

Geia Food A/S
Fuglevænget 9
9000 Aalborg
Business Registration No
14983007

Annual report 2018

The Annual General Meeting adopted the annual report on 03.05.2019

Chairman of the General Meeting

Name: Gudmund Schlytter Killi

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Entity details

Entity

Geia Food A/S
Fuglevænget 9
9000 Aalborg

Central Business Registration No (CVR): 14983007

Registered in: Aalborg

Financial year: 01.01.2018 - 31.12.2018

Statutory reports on the entity's website

Statutory report on corporate social responsibility: www.geiafood.dk/media/78041/geia_csr-2018.pdf

Board of Directors

Gudmund Schlytter Killi, formand
Jens Junge Mortensen
Wilhelm Mohn
Claus Juel Jensen
Jon Martin Klafstad
Maria Elisabet Green Karlsson

Executive Board

Claus Ulrik Ravnsbo

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Østre Havnepromenade 26, 4. sal
9000 Aalborg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Geia Food A/S for the financial year 01.01.2018 - 31.12.2018.

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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

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.

Aalborg, 03.05.2019

Executive Board

Claus Ulrik Ravnsbo

Board of Directors

Gudmund Schlytter Killi
formand

Jens Junge Mortensen

Wilhelm Mohn

Claus Juel Jensen

Jon Martin Klafstad

Maria Elisabet Green Karlsson

Independent auditor's report

To the shareholders of Geia Food A/S

Opinion

We have audited the financial statements of Geia Food A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared 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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 financial statements section of this auditor's report. We are independent of the Entity 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 financial statements

Management is responsible for the preparation of 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing 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 financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 exists. Misstatements 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 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:

Independent auditor's report

- Identify and assess the risks of material misstatement of the 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 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 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 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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the 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.

Aalborg, 03.05.2019

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556

Lars Birner Sørensen

State Authorised Public Accountant

Identification No (MNE) mne11671

Management commentary

	2018	2017	2016	2015	2014
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Revenue	1.230.361	1.117.914	1.075.480	1.086.388	987.873
Gross profit/loss	87.170	72.299	76.334	64.467	57.199
Operating profit/loss	42.064	31.713	37.928	29.238	23.713
Net financials	6.389	5.781	4.785	7.509	(331)
Profit/loss for the year	37.988	28.752	32.269	27.276	15.783
Total assets	218.732	201.436	212.396	241.409	259.429
Investments in property, plant and equipment	3.874	2.903	3.180	3.771	1.889
Equity	56.322	55.679	80.317	99.123	117.522
Ratios					
Gross margin (%)	7,1	6,5	7,1	5,9	5,8
Net margin (%)	3,1	2,6	3,0	2,5	1,6

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

Ratios	Calculation formula	Calculation formula reflects
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.

Management commentary

Primary activities

Geia Food is a leading independent food concept provider offering both customers and suppliers a one-point-of-entry platform into the Scandinavian market. We are specialized in supplying value-added conceptual category offerings and have strong partnerships with all well-known retailers in Scandinavia. Geia Food is active in more than 10 different product categories and have an extensive network of suppliers around the globe. With local offices in Denmark, Norway, Sweden and Finland we are close to our main customers and can respond to local needs and consumer tastes.

Development in activities and finances

Geia Food generated a net profit of t.DKK 37.988 in the financial year. The profit for the year is considered satisfactory by the Board of Directors.

The expected net profit of 30-35 m.DKK stated in the outlook of the annual report from 2017 has been slightly exceeded.

Uncertainty relating to recognition and measurement

There are no uncertainties relating to recognition and measurement.

Unusual circumstances affecting recognition and measurement

There have been no unusual circumstances affecting recognition and measurement.

Outlook

Geia Food expects an increase in revenue and profit in the financial year 2019 as sales development in Denmark as well as on the foreign markets continues to be positive, with an expected profit for the year in the range of 35-40 m.DKK. Furthermore, Geia Food expects to develop its current business areas and to develop new ones.

Particular risks

Business risks

Geia Food's most significant business risk relates to the quality and food safety of the products distributed.

Financial risks

As a consequence of its operations, investments and financing, Geia Food is exposed to changes in the level of interest and exchange rates. Geia Food pursues a fiscal policy operating with a low risk profile so that currency risks, interest risks and credit risks only arise based on commercial matters.

Currency risks

Where possible, Geia Food's currency exposure is hedged through matching of payments received and made in the same currency and by using forward exchange contracts and currency options. At the end of the financial year 2018, the notional value of Geia Food's forward exchange contracts and currency options for meeting future currency risks amounted to positive t.DKK 1.971.

Forward exchange contracts and currency options consist of hedging of activities in EUR, USD, NOK and SEK with a term up to 24 months.

Management commentary

Research and development activities

Geia Food has not incurred any research and development expenses.

Foreign branches

Geia Food is represented in Sweden through the subsidiary Geia Food AB and Tilab International AB, in Norway through the subsidiary Geia Food Norge AS and Geia Food AS and in Finland through the subsidiary Geia Food OY

Statutory report on corporate social responsibility

The 2018 Corporate Social Responsibility report contains Geia Food's policies regarding CSR, animal welfare and environmental performance.

The 2018 Corporate Social Responsibility report is available on the following link:

https://www.geiafood.dk/media/78041/geia_csr-2018.pdf

Statutory report on the underrepresented gender

The Board of Directors and the Executive Board have reflected the gender distribution prevailing in the business where Geia Food operates for which reason it is characterized by an under-representation of women.

The Board of Directors and the Executive Board consist of 5 males and 1 female. The target is that by the end of 2022, 2 females will be a part of the Board of Directors and the Executive Board

The first step towards gender equality was conducted in 2018, as 1 female joined the Board of Directors

At other management levels, there is gender equality.

Moreover, Geia Food's policy is to fill in vacant positions in the management, administration and Board of Directors with the most competent employees regardless of gender.

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.

Income statement for 2018

	<u>Notes</u>	<u>2018</u> <u>DKK'000</u>	<u>2017</u> <u>DKK'000</u>
Revenue	1	1.230.361	1.117.914
Cost of sales		(1.130.123)	(1.032.266)
Other external expenses	2	<u>(13.068)</u>	<u>(13.349)</u>
Gross profit/loss		87.170	72.299
Staff costs	3	(35.903)	(31.572)
Depreciation, amortisation and impairment losses	4	(9.082)	(9.000)
Other operating expenses		<u>(121)</u>	<u>(14)</u>
Operating profit/loss		42.064	31.713
Income from investments in group enterprises		5.006	4.584
Other financial income	5	1.708	1.839
Other financial expenses	6	<u>(325)</u>	<u>(642)</u>
Profit/loss before tax		48.453	37.494
Tax on profit/loss for the year	7	<u>(10.465)</u>	<u>(8.742)</u>
Profit/loss for the year	8	<u>37.988</u>	<u>28.752</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK'000</u>	<u>2017 DKK'000</u>
Goodwill		33.891	40.669
Intangible assets	9	<u>33.891</u>	<u>40.669</u>
Other fixtures and fittings, tools and equipment		4.279	5.250
Property, plant and equipment	10	<u>4.279</u>	<u>5.250</u>
Investments in group enterprises		24.313	5.612
Receivables from group enterprises		0	1.518
Deposits		1.005	954
Deferred tax	14	0	147
Fixed asset investments	11	<u>25.318</u>	<u>8.231</u>
Fixed assets		<u>63.488</u>	<u>54.150</u>
Manufactured goods and goods for resale		45.081	53.797
Inventories		<u>45.081</u>	<u>53.797</u>
Trade receivables		73.369	61.001
Receivables from group enterprises		22.932	5.808
Other receivables		5.683	11.280
Prepayments	12	590	1.321
Receivables		<u>102.574</u>	<u>79.410</u>
Cash		<u>7.589</u>	<u>14.079</u>
Current assets		<u>155.244</u>	<u>147.286</u>
Assets		<u>218.732</u>	<u>201.436</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK'000</u>	<u>2017 DKK'000</u>
Contributed capital	13	769	769
Reserve for net revaluation according to the equity method		3.051	5.995
Retained earnings		<u>52.502</u>	<u>48.915</u>
Equity		<u>56.322</u>	<u>55.679</u>
Deferred tax	14	346	0
Other provisions	15	<u>183</u>	<u>0</u>
Provisions		<u>529</u>	<u>0</u>
Finance lease liabilities		467	374
Other payables		<u>1.393</u>	<u>3.747</u>
Non-current liabilities other than provisions	16	<u>1.860</u>	<u>4.121</u>
Current portion of long-term liabilities other than provisions	16	2.032	1.792
Bank loans		3	0
Trade payables		116.269	100.225
Income tax payable		11.571	8.629
Other payables	17	30.140	30.945
Deferred income	18	<u>6</u>	<u>45</u>
Current liabilities other than provisions		<u>160.021</u>	<u>141.636</u>
Liabilities other than provisions		<u>161.881</u>	<u>145.757</u>
Equity and liabilities		<u>218.732</u>	<u>201.436</u>
Financial instruments	19		
Contingent liabilities	20		
Assets charged and collateral	21		
Related parties with controlling interest	22		
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Statement of changes in equity for 2018

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000
Equity beginning of year	769	5.995	48.915
Extraordinary dividend paid	0	0	0
Exchange rate adjustments	0	(1.055)	0
Value adjustments	0	0	2.998
Other entries on equity	0	121	0
Tax of entries on equity	0	0	(659)
Transfer to reserves	0	(7.016)	7.016
Profit/loss for the year	0	5.006	(5.768)
Equity end of year	769	3.051	52.502

	Proposed extraordinary dividend DKK'000	Total DKK'000
Equity beginning of year	0	55.679
Extraordinary dividend paid	(38.750)	(38.750)
Exchange rate adjustments	0	(1.055)
Value adjustments	0	2.998
Other entries on equity	0	121
Tax of entries on equity	0	(659)
Transfer to reserves	0	0
Profit/loss for the year	38.750	37.988
Equity end of year	0	56.322

Notes

1. Revenue

	2018 DKK'000
Denmark	1.038.000
Other scandinavian countries	143.000
Other countries	<u>49.361</u>
	<u>1.230.361</u>

2. Fees to the auditor appointed by the Annual General Meeting

In accordance with §96 (3) of the Danish Financial Statements Act, the company has not disclosed the auditor's fee, this is disclosed in the consolidated financial statements of Cena Partnerskab Holding ApS, CVR 38 92 98 52.

	2018 DKK'000	2017 DKK'000
3. Staff costs		
Wages and salaries	31.435	27.405
Pension costs	3.293	3.040
Other staff costs	<u>1.175</u>	<u>1.127</u>
	<u>35.903</u>	<u>31.572</u>
Average number of employees	<u>56</u>	<u>51</u>

	Remunera- tion of manage- ment 2017 DKK'000	Pension liabilities 2017 DKK'000
Total amount for management categories	<u>5.136</u>	<u>537</u>
	<u>5.136</u>	<u>537</u>

With reference to The Danish Financial Statements Act §86b (3) information about remuneration of management for 2018 has not been given.

Notes

	2018	2017
	DKK'000	DKK'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	6.778	6.778
Depreciation of property, plant and equipment	2.304	2.222
	9.082	9.000
	2018	2017
	DKK'000	DKK'000
5. Other financial income		
Financial income arising from group enterprises	258	189
Other financial income	1.450	1.650
	1.708	1.839
	2018	2017
	DKK'000	DKK'000
6. Other financial expenses		
Financial expenses from group enterprises	0	11
Other interest expenses	325	254
Other financial expenses	0	377
	325	642
	2018	2017
	DKK'000	DKK'000
7. Tax on profit/loss for the year		
Current tax	10.631	8.629
Change in deferred tax	(166)	291
Adjustment concerning previous years	0	(178)
	10.465	8.742
	2018	2017
	DKK'000	DKK'000
8. Proposed distribution of profit/loss		
Extraordinary dividend distributed in the financial year	38.750	43.000
Transferred to reserve for net revaluation according to the equity method	5.006	4.118
Retained earnings	(5.768)	(18.366)
	37.988	28.752

Notes

	Goodwill DKK'000
9. Intangible assets	
Cost beginning of year	67.781
Cost end of year	67.781
Amortisation and impairment losses beginning of year	(27.112)
Amortisation for the year	(6.778)
Amortisation and impairment losses end of year	(33.890)
Carrying amount end of year	33.891
	Other fixtures and fittings, tools and equipment DKK'000
10. Property, plant and equipment	
Cost beginning of year	11.392
Additions	3.874
Disposals	(5.963)
Cost end of year	9.303
Depreciation and impairment losses beginning of year	(6.142)
Depreciation for the year	(2.019)
Amortisation, depreciation and impairment losses on assets disposed of	(285)
Reversal regarding disposals	3.422
Depreciation and impairment losses end of year	(5.024)
Carrying amount end of year	4.279
Recognised assets not owned by entity	2.559

Depreciation for disposal property, plant and equipment is t.DKK 786.

Notes

	Invest- ments in group enterprises DKK'000	Receivables from group enterprises DKK'000	Deposits DKK'000	Deferred tax DKK'000
11. Fixed asset investments				
Cost beginning of year	2.983	1.518	954	147
Exchange rate adjustments	0	(127)	0	0
Transfers	0	(1.542)	0	0
Additions	21.982	151	51	0
Disposals	(3.703)	0	0	(147)
Cost end of year	21.262	0	1.005	0
Revaluations beginning of year	2.629	0	0	0
Exchange rate adjustments	(998)	0	0	0
Adjustments on equity	121	0	0	0
Amortisation of goodwill	468	0	0	0
Share of profit/loss for the year	4.538	0	0	0
Dividend	(3.674)	0	0	0
Reversal regarding disposals	(33)	0	0	0
Revaluations end of year	3.051	0	0	0
Carrying amount end of year	24.313	0	1.005	0

	Registered in	Corpo- rate form	Equity inte- rest %
Investments in group enterprises comprise:			
Geia Food OY	Vantaa, Finland	OY	100,0
Geia Food AB	Stockholm, Sweden	AB	95,0
Tilab International AB	Karlstad, Sweden	AB	100,0
Geia Food Norge AS	Oslo, Norway	AS	75,0
Geia Food AS	Oslo, Norway	AS	100,0

Notes

12. Prepayments

Prepayments consists of rent and insurance costs.

	Number	Par value DKK'000	Nominal value DKK'000
13. Contributed capital			
Shares	769	1	769
	769		769

Par value is mentioned in DKK and not in thousands. Par value is 1,0 DKK.

	2018 DKK'000	2017 DKK'000
14. Deferred tax		
Property, plant and equipment	373	281
Fixed asset investments	434	(225)
Receivables	129	291
Provisions	(40)	0
Liabilities other than provisions	(550)	(494)
	346	(147)

Changes during the year

Beginning of year	(147)
Recognised in the income statement	(166)
Recognised directly in equity	659
End of year	346

15. Other provisions

Other provisions concerns supplier compensations.

	Due within 12 months 2018 DKK'000	Due within 12 months 2017 DKK'000	Due after more than 12 months 2018 DKK'000
16. Liabilities other than provisions			
Finance lease liabilities	2.032	1.792	467
Other payables	0	0	1.393
	2.032	1.792	1.860

Notes

	2018	2017
	DKK'000	DKK'000
17. Other payables		
VAT and duties	19.322	18.943
Wages and salaries, personal income taxes, social security costs, etc payable	52	312
Holiday pay obligation	3.073	2.912
Derivative financial instruments	1.610	3.971
Other costs payable	6.083	4.807
	30.140	30.945

18. Deferred income

Deferred income consists of freight charges.

19. Financial instruments

The Company hedges currency risks on expected transactions in EUR, USD, NOK and SEK with forward exchange contracts.

Period	Fair value	Contractual value
0-6 months	1,404 t.DKK	977,373 t.DKK
6-12 months	699 t.DKK	248,206 t.DKK
12-24 months	(132) t.DKK	667,893 t.DKK
	1,971 t.DKK	1,893,472 t.DKK

Forward exchange contracts relates to purchase of goods. Value adjustments are recognized in the equity and are expected to be carried out and recognized in the income statement after the balance sheet day.

Beyond 94% of the forward exchange contracts are hedging towards currency risks relating to DKK/EUR.

20. Contingent liabilities

The entity participates in a Danish joint taxation arrangement in which Cena Partnerskab Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relation to the withholding of tax interest, royalties and divi-dend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

The entity has entered agreements of rented premises. The Contracts are irredeemable for 8.5 years. The annual rent is 2,423 t.DKK.

Notes

21. Assets charged and collateral

Mortgage debt is secured by way of company charges. The Company charge comprises stocks, goodwill and receivables, limited to 50,000 t.DKK.

Furthermore, the Company guarantees bank debt in daughter. Bank debt amounts at 31 December to t.DKK 1.952.

22. Related parties with controlling interest

- Cena Partnerskab Holding ApS, 9000 Aalborg

23. Transactions with related parties

Transactions with related parties are on market terms.

24. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

- Cena Partnerskab Holding ApS, 9000 Aalborg

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 financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 112 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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.

Business combinations

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

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life. Useful life is reassessed annually.

Accounting policies

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.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the 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. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

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.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or write-down. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

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

Income statement

Revenue

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

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 include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

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 relating to property, plant and equipment and intangible assets comprise depreciation for the financial year.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities such as losses from the sale of 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 intra-group profits or losses.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Accounting policies

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.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed on an annual basis. The amortisation periods used are 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings and 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:

Other fixtures and fittings, tools and equipment	3-5 years
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Estimated useful lives and residual values are reassessed annually. Residual values are t.DKK 1.295.

Items of property, 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 value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Accounting policies

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed on an annual basis. The amortisation periods used are 10 years.

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

Receivables

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

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.

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, returns, loss on contract work in progress, decided and published restructuring, etc.

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.

Accounting policies

Finance lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

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.

Income tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed 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 entity has not been given information about the cash flow statement with reference to the one that will be presented in the consolidated annual report for Cena Partnerskab Holding ApS, CVR-nr. 38929852.