
Reserve for development expenditure		0	2,176
Retained earnings		46,797	36,108
Equity		**56,180**	**47,667**
Deferred tax	14	15,798	13,886
Other provisions	15	184	113
Provisions		**15,982**	**13,999**
Deferred income	16	6,027	4,602
Non-current liabilities other than provisions	17	**6,027**	**4,602**
Current portion of long-term liabilities other than provisions	17	12,330	12,042
Bank loans		23,939	27,209
Prepayments received from customers	18	2,025	1,899
Trade payables		12,400	11,202
Income tax payable		222	170
Other payables	19	5,511	5,189
Current liabilities other than provisions		**56,427**	**57,711**
Liabilities other than provisions		**62,454**	**62,313**
Equity and liabilities		**134,616**	**123,979**

Events after the balance sheet date	1
Unrecognised rental and lease commitments	21
Contingent liabilities	22
Assets charged and collateral	23
Transactions with related parties	24
Subsidiaries	25

Consolidated statement of changes in equity for 2019

	Contributed capital EUR'000	Reserve for development expenditure EUR'000	Retained earnings EUR'000	Total EUR'000
Equity beginning of year	9,383	2,176	36,108	47,667
Exchange rate adjustments	0	0	792	792
Tax of entries on equity	0	0	(128)	(128)
Transfer to reserves	0	(2,176)	2,176	0
Profit/loss for the year	0	0	7,849	7,849
Equity end of year	**9,383**	**0**	**46,797**	**56,180**

Consolidated cash flow statement for 2019

	Notes	2019 EUR'000	2018 EUR'000
Operating profit/loss		11,150	10,040
Amortisation, depreciation and impairment losses		12,383	8,311
Other provisions		71	(280)
Working capital changes	20	1,291	(4,595)
Cash flow from ordinary operating activities		**24,895**	**13,476**
Financial income received		137	18
Financial expenses paid		(1,003)	(1,384)
Income taxes refunded/(paid)		(511)	(408)
Cash flows from operating activities		**23,518**	**11,702**
Acquisition etc of intangible assets		(2,289)	(1,087)
Acquisition etc of property, plant and equipment		(22,520)	(19,214)
Sale of property, plant and equipment		3,123	2,859
Cash flows from investing activities		**(21,686)**	**(17,442)**
Increase/decrease in cash and cash equivalents		**1,832**	**(5,740)**
Cash and cash equivalents beginning of year		(21,399)	(14,902)
Currency translation adjustments of cash and cash equivalents		(112)	(757)
Cash and cash equivalents end of year		**(19,679)**	**(21,399)**
Cash and cash equivalents at year-end are composed of:			
Cash		4,260	5,810
Short-term debt to banks		(23,939)	(27,209)
Cash and cash equivalents end of year		**(19,679)**	**(21,399)**

Notes to consolidated financial statements

1. Events after the balance sheet date

The spread of COVID-19 throughout the world can potentially have an influence on the business for the company in 2020.

Year to date 2020, the spread of COVID-19 has not impacted the company significantly, however at this Time it is not possible to predict the influence in the coming months.

As the potential impact is unknown at this time, this has not been included when setting the expectations for activity and earnings in 2020.

Other than the above no events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

	2019 EUR'000	2018 EUR'000
2. Revenue		
Export markets - USA	25,389	20,763
Export markets - Europe	60,333	59,746
Denmark	4,034	4,440
	89,756	**84,949**

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.

	2019 EUR'000	2018 EUR'000
3. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	66	57
Tax services	9	8
Other services	20	50
	95	**115**

Notes to consolidated financial statements

	2019 EUR'000	2018 EUR'000
4. Staff costs		
Wages and salaries	10,524	9,992
Pension costs	835	881
Other social security costs	1,028	1,119
Other staff costs	1,038	1,286
	13,425	**13,278**
Average number of employees	**139**	**139**

	Remunera-tion of manage-ment 2019 EUR'000	Remunera-tion of manage-ment 2018 EUR'000
Executive Board	678	668
Committee of Representatives	110	107
	788	**775**

	2019 EUR'000	2018 EUR'000
5. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	1,652	1,622
Depreciation of property, plant and equipment	8,890	7,733
Impairment losses on property, plant and equipment	(1,156)	(1,553)
Profit/loss from sale of intangible assets and property, plant and equipment	2,997	509
	12,383	**8,311**

	2019 EUR'000	2018 EUR'000
6. Other financial expenses		
Other interest expenses	746	1,262
Exchange rate adjustments	187	169
Other financial expenses	70	122
	1,003	**1,553**

Notes to consolidated financial statements

	2019 EUR'000	2018 EUR'000
7. Tax on profit/loss for the year		
Current tax	586	474
Change in deferred tax	1,849	1,525
	2,435	**1,999**

	2019 EUR'000	2018 EUR'000
8. Proposed distribution of profit/loss		
Retained earnings	7,849	6,506
	7,849	**6,506**

	Completed develop-ment projects EUR'000	Acquired licences EUR'000	Develop-ment projects in progress EUR'000
9. Intangible assets			
Cost beginning of year	27,864	138	1,500
Exchange rate adjustments	68	0	0
Transfers	1,498	0	(1,500)
Additions	2,094	0	195
Disposals	(242)	0	0
Cost end of year	**31,282**	**138**	**195**
Amortisation and impairment losses beginning of year	(25,582)	(99)	0
Exchange rate adjustments	(45)	0	0
Amortisation for the year	(1,603)	(18)	0
Amortisation and impairment losses end of year	**(27,230)**	**(117)**	**0**
Carrying amount end of year	**4,052**	**21**	**195**

Development projects

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 and or reduce the repair & maintenance cost for CC and our customers.

During 2019, CC mainly invested in the operational and financial systems.

Completed development consist of software supporting the business which is completed and in use. Additions mainly comprise of investments in Financial system, Scanner software and extra Loglink & RFID functionality and the operational system in CC US.

Notes to consolidated financial statements

	Plant and machinery EUR'000	Other fixtures and fittings, tools and equipment EUR'000	Property, plant and equipment in progress EUR'000
10. Property, plant and equipment			
Cost beginning of year	219,158	21,573	3,114
Exchange rate adjustments	1,694	181	0
Transfers	0	4,397	(4,397)
Additions	19,222	2,015	1,283
Disposals	(14,092)	226	0
Cost end of year	**225,982**	**28,392**	**0**
Depreciation and impairment losses beginning of year	(130,396)	(19,573)	0
Exchange rate adjustments	(929)	(512)	0
Reversal of impairment losses	1,156	0	0
Depreciation for the year	(7,128)	(1,827)	0
Reversal regarding disposals	7,890	98	0
Depreciation and impairment losses end of year	**(129,407)**	**(21,814)**	**0**
Carrying amount end of year	**96,575**	**6,578**	**0**

	Other investments EUR'000
11. Fixed asset investments	
Cost beginning of year	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 1,425k.

13. Prepayments

Includes prepayments for the period 2020 to 2027. The prepayments is related to CBL-creates. Prepayments after 2020, EUR 2,186k.

Notes to consolidated financial statements

	2019 EUR'000	2018 EUR'000
14. Deferred tax		
Intangible assets	700	602
Property, plant and equipment	22,534	21,739
Receivables	(128)	(195)
Provisions	(880)	(884)
Liabilities other than provisions	(466)	(548)
Tax losses carried forward	(5,962)	(6,828)
	15,798	**13,886**

Changes during the year	
Beginning of year	13,886
Recognised in the income statement	1,849
Other changes	63
End of year	**15,798**

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

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

	Due within 12 months 2019 EUR'000	Due within 12 months 2018 EUR'000	Due after more than 12 months 2019 EUR'000
17. Liabilities other than provisions			
Deferred income	12,330	12,042	6,027
	12,330	**12,042**	**6,027**

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

	2019 EUR'000	2018 EUR'000
Prepaid rent, containers	8,878	7,708
Replacementsale	2,263	2,070
Accrued repair and maintenance fees	7,216	6,866
	18,357	**16,644**
Taken to income in 2020	12,330	12,042
Taken into income in 2021 and subsequent years	6,027	4,602
	18,357	**16,644**

Notes to consolidated financial statements

18. Prepayments received from customers

Received prepayments from customers can primarily be attributed to deposits.

	2019 EUR'000	2018 EUR'000
19. Other short-term payables		
Other costs payable	5,511	5,189
	5,511	**5,189**

	2019 EUR'000	2018 EUR'000
Specification of other payable:		
Payables to shareholders	2,000	2,000
Other payables	3,511	3,189
	5,511	**5,189**

	2019 EUR'000	2018 EUR'000
20. Change in working capital		
Increase/decrease in inventories	2,393	(4,023)
Increase/decrease in receivables	(5,553)	(1,125)
Increase/decrease in trade payables etc	4,451	553
	1,291	**(4,595)**

	2019 EUR'000	2018 EUR'000
21. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**5,886**	**5,681**

22. Contingent liabilities

Container Centralen Benelux B.V. has provided security and EUR 121k for the tenacy on a tied account.

23. Assets charged and collateral

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

	2019 EUR'000	2018 EUR'000
Carrying amount of mortgaged other fixtures and fillings, tools and equipment	**3,695**	**100**

Notes to consolidated financial statements

Carrying amount of mortgaged plant and machinery	**59,774**	**57,151**
Carrying amount of mortgaged inventories/containers for rent	**2,051**	**4,444**
Carrying amount of mortgaged trade receivables	**12,489**	**7,437**

24. Transactions with related parties

Transactions with related parties are not disclosed with reference to the Danish Financial Statements Act § 98c paragraph. 3 and 7.

25. Subsidiaries	**Registered in**	**Equity interest %**
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

Parent income statement for 2019

	Notes	2019 EUR'000	2018 EUR'000
Revenue	2	62,663	62,498
Cost of sales		(41,697)	(45,709)
Other external expenses		(4,519)	(3,518)
Gross profit/loss		**16,447**	**13,271**
Staff costs	3	(1,339)	(1,483)
Depreciation, amortisation and impairment losses	4	(8,800)	(5,263)
Operating profit/loss		**6,308**	**6,525**
Income from investments in group enterprises		2,525	1,844
Other financial income	5	1,799	1,223
Other financial expenses	6	(1,278)	(1,740)
Profit/loss before tax		**9,354**	**7,852**
Tax on profit/loss for the year	7	(1,505)	(1,346)
Profit/loss for the year	8	**7,849**	**6,506**

Parent balance sheet at 31.12.2019

	Notes	2019 EUR'000	2018 EUR'000
Completed development projects		2,967	1,196
Acquired licences		21	39
Development projects in progress		195	1,500
Intangible assets	9	**3,183**	**2,735**
Plant and machinery		59,774	57,151
Other fixtures and fittings, tools and equipment		3,679	100
Property, plant and equipment in progress		0	3,114
Property, plant and equipment	10	**63,453**	**60,365**
Investments in group enterprises		13,836	11,227
Receivables from group enterprises		35,039	30,557
Other investments		175	175
Fixed asset investments	11	**49,050**	**41,959**
Fixed assets		**115,686**	**105,059**
Manufactured goods and goods for resale		2,051	1,031
Prepayments for goods		0	3,413
Inventories		**2,051**	**4,444**
Trade receivables	12	13,778	7,437
Receivables from group enterprises		182	2,152
Other receivables		593	812
Income tax receivable		0	211
Prepayments	13	3,035	2,547
Receivables		**17,588**	**13,159**
Cash		**1,218**	**1,313**
Current assets		**20,857**	**18,916**
Assets		**136,543**	**123,975**

Parent balance sheet at 31.12.2019

	Notes	2019 EUR'000	2018 EUR'000
Contributed capital	14	9,383	9,383
Reserve for net revaluation according to the equity method		10,011	7,486
Reserve for development expenditure		2,454	2,176
Retained earnings		34,332	28,622
Equity		**56,180**	**47,667**
Deferred tax	15	13,564	12,176
Other provisions	16	184	113
Provisions		**13,748**	**12,289**
Deferred income	17	5,258	3,586
Non-current liabilities other than provisions	18	**5,258**	**3,586**
Current portion of long-term liabilities other than provisions	18	11,800	11,103
Bank loans		23,939	27,209
Prepayments received from customers	19	16	1,899
Trade payables		10,243	10,061
Payables to group enterprises		12,966	7,876
Income tax payable		66	0
Other payables	20	2,327	2,285
Current liabilities other than provisions		**61,357**	**60,433**
Liabilities other than provisions		**66,615**	**64,019**
Equity and liabilities		**136,543**	**123,975**
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	21		
Contingent liabilities	22		
Assets charged and collateral	23		
Transactions with related parties	24		

Parent statement of changes in equity for 2019

	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	7,486	2,176	28,622
Exchange rate adjustments	0	0	0	792
Tax of entries on equity	0	0	0	(128)
Transfer to reserves	0	0	278	(278)
Profit/loss for the year	0	2,525	0	5,324
Equity end of year	**9,383**	**10,011**	**2,454**	**34,332**

	Total EUR'000
Equity beginning of year	47,667
Exchange rate adjustments	792
Tax of entries on equity	(128)
Transfer to reserves	0
Profit/loss for the year	7,849
Equity end of year	**56,180**

Notes to parent financial statements

1. Events after the balance sheet date

The spread of COVID-19 throughout the world can potentially have an influence on the business for the company in 2020.

Year to date 2020, the spread of COVID-19 has not impacted the company significantly, however at this Time it is not possible to predict the influence in the coming months.

As the potential impact is unknown at this time, this has not been included when setting the expectations for activity and earnings in 2020.

Other than the above no events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

	2019 EUR'000	2018 EUR'000
2. Revenue		
Export markets - Europe	58,629	58,058
Denmark	4,034	4,440
	62,663	**62,498**

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.

	2019 EUR'000	2018 EUR'000
3. Staff costs		
Wages and salaries	1,183	1,247
Pension costs	121	132
Other social security costs	0	10
Other staff costs	35	94
	1,339	**1,483**
Average number of employees	**10**	**11**

Notes to parent financial statements

	Remuneration of management 2019 EUR'000	Remuneration of management 2018 EUR'000
Executive Board	376	370
Committee of Representatives	83	107
	459	**477**

	2019 EUR'000	2018 EUR'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	1,100	1,093
Depreciation of property, plant and equipment	6,085	5,201
Impairment losses on property, plant and equipment	(1,208)	(1,630)
Profit/loss from sale of intangible assets and property, plant and equipment	2,823	599
	8,800	**5,263**

	2019 EUR'000	2018 EUR'000
5. Other financial income		
Financial income arising from group enterprises	1,733	1,220
Other financial income	66	3
	1,799	**1,223**

	2019 EUR'000	2018 EUR'000
6. Other financial expenses		
Financial expenses from group enterprises	170	220
Other interest expenses	842	1,231
Exchange rate adjustments	199	169
Other financial expenses	67	120
	1,278	**1,740**

	2019 EUR'000	2018 EUR'000
7. Tax on profit/loss for the year		
Current tax	114	0
Change in deferred tax	1,391	1,346
	1,505	**1,346**

Notes to parent financial statements

	2019 EUR'000	2018 EUR'000
8. Proposed distribution of profit/loss		
Transferred to reserve for net revaluation according to the equity method	2,525	1,036
Retained earnings	5,324	5,470
	7,849	**6,506**

	Completed develop-ment projects EUR'000	Acquired licences EUR'000	Develop-ment projects in progress EUR'000
9. Intangible assets			
Cost beginning of year	24,817	138	1,500
Exchange rate adjustments	(4)	0	0
Transfers	1,498	0	(1,500)
Additions	1,600	0	195
Disposals	(242)	0	0
Cost end of year	**27,669**	**138**	**195**
Amortisation and impairment losses beginning of year	(23,621)	(99)	0
Exchange rate adjustments	1	0	0
Amortisation for the year	(1,082)	(18)	0
Amortisation and impairment losses end of year	**(24,702)**	**(117)**	**0**
Carrying amount end of year	**2,967**	**21**	**195**

Development projects

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

During 2019, CC mainly invested in the operational and financial systems.

Completed development consist of software supporting the business which is completed and in use. Additions mainly comprise of investments in Financial system, Scanner software and extra Loglink & RFID functionality and the operational system in CC US.

Notes to parent financial statements

	Plant and machinery EUR'000	Other fixtures and fittings, tools and equipment EUR'000	Property, plant and equipment in progress EUR'000
10. Property, plant and equipment			
Cost beginning of year	173,752	9,283	3,114
Exchange rate adjustments	(55)	(4)	0
Transfers	0	4,397	(4,397)
Additions	12,036	54	1,283
Disposals	(13,278)	(141)	0
Cost end of year	**172,455**	**13,589**	**0**
Depreciation and impairment losses beginning of year	(116,601)	(9,183)	0
Exchange rate adjustments	37	2	0
Reversal of impairment losses	1,208	0	0
Depreciation for the year	(5,215)	(870)	0
Reversal regarding disposals	7,890	141	0
Depreciation and impairment losses end of year	**(112,681)**	**(9,910)**	**0**
Carrying amount end of year	**59,774**	**3,679**	**0**

	Invest-ments in group enterprises EUR'000	Receivables from group enterprises EUR'000	Other investments EUR'000
11. Fixed asset investments			
Cost beginning of year	3,741	30,557	175
Exchange rate adjustments	(145)	821	0
Additions	0	3,661	0
Cost end of year	**3,596**	**35,039**	**175**
Revaluations beginning of year	7,486	0	0
Exchange rate adjustments	229	0	0
Share of profit/loss for the year	2,525	0	0
Revaluations end of year	**10,240**	**0**	**0**
Carrying amount end of year	**13,836**	**35,039**	**175**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

Notes to parent financial statements

12. Trade receivables

Receivables include receivables that are due only after one year with EUR 800k.

13. Prepayments

Includes prepayments for the period 2020 to 2027. The prepayments is related to CBL-creates. Prepayments after 2020, EUR 2,186k.

	Number	Par value EUR'000	Nominal value EUR'000
14. Contributed capital			
Share certificates of DKK 10,000	10	1	13
Share certificates of DKK 25,000	8	3	27
Share certificates of DKK 100,000	12	13	161
Share certificate of DKK 500,000	1	67	67
Share certificates of DKK 1,000,000	23	134	3,083
Share certificate of DKK 5,000,000	1	670	670
Share certificates of DKK 10,000,000	4	1,340	5,362
	59		**9,383**

	2019 EUR'000	2018 EUR'000
15. Deferred tax		
Intangible assets	700	601
Property, plant and equipment	13,956	13,275
Receivables	(12)	(91)
Provisions	(881)	(803)
Tax losses carried forward	(199)	(806)
	13,564	**12,176**

Changes during the year	
Beginning of year	12,176
Recognised in the income statement	1,391
Other changes	(3)
End of year	**13,564**

16. Other provisions

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

17. Long-term deferred income

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

Notes to parent financial statements

	Due within 12 months 2019 EUR'000	Due within 12 months 2018 EUR'000	Due after more than 12 months 2019 EUR'000
18. Liabilities other than provisions			
Deferred income	11,800	11,103	5,258
	11,800	**11,103**	**5,258**

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

	2019 EUR'000	2018 EUR'000
Prepaid rent, containers	8,109	6,354
Replacementsale	2,263	2,070
Accrued repair and maintenance fees	6,686	6,265
	17,058	**14,689**
Taken to income in 2020	11,800	11,103
Taken into income in 2021 and subsequent years	5,258	3,586
	17,058	**14,689**

19. Prepayments received from customers

Received prepayments from customers can primarily be attributed to deposits.

	2019 EUR'000	2018 EUR'000
20. Other payables		
Other costs payable	2,327	2,285
	2,327	**2,285**

	2019 EUR'000	2018 EUR'000
Specification of other payable:		
Payables to shareholders	2,000	2,000
Other payables	327	285
	2,327	**2,285**

	2019 EUR'000	2018 EUR'000
21. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**127**	**132**

Notes to parent financial statements

22. Contingent liabilities

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 2019.

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.

23. Assets charged and collateral

Bank debt is secured by way of a floating charge of nominal DKK 250m (approx. EUR 33m) on goodwill, operating equipment, inventories and trade receivables.

	2019 EUR'000	2018 EUR'000
Carrying amount of mortgaged other fixtures and fillings, tools and equipment	**3,695**	**100**
Carrying amount of mortgaged plant and machinery	**59,774**	**57,151**
Carrying amount of mortgaged inventories/containers for rent	**2,051**	**4,444**
Carrying amount of mortgaged trade receivables	**12,489**	**7,437**

24. Transactions with related parties

Transactions with related parties are not disclosed with reference to the Danish Financial Statements Act § 98c paragraph. 3 and 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 to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Transactions with related parties are not disclosed with reference to the Danish Financial Statements Act § 98c paragraph. 3 and 7.

Changes in accounting estimates
The company regularly assesses the presence of equipment at customers, depots etc. according to a procedure. Impairments are made for missing equipment accordingly. So far, the impairments has been made at average book value. For 2019 the impairment has been changed to book FIFO value. The change in this accounting estimate has had a positive impact of EUR 1.0 million on profit before tax for 2019 and after tax EUR 0,8 million. Fixed assets have increased EUR 1.0 million, equity had increased EUR 0.8 million and deferred tax had increased EUR 0.2 million.

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.

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.

Accounting policies

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent 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' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition 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 rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates. The comparative figures might deviate slightly from last years annual report du to roudings.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the each end of months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question 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.

Accounting policies

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

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
Depreciation, amortisation and impairment losses relating to plant and equipment and intangible assets comprise depreciation, amortisation 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 plant and equipment.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

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.

Accounting policies

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. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

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

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

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:

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.

Accounting policies

Profits and losses from the sale of 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.

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity 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.

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 writedowns for bad and doubtful debts.

Accounting policies

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

Cash
Cash comprises cash in hand and bank deposits.

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

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.

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.

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

Deferred income
Deferred income comprises income received 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.

Accounting policies

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 loans.