# CONTAINER PROVIDERS INTERNATIONAL ApS
**Sankt Annæ Plads 7,4, 1250 København K**
**CVR-NR. 19922545**

# Annual report
**1. januar 2017 - 31. december 2017**

The annual report has been presented and
approved on the company's general meeting

Chairman of general meeting

## Content

# Company information

| | | |
|---|---|---|
| **Reporting company** | Container Providers International ApS<br>Sankt Annæ Plads 7,4<br>1250 København K | |
| | CVR-nr: | 19922545 |
| | Reporting period: | 01/01-2017 - 31/12/2017 |
| | Place of company: | Copenhagen |
| | Founded: | 26th November 1996 |
| **Board of directors** | Henning Fahlmann Nielsen | |
| **Board of executives** | Niels Erik Jørgensen<br>Michael Fahlmann Nielsen | |
| **Main financial institution** | Danske Bank, Finanscenter Sjælland Nord<br>Slotsgade 16<br>3400 Hillerød | |
| **Auditor** | BDO Statsautoriseret revisionsaktieselskab<br>Fælledvej 1<br>5000 Odense C<br>DK Denmark | |
| | CVR-nr: | 20222670 |
| | P-number: | 1002977113 |

# STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of Container Providers International ApS for the year 1 January - 31 December 2017

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the Company's financial position at 31 December 2017 and of the results of the company's financial position at 31 December 2017 and of the result of the operations and cash flows for the financial year 1 January - 31 December 2017

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the review.

We recommend the Annual Report be approved at the Annual General Meeting.

Copenhagen 04/06/2018

**Board of Executives:**

Niels Erik Jørgensen Michael Nielsen

**Board of Directors:**

Henning Nielsen

# INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Container Providers International Danmark ApS

**Opinion**

We have audited the Financial Statements of Container Providers International Danmark ApS for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, notes and 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 assets, liabilities and financial position of the Company at 31 December 2017 and of the results of the Company operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for 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 Responsibility 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

**Auditor's Responsibility for 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 judgment and maintain professional skepticism throughout the audit. We also:

・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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the 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 Company to cease to continue as a going concern.

・Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, 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 Management’s Review**

Management is responsible for Management’s Review.

Our opinion on the Financial Statements does not cover Management’s Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review 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 Management's Review.

Odense 04/06/2018

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Jesper Bechsgaard Jørgensen
State Authorised Public Accountant
MNE no. mne31412

**FINANCIAL HIGHLIGHTS OF THE COMPANY**

| | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| **Income Statement** | DKK | DKK | DKK | DKK | DKK |
| Net revenue | 148.543.067 | 134.157.746 | 156.267.004 | 131.259.002 | 148.898.123 |
| Gross profit/loss | 9.372.578 | 6.618.148 | 9.838.372 | 5.508.131 | 6.016.170 |
| Operating profit/loss | 3.873.789 | 1.185.893 | 4.998.480 | 2.032.865 | 2.634.832 |
| Financial income and expenses, net | 528.784 | 3.500.579 | - 406.675 | - 511.151 | 62.023 |
| Profit/loss for the year | 10.296.624 | 12.309.206 | 7.910.521 | 3.822.905 | 3.701.860 |
| | | | | | |
| **Balance Sheet** | | | | | |
| Balance sheet total | 172.710.350 | 163.167.542 | 125.806.019 | 98.728.544 | 96.856.608 |
| Equity | 63.050.726 | 53.869.016 | 41.800.551 | 34.931.618 | 31.726.511 |
| | | | | | |
| **Ratios** | | | | | |
| Gross margin | 6,3 | 4,9 | 6,3 | 4,2 | 4,0 |
| Profit margin | 2,6 | 0,9 | 3,2 | 1,5 | 1,8 |
| Solvency ratio | 36,5 | 33,0 | 33,2 | 35,4 | 32,8 |
| Return on equity | 17,6 | 25,7 | 20,6 | 11,5 | 12,2 |

The ratios stated in the above Financial Highlights have been calculated as follows:

Gross margin: $$\frac{\text{Gross profit/loss x 100}}{\text{Net revenue}}$$

Profit margin: $$\frac{\text{Operating profit/loss x 100}}{\text{Net revenue}}$$

Solvency ratio: $$\frac{\text{Equity ex minorities, at year-end x 100}}{\text{Total equity and liabilities, at year-end}}$$

Return on equity: $$\frac{\text{Profit/loss after tax ex minorities x 100}}{\text{Average equity ex minorities}}$$

The ratios follow in all material respects the recommendations of the Danish Finance Society.

# MANAGEMENT'S REVIEW

**Principal activities**

The principal activities of the company and its subsidiaries are container trade in Europe except Denmark, mainly as agents. Furthermore the activities include port depots in Finland.

**Development in activities and financial position**

The results of the year are satisfying and exceeds the expectations.

**Profit/loss for the year compared to future expectations**

The result of the year is better than expected due to the fact that we have higher sale than expected and lower cost.

**Significant events after the end of the financial year**

No events have occurred after the end of the financial year of material importance for the Company's financial position

**Special risks**

Foreign exchange risks:
As there are activities in foreign countries, the results are influenced by the exchange rate particular in EUR, NOK, USD and GBP. The company partially hedges these risks. The Company has not entered into any speculative foreign currency positions.

Exchange adjustment of investments in subsidiaries and associates that are independent entities is recognised directly in the equity. Related exchange risks are generally not hedged because it is the Company’s opinion that a current hedging of such long-term investments will not be optimal from an overall risk and cost point of view.

The Company has not entered into any speculative foreign currency positions.

Interest risk:
Considerable changes in the interest level will have a material direct impact on the earnings as the interest-bearing net debt represents a considerable amount.

**Future expectations**
A positive result on level of 2017 is expected.

# INCOME STATEMENT

## 1 JANUARY - 31 DECEMBER

| | Note | 01.01.2017 31.12.2017 | 01.01.2016 31.12.2016 |
|---|---|---|---|
| **Net revenue** | | **148.543.067** | **134.157.746** |
| Cost of sales | | -131.154.990 | -114.613.500 |
| Other operating income | | 4.715.104 | 5.161.086 |
| Other external expenses | | -12.730.603 | -18.087.184 |
| **Gross/profit loss** | | **9.372.578** | **6.618.148** |
| Staff costs | **1** | -5.422.722 | -5.382.154 |
| Depreciation, amortisation and impairment losses | | -76.067 | -50.101 |
| **Operating profit/loss** | | **3.873.789** | **1.185.893** |
| Net income from equity in subsidiaries | | 6.528.498 | 8.327.059 |
| Financial income | **2** | 2.311.294 | 4.395.341 |
| Financial expenses | **3** | -1.782.510 | -894.762 |
| **Profit/loss before tax** | | **10.931.071** | **13.013.531** |
| Tax on profit/loss for the year | **4** | -634.447 | -704.325 |
| **Profit/loss for the year** | **5** | **10.296.624** | **12.309.206** |

# Balance

## 31. December 2017

| | Note | 01.01.2017<br>31.12.2017 | 01.01.2016<br>31.12.2016 |
|---|---|---|---|
| **Assets** | | | |
| Other plant and equipment | | 385.825 | 383.892 |
| **Tangible fixed assets** | **6** | 385.825 | 383.892 |
| Equity in subsidiaries | | 25.663.304 | 20.871.124 |
| Receivables from affiliated companies | | 5.978.177 | 4.857.251 |
| **Financial fixed assets** | **7** | 31.641.482 | 25.728.375 |
| **Fixed assets** | | 32.027.307 | 26.112.267 |
| Finished goods and merchandise | | 3.369.138 | 3.915.046 |
| **Inventories** | | 3.369.138 | 3.915.046 |
| Receivables from sales and services | | 34.299.191 | 37.604.315 |
| Receivables from affiliated companies | | 59.875.064 | 41.195.178 |
| Deferred tax assets | | 0 | 2.625 |
| Other receivables | | 4.120.172 | 2.585.789 |
| **Receivables** | | 98.294.427 | 81.387.907 |
| Securities | | 24.489.218 | 24.654.168 |
| **Securities** | | 24.489.218 | 24.654.168 |
| **Cash** | | 14.530.260 | 27.098.154 |
| **Current Assets** | | 140.683.043 | 137.055.275 |
| **Assets** | | 172.710.350 | 163.167.542 |

# Balance

## 31. December 2017

| | Note | 01.01.2017<br>31.12.2017 | 01.01.2016<br>31.12.2016 |
|---|---|---|---|
| **Liabilities** | | | |
| Share capital | | 200.000 | 200.000 |
| Allocation to reserve for net revaluation under the equity method | | 21.624.411 | 16.210.829 |
| Retained earnings | | 41.226.315 | 37.458.187 |
| **Total Equity** | | 63.050.726 | 53.869.016 |
| **Provisions** | | | |
| Provision for subsidiary | | 0 | 621.403 |
| Provision for deferrred tax | **8** | 9.325 | 0 |
| **Provisions for liabilities** | | 9.325 | 621.403 |
| Debt to banks | | 162.193 | 218.282 |
| **Long-term debt** | **9** | 162.193 | 218.282 |
| Short-term portion of long-term liabilities | **9** | 60.000 | 60.000 |
| Short-term debt to banks | | 2.621.728 | 2.249.083 |
| Trade creditors | | 75.704.155 | 67.111.259 |
| Debt to affiliated companies | | 23.880.904 | 23.318.293 |
| Corporation tax | | 438.904 | 423.412 |
| Debt to owners and management | | 1.437.442 | 11.263.625 |
| Refund tax group taxation | | 146.367 | 0 |
| Other debt | | 5.198.608 | 4.033.169 |
| **Short-term debt** | | 109.488.107 | 108.458.841 |
| **Liabilities** | | 109.659.626 | 109.298.526 |
| **Equity and liabilities** | | 172.710.350 | 163.167.542 |

# Statement of Changes in Equity

| | Share capital | Net revaluation under the equity method | Retained earnings | Total |
|---|---|---|---|---|
| Equity at 1 January 2017 | 200.000 | 16.210.829 | 37.458.187 | 53.869.016 |
| Exchange adjustment | | -1.114.914 | | -1.114.914 |
| Proposed distribution of profit/loss for the year | | 6.528.498 | 3.768.126 | 10.296.624 |
| **Equity at 31 December 2017** | **200.000** | **21.624.411** | **41.226.315** | **63.050.726** |

# Disclosures

## 1. January 2017 - 31. December 2017

| | | 01.01.2017 31.12.2017 | 01.01.2016 31.12.2016 |
|---|---|---|---|
| 1 | **Staff costs** | | |
| | Wages and salaries | 4.818.859 | 4.255.688 |
| | Pensions | 550.000 | 1.050.000 |
| | Other social security costs, etc.. | 53.862 | 76.466 |
| | **Total** | 5.422.722 | 5.382.154 |
| | **Average number of employees** | 7 | 7 |
| | Remuneration of Board of Directors | 750.000 | 750.000 |
| | | **750.000** | **750.000** |
| 2 | **Financial income** | | |
| | From investments in subsidiaries | 1.416.525 | 1.975.894 |
| | Other financial income | 894.769 | 2.419.447 |
| | **Total financial income** | **2.311.294** | **4.395.341** |
| 3 | **Financial expenses** | | |
| | From investments in subsidiaries | 570.642 | 509.602 |
| | Other financial expenses | 1.211.868 | 385.160 |
| | **Total financial expenses** | **1.782.510** | **894.762** |
| 4 | **Tax on ordinary profit** | | |
| | Computed tax on taxable income of the year | 573.904 | 557.520 |
| | Adjustment of tax previous years | -95.149 | 70.807 |
| | Adjustment of deferred tax | 9.325 | 75.998 |
| | Refund to jointly taxed companies | 146.367 | |
| | **Tax Total** | **634.447** | **704.325** |
| 5 | **Proposed distribution of dividend** | | |
| | Allocation to reserve for net revaluation under the equity method | 6.528.498 | 8.327.059 |
| | Retained profit(loss) | 3.768.126 | 3.982.147 |
| | **Total distributed** | **10.296.624** | **12.309.206** |

# Disclosures

## 1. January 2017 - 31. December 2017

6 **Tangible fixed assets**

| | |
|---|---|
| **Other plant, fixtures and equipment** | |
| Cost at 1 January 2017 | 1.310.249 |
| Additions during the year | 78.000 |
| Disposals during the year | 0 |
| Cost at 31 December 2017 | 1.388.249 |
| | |
| Depreciation and impairment losses 1 January 2017 | 926.357 |
| Depreciation on assets sold | 76.067 |
| Depreciation and amortization | 0 |
| Depreciations and impairment losses 31 December 2017 | 1.002.424 |
| | |
| **Net book value per 31 December 2017** | 385.825 |

7 **Financial fixed assets**

| | Equity in subsidiaries | Receivables in affiliated companies |
|---|---|---|
| Cost at 1 January 2017 | 4.038.893 | 4.857.251 |
| Investment 2017 | 0 | 1.120.926 |
| **Cost at 31 December 2017** | **4.038.893** | **5.978.177** |
| | | |
| Revaluations at 1 January 2017 | 16.832.231 | 0 |
| Reverse negative equity 1th January | -621.404 | 0 |
| Exchange rate adjustment | -1.114.914 | 0 |
| Revaluations of the year | 6.528.498 | 0 |
| **Revaliuations 31 December 2017** | **21.624.411** | **0** |
| | | |
| **Carrying amount at 31 December 2017** | **25.663.304** | **5.978.177** |

**Equity in subsidiaries**

| Name and registered office | Equity | Profit/loss of the year | Ownership |
|---|---|---|---|
| Container Providers ApS, Copenhagen | 409.664 | 1.031.067 | 100% |
| Container Providers Int. France SARL, Aubais, France | 1.470.358 | 47.911 | 99% |
| Container Providers Int. Belgium n.v., Antwerpen, Belgium | 2.780.962 | 83.146 | 100% |
| Depot Service Rauma Oy, Rauma, Finland | 1.610.173 | 1.549.829 | 100% |
| Depot Management Finland Oy, Helsinki, Finland | 2.539.457 | 1.466.787 | 100% |
| Intracon AS, Oslo, Norway | 16.852.690 | 2.349.757 | 100% |
| I-Box AB, Sweden | -1.526.288 | -297.513 | 100% |
| Intracon Utleie, Oslo, Norway | 143.579 | -38.769 | 100% |

# Disclosures

## 1. January 2017 - 31. December 2017

**8** **Provision for deferred tax**

Provision for deferred tax comprises deferred tax on tangible fixed assets

| | 2017 | 2016 |
|---|---|---|
| Deferred tax regarding: | DKK | DKK |
| Tangible fixed assets | -9.325 | 2.625 |
| | **-9.325** | **2.625** |
| | | |
| Deferred tax, 1 January 2017 | 2.625 | 78.623 |
| Reversed in the year | -11.950 | -75.998 |
| Deferred tax assets 31 December 2017 | **-9.325** | **2.625** |

**9** **Long-term liabilities**

| | 1/1 2017 debt total | 31/12 2017 debt total | Repayment next year | Debt outstanding after 5 years |
|---|---|---|---|---|
| Debt to banks | 278.282 | 222.193 | 60.000 | 0 |
| | **278.282** | **222.193** | **60.000** | **0** |

**10** **Contingencies etc.**

**Contingent liabilities**

Rental commitment of total DKK 408 thousands

**Joint taxation liability**

The danish companies of the group are jointly and severally liable for the tax on the Group's joint taxable income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the Group's joint taxable income appears in the annual report of IHN Holding ApS, the management company for the joint taxation.

# Disclosures

## 1. January 2017 - 31. December 2017

**11** **Charges and securities**

Regarding the commitment with Danske Bank there has been provided assets as security for debt, nominal value of DKK 5 millions. These include receivables, inventory, other plant and equipment with carrying amont at 31 December 2017 of DKK 42,17 millions

Securities with the carrying amount of DKK 24.49 millions have been provided as security for the commitment of the company and the group related companies with Danske Bank

Deposits with a carrying amount of DKK 351 thousands have been provided as security for the commitment of the company and the group related companies with Danske Bank

Cars with the carrying amount at 31 December 2017 of DKK 312 thousands have been provided as security for debt

**12** **Related parties**

**Related parties**

The company's related parties include:

**Controlling interest**

Container Providers International Holding ApS, Sankt Annae Plads 7, 4, 1250 Copenhagen K is the directly parent company

IHN Holding ApS, Sankt Annae Plads, 7, 4, 1250 Copenhagen, is the ultimate parent company

Henning Nielsen, Shoreline Apts., Bldg 9 - Al Msallil Palm Jumeira, Dubai U.A.E., is the principal shareholder

**Transactions with related parties**

The company did not carry out any substantial transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act infor-mation is given only on transactions that were not performed on common market conditions.

# Disclosures

## 1. January 2017 - 31. December 2017

**13** **Financial instruments**

As part of the hedging of recognised and non-recognised transactions, Container Providers International ApS uses hedging instruments, such as forward exchange contracts, currency options and interest and currency swaps.

Composition of the group's balances in foreign currency and the related hedging transactions at 31 December 2017:

| Currency | Payment/ expiry | Receivables | Debt | Hedging transaction | Net position |
|---|---|---|---|---|---|
| | | DKK '000 | DKK '000 | DKK '000 | DKK '000 |
| USD | 0-12 months | 34.007 | 60.471 | -4.600 | -21.864 |
| EUR | 0-12 months | 29.848 | 13.579 | 0 | 16.270 |
| NOK | 0-12 months | 80 | 0 | 0 | 80 |
| GBP | 0-12 months | -8.591 | 587 | 0 | -9.177 |
| SEK | 0-12 months | -19 | 0 | 0 | -19 |
| | | 55.326 | 74.637 | -4.600 | -14.711 |

The group has entered into forward contracts for hedging of future purchases in USD of a total amount of DKK ('000) 4.600. The contracts have a negative value of approximately DKK ('000) 92 as against the forward exchange rate on the balance sheet date. The exchange loss is recognised in the income statement.

**14** **Consolidated financial statements**

The company is included in the consolidated financial statements of IHN Holding ApS, Sankt Annae Plads 7, 1250 Copenhagen K, CVR no.: 31156513

# ACCOUNTING POLICIES

The annual report of Container Providers International ApS for 2017 is presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C.

The accounting policies are consistent with the policies applied last year.

**Consolidated financial statements**

Consolidated financial statements have not been conducted, because the Group is excempted from this according to section 112 in the Danish Financial Statements Act. The company is included in the consolidated financial statements of IHN Holding ApS, Sankt Annae Plads 7, 1250 Copenhagen K, CVR no. 31156513

**INCOME STATEMENT**

**Net revenue**

Net revenue from sale of merchandise and finished goods is recognised in the Income Statement if supply  and risk transfer to purchaser has taken place before the end of the year and if the income can be meas measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

**Other operating income**

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible fixed assets.

**Production costs**

Production costs comprise costs incurred to achieve the net revenue for the year. This include direct and indirect costs of raw materials and consumables.

**Other external expenses**

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

**Staff costs**

Staff costs comprise wages and salaries,  including holiday pay and pensions  and other costs for social security etc. for the Company's employees. Repayments from public authorities are deducted from staff costs.

**Investments in subsidiaries and associates**

The income statement of the parent company recognises the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

**Financial income and expenses**

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the Income Statement by the amounts that relate to the financial year.

**Tax on profit for the year**

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recog nised in the Income Statement by the portion that may be attributed to the profit for the year, and is recognised directly in equity by the portion that may be attributed to entries directly to the equity.

## BALANCE SHEET

### Tangible fixed assets

Other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value as follows:

| | Useful life | Residual value |
|---|---|---|
| Other plant, fixtures and equipment | 3-10 years | 0-20% |

Profit or loss on disposal of tangible fixed assets is stated at the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

### Fixed asset investments

Investments in subsidiaries and associates are measured in the parent company balance sheet under the equity method.

Investments in subsidiaries and associates are measured in the Balance Sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill.

Acquired enterprises are recognised in the consolidated financial statements under the acquisition method. Consolidated goodwill is amortised over the expected useful life determined on the basis of management's experience within the individual lines of business. Consolidated goodwill is amortised on a straight-line basis over the period of amortisation which is estimated to 5 years.

Net revaluation of investments in subsidiaries and associates is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Subsidiaries and associates with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds receivables, the residual amount is recognised under provision for liabili-ties to the extent that the parent company has a legal or actual liability to cover the subsidiary's negative balance.

**Impairment of fixed assets**

The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that re- flected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively If the net realisable value is lower than the carrying amount, the assets are written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

**Inventories**

Inventories are measured at cost using the FIFO method. If the net realisable value is lower than cost, the inventories are written down to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to ex-ecute the sale and is determined with due regard to marketability, obsolescence and development in ex-pected sales price.

**Receivables**

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is re duced by impairment losses to meet expected losses.

### Securities and investments

Securities and investments, recognised as current assets, comprise public quoted bonds, shares and other current investments that are measured at fair market value on the balance sheet date. Public quoted securities are measured at quoted price. Non-quoted securities are measured at sales value based on computed net present value.

### Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet at the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the on account tax scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax resulting from changes in tax rates are recognised in the Income Statement, except from items recognised directly in equity.

### Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the term of loan.

Amortised cost usually corresponds to the nominal value.

### Derivative financial instruments

Derivative financial instruments are initially recognised in the Balance Sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised under receivables and payables, respectively.

Change in fair value of derivative financial instruments classified as and complying with the criteria for hedging of the fair value of a recognised asset or a recognised liability is recognised in the Income Statement to-gether with possible changes in the fair value of the hedged asset or the hedged liability.

Change in fair value of derivative financial instruments classified as and complying with the criteria for hedging of future cash flows is recognised under receivables or payables and under equity. If the future transaction results in recognition of assets or liabilities, all amounts recognised under equity are transferred from equity and recognised under the initial cost of the asset or liability, respectively. If the future transaction results in income or expenses amounts recognised under equity are transferred to the Income Statement for the period where the Income Statement was affected by the hedged amount.

As regards possible derivative financial instruments, which do not comply with the criteria for classification as hedging instruments, any changes in fair value are recognised on a current basis in the Income Statement.

**Foreign currency translation**

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date  are recognised in the Income Statement as a financial income or expense.

If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange ad- justments are recognised directly in the equity.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference bet tween the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of  the receivables or payables is recognised in the Income Statement as financial income or expenses.

## CASH FLOW STATEMENT

According to section 86 in the Danish Financial Statements Act, the cash flow statement has not been made.