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CVR no. 20 22 26 70

**CONTAINER PROVIDERS INTERNATIONAL APS**  
**SANKT ANNÆ PLADS 7 4., 1250 KØBENHAVN K**  
**ANNUAL REPORT**  
**1 JANUARY - 31 DECEMBER 2019**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 11 September 2020**

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**Niels Henrik Olsen**

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**COMPANY DETAILS**

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

## 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 financial year 1 January - 31 December 2019.

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

In our opinion the Financial Statements give a true and fair view of the Company's financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

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, 11 September 2020

Board of Executives

\_\_\_\_\_  
Niels Henrik Olsen

\_\_\_\_\_  
Michael Fahlmann Nielsen

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 2019, 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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the 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 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

## INDEPENDENT AUDITOR'S REPORT

- 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, 11 September 2020

BDO Statsautoriseret revisionsaktieselskab  
CVR no. 20 22 26 70

Jesper Bechsgaard Jørgensen  
State Authorised Public Accountant  
MNE no. mne31412

## FINANCIAL HIGHLIGHTS

	2019 DKK '000	2018 DKK '000	2017 DKK '000	2016 DKK '000	2015 DKK '000
<b>Income statement</b>					
Net revenue.....	151.020	174.504	148.543	134.158	156.267
Gross profit/loss.....	5.542	5.303	9.373	6.618	9.838
Operating profit/loss.....	822	-316	3.874	1.186	4.998
Financial income and expenses, net.....	1.155	1.056	529	3.501	-407
Profit/loss for the year.....	9.390	5.534	10.297	12.309	7.911
<b>Balance sheet</b>					
Balance sheet total.....	236.251	189.951	172.710	163.168	125.806
Equity.....	77.889	68.363	63.051	53.869	41.801
<b>Ratios</b>					
Gross margin.....	3,7	3,0	6,3	4,9	6,3
Profit margin.....	0,5	-0,2	2,6	0,9	3,2
Solvency ratio.....	33,0	36,0	36,5	33,0	33,2
Return on equity.....	12,8	8,4	17,6	25,7	20,6

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

Gross margin:

$$\frac{\text{Gross profit} \times 100}{\text{Net revenue}}$$

Profit margin:

$$\frac{\text{Operating profit/loss} \times 100}{\text{Net revenue}}$$

Solvency ratio:

$$\frac{\text{Equity, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$$

Return on equity:

$$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$$

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. Further the activities include port depots in Finland.

### Development in activities and financial position

Due to market developments the result of the year is satisfying and exceed expectations.

In 2018 the companys revenue included 23,6 MDKK in container sales to Container Providers International Benelux NV. Due to revised internal purchasing procedures in Container Providers International Benelux NV this revenue is 0 DKK in 2019.

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

Due to market developments the result of the year is satisfying and exceed expectations.

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

The COVID-19 pandemic is expected to have a slightly negative impact on both sales and cashflow. No other 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 activites in foreing countries, the result are influenced by the exchange rate and particular in EUR, NOK, USD and GBP. The Group partially hedges these risks. The Company has not entered into any speculative foreign currency positions.

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 Companys 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 foreing 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

The result of 2020 is expected to be below the level of 2019.



**INCOME STATEMENT 1 JANUARY - 31 DECEMBER**

	Note	2019 DKK	2018 DKK
<b>NET REVENUE</b> .....		<b>151.019.799</b>	<b>174.504.143</b>
Cost of sales.....		-135.179.007	-157.417.042
Other operating income.....		35.000	0
Other external expenses.....		-10.334.038	-11.783.909
<b>GROSS PROFIT/LOSS</b> .....		<b>5.541.754</b>	<b>5.303.192</b>
Staff costs.....	1	-4.567.865	-5.510.691
Depreciation, amortisation and impairment losses.....		-145.302	-108.931
Other operating expenses.....		-7.074	0
<b>OPERATING PROFIT</b> .....		<b>821.513</b>	<b>-316.430</b>
Result of equity investments in group and associates.....		7.854.094	5.272.200
Other financial income.....	2	3.825.065	4.297.556
Other financial expenses.....	3	-2.669.725	-3.241.920
<b>PROFIT BEFORE TAX</b> .....		<b>9.830.947</b>	<b>6.011.406</b>
Tax on profit/loss for the year.....	4	-441.084	-477.549
<b>PROFIT FOR THE YEAR</b> .....	5	<b>9.389.863</b>	<b>5.533.857</b>

**BALANCE SHEET AT 31 DECEMBER**

ASSETS	Note	2019 DKK	2018 DKK
Other plant, machinery tools and equipment.....		581.960	352.000
<b>Tangible fixed assets.....</b>	<b>6</b>	<b>581.960</b>	<b>352.000</b>
Equity investments in group enterprises.....		38.672.055	30.663.294
<b>Fixed asset investments.....</b>	<b>7</b>	<b>38.672.055</b>	<b>30.663.294</b>
<b>FIXED ASSETS.....</b>		<b>39.254.015</b>	<b>31.015.294</b>
Finished goods and goods for resale.....		9.712.692	6.891.521
<b>Inventories.....</b>		<b>9.712.692</b>	<b>6.891.521</b>
Trade receivables.....		31.478.294	15.432.933
Receivables from group enterprises.....		101.477.625	94.779.361
Other receivables.....		27.213.161	39.449.249
<b>Receivables.....</b>		<b>160.169.080</b>	<b>149.661.543</b>
Other securities and equity investments.....		0	292.772
<b>Current investments.....</b>		<b>0</b>	<b>292.772</b>
<b>Cash and cash equivalents.....</b>		<b>27.115.221</b>	<b>2.089.465</b>
<b>CURRENT ASSETS.....</b>		<b>196.996.993</b>	<b>158.935.301</b>
<b>ASSETS.....</b>		<b>236.251.008</b>	<b>189.950.595</b>

**BALANCE SHEET AT 31 DECEMBER**

EQUITY AND LIABILITIES	Note	2019 DKK	2018 DKK
Share capital.....		200.000	200.000
Reserve for net revaluation according to equity value method..		34.595.877	31.877.974
Retained earnings.....		43.093.297	36.285.328
<b>EQUITY.....</b>		<b>77.889.174</b>	<b>68.363.302</b>
Provision for deferred tax.....	8	19.394	9.004
<b>PROVISION FOR LIABILITIES.....</b>		<b>19.394</b>	<b>9.004</b>
Bank loan.....		266.593	104.978
Other liabilities.....		132.617	0
<b>Long-term liabilities.....</b>	9	<b>399.210</b>	<b>104.978</b>
Short-term portion of long-term liabilities.....	9	101.800	60.000
Bank debt.....		15.987.588	32.119.102
Trade payables.....		108.613.310	58.756.453
Debt to group enterprises.....		21.374.315	21.902.527
Corporation tax.....		430.694	206.708
Payables to owners and management.....		7.581.467	2.063.239
Other liabilities.....		3.854.056	6.365.282
<b>Current liabilities.....</b>		<b>157.943.230</b>	<b>121.473.311</b>
<b>LIABILITIES.....</b>		<b>158.342.440</b>	<b>121.578.289</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>236.251.008</b>	<b>189.950.595</b>
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## EQUITY

	Share capital	Reserve for net revaluati- on according to equity va- lue method	Retained earnings	Total
Equity at 1 January 2019.....	200.000	26.605.774	41.557.528	68.363.302
Foreign exchange adjustments.....		136.009		136.009
Proposed distribution of profit.....		7.854.094	1.535.769	9.389.863
<b>Equity at 31 December 2019.....</b>	<b>200.000</b>	<b>34.595.877</b>	<b>43.093.297</b>	<b>77.889.174</b>

## NOTES

	2019 DKK	2018 DKK	Note
<b>Staff costs</b>			<b>1</b>
Average number of employees 6 (2018: 7)			
Wages and salaries.....	4.510.930	4.906.829	
Pensions.....	0	550.000	
Social security costs.....	56.935	53.862	
	<b>4.567.865</b>	<b>5.510.691</b>	
Remuneration of management and board of directors.....	622.000	670.000	
	<b>622.000</b>	<b>670.000</b>	
<b>Other financial income</b>			<b>2</b>
Group enterprises.....	3.026.383	3.840.720	
Other interest income.....	798.682	456.836	
	<b>3.825.065</b>	<b>4.297.556</b>	
<b>Other financial expenses</b>			<b>3</b>
Group enterprises.....	668.070	598.521	
Other interest expenses.....	2.001.655	2.643.399	
	<b>2.669.725</b>	<b>3.241.920</b>	
<b>Tax on profit/loss for the year</b>			<b>4</b>
Calculated tax on taxable income of the year.....	430.694	206.708	
Adjustment of tax in previous years.....	0	203.662	
Adjustment of deferred tax.....	10.390	67.179	
	<b>441.084</b>	<b>477.549</b>	
<b>Proposed distribution of profit</b>			<b>5</b>
Allocation to reserve for net revaluation according to equity value method.....	7.854.094	5.272.200	
Retained earnings.....	1.535.769	261.657	
	<b>9.389.863</b>	<b>5.533.857</b>	

NOTES

		Note	
<b>Tangible fixed assets</b>		<b>6</b>	
	Other plant, machinery tools and equipment		
Cost at 1 January 2019.....	1.447.643		
Additions.....	382.336		
Disposals.....	-937.870		
<b>Cost at 31 December 2019.....</b>	<b>892.109</b>		
Depreciation and impairment losses at 1 January 2019.....	1.095.643		
Reversal of depreciation of assets disposed of.....	-930.795		
Depreciation for the year.....	145.301		
<b>Depreciation and impairment losses at 31 December 2019.....</b>	<b>310.149</b>		
<b>Carrying amount at 31 December 2019.....</b>	<b>581.960</b>		
 <b>Fixed asset investments</b>		 <b>7</b>	
	Equity investments in group enterprises		
Cost at 1 January 2019.....	4.057.518		
Additions.....	18.660		
<b>Cost at 31 December 2019.....</b>	<b>4.076.178</b>		
Revaluation at 1 January 2019.....	26.605.776		
Exchange adjustment.....	136.008		
Revaluation and impairment losses for the year.....	7.854.093		
<b>Revaluation at 31 December 2019.....</b>	<b>34.595.877</b>		
<b>Carrying amount at 31 December 2019.....</b>	<b>38.672.055</b>		
 <b>Investments in subsidiaries (DKK)</b>			
<b>Name and registered office</b>	<b>Equity</b>	<b>Profit/loss for the year</b>	<b>Ownership</b>
Container Providers ApS, Copenhagen.....	350.539	17.210	100 %
Container Providers Int. France, Aubais, France	1.562.971	130.256	99 %
Container Providers Int. Benelux NV, Antwerpen, Belgium.....	3.137.335	62.189	100 %
Depot Service Rauma Oy, Rauma, Finland.....	1.793.654	65.402	100 %
Depot Mangement Finland Oy, Helsinki, Finland	5.252.376	1.436.207	100 %
Intracon AS, Oslo, Norway.....	24.305.414	4.292.592	100 %
I-box AB, Helsingborg, Sweden.....	-1.750.196	297.373	100 %
Intracon Utleie AS, Oslo, Norway.....	508.621	616.574	100 %
Port Repair Service Oy, Helsinki, Finland.....	1.524.474	897.427	100 %
Container Providers Int. Finland Oy, Helsinki, Finland.....	57.731	39.057	100 %

## NOTES

					Note
<b>Fixed asset investments (continued)</b>					<b>7</b>
<b>Provision for deferred tax</b>					<b>8</b>
Provision for deferred tax comprises deferred tax on tangible fixed assets.					
			2019	2018	
			DKK	DKK	
Deferred tax regarding					
Tangible fixed assets.....			19.394	9.004	
			<b>19.394</b>	<b>9.004</b>	
Deferred tax, beginning of year.....			9.004	9.325	
Deferred tax, reversed in the year.....			10.390	-321	
<b>Provision for deferred tax 31 December 2019.....</b>			<b>19.394</b>	<b>9.004</b>	
 <b>Long-term liabilities</b>					 <b>9</b>
	31/12 2019	Repayment	Debt	31/12 2018	Current
	total liabilities	next year	outstanding	total liabilities	portion at the
			after 5 years		beginning
					of the year
Bank loan.....	368.393	101.800	18.000	164.978	60.000
Other liabilities.....	132.617	0	0	0	0
	<b>501.010</b>	<b>101.800</b>	<b>18.000</b>	<b>164.978</b>	<b>60.000</b>

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

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**Contingent liabilities****Lease liabilities**

Rental commitment of total DKK 213 thousands.

**Guarantee for subsidiaries**

The company has issued a statement to the subsidiary Container Providers ApS to the effect that it will guarantee to secure the operations of the company for the financial year 2020.

The company has issued a statement to the subsidiary Container Providers ApS to the effect that it will guarantee this company's outstanding accounts against Container Providers International BVI Ltd.

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**

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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 2019 of DKK 41,8 million.

Cars with the carrying amount at 31 December 2019 of DKK 539 thousands have been provided as security for debt.



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

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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.

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

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The COVID-19 pandemic is expected to have a slightly negative impact on both sales and cashflow.

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

**Derivative financial instruments**

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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 companies balances in foreign currency and the related hedging transactions at 31 December 2019.

The Company has entered into forward contracts for hedging in USD ('000) 1,122. The contracts have a negative value of approximately DKK ('000) 198 as against the forward exchange rate on the balance sheet date. The exchange loss is recognised in the income statement.

**Consolidated financial statements**

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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 2019 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium enterprise.

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.

### **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.

### **Other operating expenses**

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

### **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 for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

### **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.

**Fixed asset investments**

Investments in subsidiaries are measured in the company's balance sheet under the equity method.

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

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 with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the company's share of the negative equity 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's has a legal or actual liability to cover the subsidiary's 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.

### 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 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.

## ACCOUNTING POLICIES

### 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.

### 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 together 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 adjustments 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 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.