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CONTAINER PROVIDERS INTERNATIONAL APS
SANKT ANNÆ PLADS 7 4., 1250 KØBENHAVN K
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2022

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 30 June 2023**

Niels Henrik Olsen

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COMPANY DETAILS

Company	Container Providers International ApS Sankt Annæ Plads 7 4. 1250 Copenhagen K CVR No.: 19 92 25 45 Established: 26 November 1996 Municipality: Copenhagen Financial Year: 1 January - 31 December
Board of Directors	Henning Fahlmann Nielsen
Executive Board	Michael Fahlmann Nielsen Niels Henrik Olsen
Auditor	BDO Statsautoriseret revisionsaktieselskab Fælledvej 1 5000 Odense C
Bank	Danske Bank Hovedvejen 107, 2 2600 Glostrup

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Container Providers International ApS for the financial year 1 January - 31 December 2022.

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 assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

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

Copenhagen, 30 June 2023

Executive Board

Michael Fahlmann Nielsen

Niels Henrik Olsen

Board of Directors

Henning Fahlmann Nielsen

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Container Providers International ApS

Opinion

We have audited the Financial Statements of Container Providers International ApS for the financial year 1 January - 31 December 2022, which comprise income statement, Balance Sheet, statement of changes in equity, 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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 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 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 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.

INDEPENDENT AUDITOR'S REPORT

- 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 Commentary

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover 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 Management Commentary and, in doing so, consider whether Management Commentary 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that 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 Management Commentary.

Odense, 30 June 2023

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Jesper Bechsgaard Jørgensen
State Authorised Public Accountant
MNE no. mne31412

FINANCIAL HIGHLIGHTS

	2022	2021	2020	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Income statement					
Net revenue.....	265.946	234.986	145.554	151.020	174.504
Gross profit/loss.....	24.046	22.898	6.993	5.542	5.303
Operating profit/loss of main activities...	13.182	12.500	-924	822	-316
Financial income and expenses, net.....	-360	-2.797	10.090	1.155	1.056
Profit/loss for the year.....	17.421	15.748	11.999	9.390	5.534
Balance sheet					
Total assets.....	314.580	232.835	204.506	236.251	189.951
Equity.....	120.539	105.298	87.965	77.889	68.363
Investment in property, plant and equipment.....	0	-498	0	-382	-59
Key ratios					
Gross margin.....	9,0	9,7	4,8	3,7	3,0
Operating margin.....	5,0	5,3	0,0	0,0	0,0
Equity ratio.....	38,3	45,2	43,0	33,0	36,0
Return on equity.....	15,4	16,3	14,5	12,8	8,4

The ratios stated in the list of key figures and ratios have been calculated as follows:

Gross margin:	$\frac{\text{Gross profit} \times 100}{\text{Net revenue}}$
Operating margin:	$\frac{\text{Operating profit/loss} \times 100}{\text{Net revenue}}$
Equity ratio:	$\frac{\text{Equity, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$
Return on equity:	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

MANAGEMENT COMMENTARY

Principal activities

The Company and its subsidiaries core service is trade and lease of new and used containers for the shipping industry throughout Europe, except from Denmark.

The company is part of an assembled network with the same ultimate owners who control companies in the rest of the world.

The containers are placed in central port storage facilities, from where they can be released to customers directly at the port and loaded onto the ships.

As a result of the large international network, the Company together with the rest of the Group has been market-leading within supply of containers.

New containers are purchased from a network company located in China. This company is also a trading company which buys and sells new containers to the network companies.

The containers are shipped from China to the port storage facilities.

The containers are sold or leased in short-term or long-term lease agreements.

Used containers are acquired and sold throughout Europe. The containers are acquired and sold via the centrally placed port storage facilities.

Besides trading containers, the Companies also operates port storage facilities through its subsidiaries, including storage and handling of containers as well as a workshop in Finland. In the workshops, used containers are repaired, just as containers can be rebuilt or adjusted.

The Company is the main Company in the Group. The Company has subsidiaries in Norway, Sweden, Finland, France and Belgium.

Development in activities and financial and economic position

Going into 2022 there was still great uncertainty about the COVID 19 pandemic and container prices were still high. But through out the year we saw decreasing prices reaching a more normal level at the end of 2022. Also we saw the leasing income returning to a normal level compared to 2021. This was generally a stable development throughout the year.

Profit/loss for the year compared to the expected development

The Company's results and financial development were better than expected.

The Company showed results in 2022 of DKK 17.4 m against DKK 15.7 m in 2021. The results exceeded the results expected for 2022 as disclosed in the Annual Report for 2021 by DKK 7,4 m. The results for 2022 are satisfactory.

In general, the financial year was characterised by a stable sales volume and profits on the products.

Significant events after the end of the financial year

The company purchased 3 subsidiaries in Finland at the beginning of 2023. The subsidiaries activity is operation of depots.

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

MANAGEMENT COMMENTARY

Financial risk

Foreign exchange risks:

As there are activities in foreign countries, the results are influenced by the exchange rate and particularly in EUR, NOK, USD and GBP. The company applies financial instruments for partly hedging and control hereof. No speculative currency positions are entered.

It is the Company's policy to secure larger contracts with customers against deviations in exchange rates.

Exchange adjustments 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.

Interest risk:

Considerable changes in the interest level will not have a material direct impact on the earnings as the interest-bearing net debt does not represent a considerable amount.

Price risk:

The company's earnings depend on the fluctuations of prices in the global container market.

The group endeavors to mitigate this risk by actively managing the procurement and sale of containers, which includes closely monitoring market price developments.

Environmental situation

The Company's activities are considered to have a limited impact on the environment.

The trade with containers primarily takes place from central port storage facilities, from where the containers are released directly to the customer. New containers are shipped from China to the port storage facilities, from where they are released to the customers. Based on this, it is assessed that the environmental impact is limited.

Future expectations

The result of 2023 is expected to be in the interval between DKK 5 - 10 m. Like in previous years there are uncertain factors relating to the development of exchange rates and the prices of the Group's products. The expectations are based on an unchanged level hereof compared to 2022.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2022 DKK	2021 DKK
NET REVENUE		265.945.571	234.986.476
Cost of sales.....		-235.529.337	-204.614.192
Other operating income.....		3.244.631	144.000
Other external expenses.....		-9.614.944	-7.618.732
GROSS PROFIT/LOSS		24.045.921	22.897.552
Staff costs.....	1	-10.723.304	-10.303.959
Depreciation, amortisation and impairment losses.....		-140.186	-93.765
OPERATING PROFIT		13.182.431	12.499.828
Income from investments in subsidiaries.....		7.444.449	8.273.570
Other financial income.....	2	3.937.290	3.322.165
Other financial expenses.....	3	-4.297.097	-6.119.586
PROFIT BEFORE TAX		20.267.073	17.975.977
Tax on profit/loss for the year.....	4	-2.846.306	-2.228.296
PROFIT FOR THE YEAR	5	17.420.767	15.747.681

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2022 DKK	2021 DKK
Other plant, machinery tools and equipment.....		561.399	701.586
Property, plant and equipment.....	6	561.399	701.586
Equity investments in group enterprises.....		56.388.049	51.460.389
Financial non-current assets.....	7	56.388.049	51.460.389
NON-CURRENT ASSETS.....		56.949.448	52.161.975
Finished goods and goods for resale.....		20.765.789	16.813.845
Inventories.....		20.765.789	16.813.845
Trade receivables.....		66.573.536	25.203.362
Receivables from group enterprises.....		137.078.647	123.708.135
Other receivables.....		4.966.342	2.784.512
Receivables.....		208.618.525	151.696.009
Cash and cash equivalents.....		28.246.103	12.163.603
CURRENT ASSETS.....		257.630.417	180.673.457
ASSETS.....		314.579.865	232.835.432

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2022 DKK	2021 DKK
Share capital.....		200.000	200.000
Reserve for net revaluation according to equity value method..		52.436.872	47.384.212
Retained earnings.....		67.901.876	57.713.385
EQUITY.....		120.538.748	105.297.597
Provision for deferred tax.....	8	28.573	27.769
PROVISIONS.....		28.573	27.769
Bank loan.....		70.379	120.340
Non-current liabilities.....	9	70.379	120.340
Bank debt.....		1.094.095	155.424
Trade payables.....		156.894.870	96.259.555
Debt to group enterprises.....		27.370.092	21.562.838
Payables to owners and management.....		107.831	2.504.137
Corporation tax.....		2.845.502	2.206.732
Other liabilities.....		5.629.775	4.404.115
Accruals and deferred income.....	10	0	296.925
Current liabilities.....		193.942.165	127.389.726
LIABILITIES.....		194.012.544	127.510.066
EQUITY AND LIABILITIES.....		314.579.865	232.835.432
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EQUITY

	Share capital	Reserve for net revaluation according to equity value method	Retained earnings	Total
Equity at 1 January 2022.....	200.000	47.384.212	57.713.385	105.297.597
Proposed distribution of profit - Note 5.....		7.444.449	9.976.318	17.420.767
Other legal bindings				
Foreign exchange adjustments.....		-2.179.616		-2.179.616
Transfers				
Disposal in the year.....		-212.173	212.173	0
Equity at 31 December 2022.....	200.000	52.436.872	67.901.876	120.538.748

NOTES

	2022 DKK	2021 DKK	Note
Staff costs			1
Average number of employees	10	8	
Wages and salaries.....	9.623.930	9.648.300	
Pensions.....	995.187	587.596	
Social security costs.....	104.002	67.891	
Other staff costs.....	185	172	
	10.723.304	10.303.959	
Remuneration of Management and Board of Directors.....	1.998.864	2.008.483	
	1.998.864	2.008.483	
Other financial income			2
Group enterprises.....	3.875.265	3.314.630	
Other interest income.....	62.025	7.535	
	3.937.290	3.322.165	
Other financial expenses			3
Group enterprises.....	496.811	345.105	
Other interest expenses.....	3.800.286	5.774.481	
	4.297.097	6.119.586	
Tax on profit/loss for the year			4
Calculated tax on taxable income of the year.....	2.845.502	2.206.732	
Adjustment of deferred tax.....	804	21.564	
	2.846.306	2.228.296	
Proposed distribution of profit			5
Allocation to reserve for net revaluation according to equity value method.....	7.444.449	8.273.570	
Retained earnings.....	9.976.318	7.474.111	
	17.420.767	15.747.681	

NOTES

		Note	
Property, plant and equipment		6	
	Other plant, machinery tools and equipment		
Cost at 1 January 2022.....	947.509		
Cost at 31 December 2022.....	947.509		
Depreciation and impairment losses at 1 January 2022.....	245.924		
Depreciation for the year.....	140.186		
Depreciation and impairment losses at 31 December 2022.....	386.110		
Carrying amount at 31 December 2022.....	561.399		
 Financial non-current assets		 7	
	Equity investments in group enterprises		
Cost at 1 January 2022.....	4.076.176		
Disposals.....	-125.000		
Cost at 31 December 2022.....	3.951.176		
Revaluation at 1 January 2022.....	47.384.212		
Exchange adjustment.....	-2.179.615		
Revaluation and impairment losses for the year.....	7.444.450		
Reversed revaluations.....	-212.174		
Revaluation at 31 December 2022.....	52.436.873		
Carrying amount at 31 December 2022.....	56.388.049		
 Investments in subsidiaries (DKK)			
Name and domicile	Equity	Profit/loss for the year	Ownership
Container Providers Int. France, France.....	2.034.812	144.432	99 %
Container Providers Int. Benelux NV, Belgium...	3.729.263	-167.470	100 %
Depot Service Rauma Oy, Finland.....	-475.124	-71.040	100 %
Depot Mangement Finland Oy, Finland.....	5.415.183	302.276	100 %
Intracon AS, Norway.....	38.498.199	5.221.724	100 %
I-box AB, Norway	354.340	742.759	100 %
Intracon Utleie AS, Norway	3.609.407	1.225.907	100 %
Port Repair Service Oy, Finland.....	780.419	-95.843	100 %
Container Providers Int. Finland Oy, Finland....	257.003	42.110	100 %

Provision for deferred tax

Provision for deferred tax comprises deferred tax on tangible fixed assets.

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NOTES

	2022 DKK	2021 DKK	Note
Deferred tax regarding Tangible fixed assets.....	28.573	27.769	
	28.573	27.769	
Deferred tax, beginning of year.....	27.769	6.205	
Deferred tax of the year, income statement.....	804	21.564	
Provision for deferred tax 31 December 2022.....	28.573	27.769	

Long-term liabilities

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	31/12 2022 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2021 total liabilities
Bank loan.....	120.340	49.961	0	168.005
	120.340	49.961	0	168.005

Accruals and deferred income

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Accruals recognised as liabilities include payments received regarding income in subsequent years.

NOTES**Note****Contingencies etc.****11**

Accruals recognised as liabilities include payments received regarding income in subsequent years.

Contingent liabilities**Lease liabilities**

Rental commitment of total DKK 226 thousands corresponding to 6 months rent.

Guarantee for subsidiaries

The company has issued a statement to the subsidiary Depot Service Rauma Oy to the effect that it will guarantee to secure the operations of the company for the financial year 2023.

The company has issued a statement to the subsidiary Container Providers Leasing ApS to the effect that it will guarantee this company's outstanding accounts against I-Box AB.

The company has issued a guarantee of payment to the subsidiary I-Box AB of an amount not exceeding SEK 10 millions.

The company has issued a guarantee of payment to the subsidiary Intracon AS of an amount not exceeding NOK 26 millions.

Joint liabilities

The company is jointly and severally liable together with the parent company and the other group companies in the international joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's international joint taxable income is stated in the annual report of IHN HOLDING ApS, which serves as management company for the joint taxation.

Charges and securities**12**

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 amount at 31 December 2022 of DKK 88 million.

Cars with the carrying amount at 31 December 2022 of DKK 175 thousands have been provided as security for debt.

NOTES**Note****Related parties****13**

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 K is the ultimate parent company.

Mr. 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 material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

Consolidated Financial Statements**14**

The company is included in the consolidated financial statements of IHN Holding ApS, Sankt Annae Plads 7, 4, 1250 Copenhagen K, CVR no.: 31156513

ACCOUNTING POLICIES

The Annual Report of Container Providers International ApS for 2022 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium-size enterprises.

The Annual Report is prepared consistently with the accounting principles applied last year.

Consolidated Financial Statements

Consolidated financial statements have not been prepared because the group fulfils the exemption provisions of section 112 of the Danish Financial Statements Act on sub-groups. The company is included in the consolidated financial statements of IHN Holding ApS, Sankt Annae Plads 7, 4, 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 measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Other operating income

Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities, including profit from sale of intangible and tangible fixed assets. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses

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

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Company's employees.

Income from investments in subsidiaries

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.

ACCOUNTING POLICIES

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the 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. Land is not depreciated.

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.

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

	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 as 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.

Financial non-current assets

Investments in subsidiaries are measured in the Parent Company Balance Sheet under the equity method, which is regarded as a method of measuring/consolidation.

Investments in subsidiaries 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 calculated according to the acquisition method. Negative goodwill is recognised in the Income Statement when the equity interest is acquired. Where the negative goodwill is related to acquired contingent liabilities, the negative goodwill will be recognised as income when the contingent liabilities have been settled or cease.

Acquired enterprises are subject to the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation models. A discounted cash flow model is used to calculate the fair value of investment properties based on a discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, based on an overall assessment of the production equipment. The acquisition date is the date on which the Company gains actual control over the acquired entity.

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

Subsidiaries 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 liabilities to the extent that the Company has a legal or actual liability to cover the subsidiaries deficit.

ACCOUNTING POLICIES

Impairment of fixed assets

The carrying amount of tangible assets are valued on an annual basis for indications of impairment other than that reflected 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 recoverable amount is lower than the carrying amount, the asset is written down to the carrying amount.

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 execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as 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 international 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 tax-on-account 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 the 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 for short-term liabilities usually corresponds to the nominal value.

ACCOUNTING POLICIES

Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.

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.

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 between 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.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

CASH FLOW STATEMENT

With reference to Section 86(4) of the Danish Financial Statements Act, the company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group.