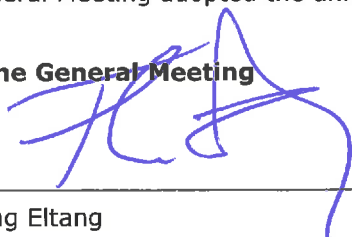


Airland Group ApS
Kystvejen 14
DK-2770 Kastrup
Central Business Registration
No 27419348

Annual report 2017

The Annual General Meeting adopted the annual report on 18.05.2018

Chairman of the General Meeting



Name: Flemming Eltang

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Entity details

Entity

Airland Group ApS
Kystvejen 14
DK-2770 Kastrup

Central Business Registration No: 27419348

Registered in: Taarnby

Financial year: 01.01.2017 - 31.12.2017

Board of Directors

Jan Steen Jensen, Chairman

Claus Moestrup

Anthony Charles Berson

Executive Board

Jan Steen Jensen, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

PO Box 1600

0900 Copenhagen C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Airland Group ApS for the financial year 01.01.2017 - 31.12.2017.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2017 and of the results of their operations as well as the consolidated cash flows for the financial year 01.01.2017 - 31.12.2017.

In our opinion, the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Kastrup, 18.05.2018

Executive Board

Jan Steen Jensen
Chief Executive Officer

Board of Directors

Jan Steen Jensen
Chairman



Claus Moestrup



Anthony Charles Berson

Independent auditor's report

To the shareholders of Airland Group ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Airland Group ApS for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2017, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2017 - 31.12.2017 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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements

Independent auditor's report

can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

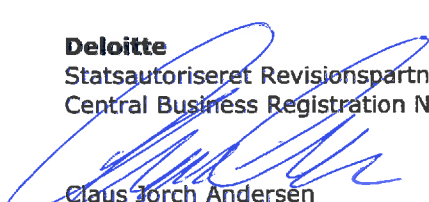
Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 18.05.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556



Claus Jorch Andersen
State Authorised Public Accountant
Identification number (MNE) mne33712

Management commentary

	2017 DKK'000	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000
Financial highlights					
Key figures					
Gross profit	30.270	16.180	18.266	15.350	11.554
Operating profit/loss	12.829	2.332	3.331	(227)	(7.401)
Net financials	(2.506)	(228)	13	971	(707)
Profit/loss for the year	7.334	1.516	2.341	602	(5.956)
Total assets	56.591	35.912	36.343	38.343	33.460
Investments in property, plant and equipment	1.338	378	63	229	0
Equity	16.676	9.591	7.912	5.686	4.858
Cash flows from (used in) operating activities	1.402	(3.265)	3.731	(419)	0
Cash flows from (used in) investing activities	(842)	(235)	(63)	(229)	0
Cash flows from (used in) financing activities	(716)	(788)	(1.043)	0	0
Ratios					
Return on equity (%)	55,8	17,3	34,4	11,4	(122,6)
Equity ratio (%)	29,5	26,7	21,8	14,8	14,5

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

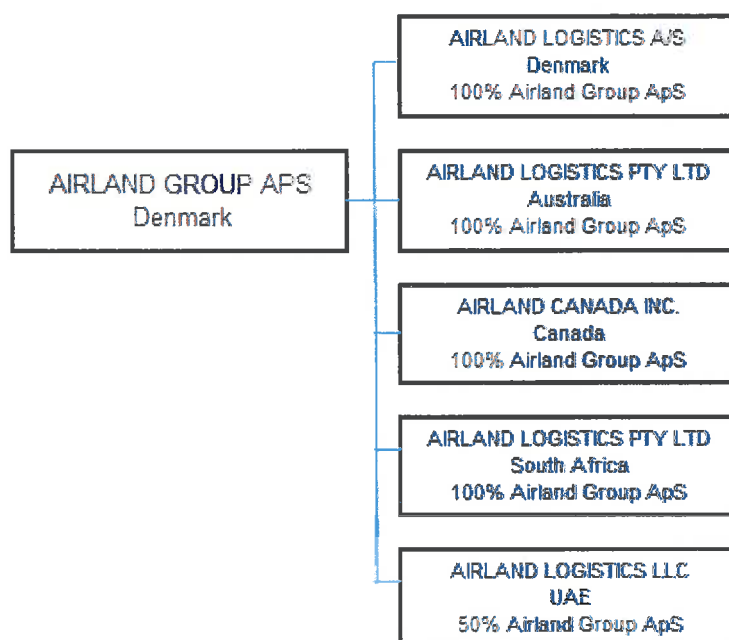
The Group carries on shipping business.

Development in activities and finances

Profit for the year amounts to DKK 7,334 thousand, which is in line with the expectations communicated in the latest annual report.

Outlook

For 2018, the Group expects to generate a profit at the same level as 2017.



Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Gross profit		30.269.904	16.179.779
Staff costs	1	(16.833.776)	(13.407.287)
Depreciation, amortisation and impairment losses	2	(606.718)	(440.482)
Operating profit/loss		12.829.410	2.332.010
Income from investments in associates		(257.743)	26.869
Other financial income	3	211.099	250.560
Other financial expenses	4	(2.459.552)	(505.776)
Profit/loss before tax		10.323.214	2.103.663
Tax on profit/loss for the year	5	(2.989.481)	(587.312)
Profit/loss for the year	6	7.333.733	1.516.351

Consolidated balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Goodwill		2.014.498	888.214
Intangible assets	7	2.014.498	888.214
Other fixtures and fittings, tools and equipment		1.287.489	650.972
Property, plant and equipment	8	1.287.489	650.972
Investments in associates		633.259	2.304.051
Fixed asset investments	9	633.259	2.304.051
Fixed assets		3.935.246	3.843.237
Trade receivables		43.097.699	23.139.476
Receivables from associates		472.202	1.814.804
Deferred tax	11	1.420.255	2.555.360
Other receivables		699.655	861.181
Income tax receivable		380.216	0
Prepayments		684.326	138.933
Receivables		46.754.353	28.509.754
Cash		5.901.701	3.559.192
Current assets		52.656.054	32.068.946
Assets		56.591.300	35.912.183

Consolidated balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Contributed capital		187.500	187.500
Reserve for net revaluation according to the equity method		0	169.062
Retained earnings		14.688.347	9.234.392
Proposed dividend		1.800.000	0
Equity		16.675.847	9.590.954
Deferred tax	11	25.000	24.471
Provisions		25.000	24.471
Subordinate loan capital	12	3.852.000	5.552.000
Non-current liabilities other than provisions	13	3.852.000	5.552.000
Current portion of long-term liabilities other than provisions	13	1.700.000	700.000
Bank loans		6.001.146	3.543.171
Trade payables		24.818.025	12.549.815
Payables to associates		31.874	1.219.664
Income tax payable		1.218.542	306.301
Other payables		2.268.866	2.425.807
Current liabilities other than provisions		36.038.453	20.744.758
Liabilities other than provisions		39.890.453	26.296.758
Equity and liabilities		56.591.300	35.912.183
Associates	10		
Unrecognised rental and lease commitments	15		
Mortgages and securities	16		
Subsidiaries	17		

Consolidated statement of changes in equity for 2017

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend DKK
Equity beginning of year	187.500	169.062	9.234.392	0
Exchange rate adjustments	0	0	(248.840)	0
Profit/loss for the year	0	(169.062)	5.702.795	1.800.000
Equity end of year	187.500	0	14.688.347	1.800.000
				Total DKK
Equity beginning of year				9.590.954
Exchange rate adjustments				(248.840)
Profit/loss for the year				7.333.733
Equity end of year				16.675.847

Consolidated cash flow statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Operating profit/loss		12.829.413	2.332.010
Amortisation, depreciation and impairment losses		606.718	440.482
Working capital changes	14	<u>(8.464.080)</u>	<u>(4.844.268)</u>
Cash flow from ordinary operating activities		4.972.051	(2.071.776)
Financial income received		211.099	250.560
Financial income paid		(2.459.552)	(505.776)
Income taxes refunded/(paid)		<u>(1.321.822)</u>	<u>(937.635)</u>
Cash flows from operating activities		1.401.776	(3.264.627)
Acquisition etc of intangible assets		(1.460.846)	0
Acquisition etc of property, plant and equipment		(1.337.848)	(377.547)
Sale of property, plant and equipment		389.308	142.511
Acquisition of fixed asset investments		<u>1.567.861</u>	<u>0</u>
Cash flows from investing activities		(841.525)	(235.036)
Instalments on loans etc		<u>(715.584)</u>	<u>(788.126)</u>
Cash flows from financing activities		(715.584)	(788.126)
Increase/decrease in cash and cash equivalents		(155.333)	(4.287.789)
Cash and cash equivalents beginning of year		16.021	4.279.796
Currency translation adjustments of cash and cash equivalents		39.867	24.014
Cash and cash equivalents end of year		(99.445)	16.021
Cash and cash equivalents at year-end are composed of:			
Cash		5.901.701	3.559.192
Short-term debt to banks		<u>(6.001.146)</u>	<u>(3.543.171)</u>
Cash and cash equivalents end of year		(99.445)	16.021

Notes to consolidated financial statements

	2017 DKK	2016 DKK
1. Staff costs		
Wages and salaries	14.878.260	11.810.852
Pension costs	1.623.933	1.426.477
Other social security costs	226.371	128.845
Other staff costs	105.212	41.113
	16.833.776	13.407.287
Average number of employees	31	21
	2017 DKK	2016 DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	314.745	158.721
Depreciation of property, plant and equipment	291.973	258.690
Profit/loss from sale of intangible assets and property, plant and equipment	0	23.071
	606.718	440.482
	2017 DKK	2016 DKK
3. Other financial income		
Interest income	211.099	250.560
	211.099	250.560
	2017 DKK	2016 DKK
4. Other financial expenses		
Interest expenses	2.459.552	505.776
	2.459.552	505.776
	2017 DKK	2016 DKK
5. Tax on profit/loss for the year		
Tax on current year taxable income	1.395.330	406.301
Change in deferred tax for the year	1.594.151	181.011
	2.989.481	587.312

Notes to consolidated financial statements

	2017 DKK	2016 DKK
6. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	1.800.000	0
Transferred to reserve for net revaluation according to the equity method	(169.062)	169.062
Retained earnings	5.702.795	1.347.289
	7.333.733	1.516.351
		Goodwill DKK
7. Intangible assets		
Cost beginning of year		1.631.929
Exchange rate adjustments		(35.790)
Additions		1.460.846
Cost end of year		3.056.985
Amortisation and impairment losses beginning of year		(743.715)
Exchange rate adjustments		15.973
Amortisation for the year		(314.745)
Amortisation and impairment losses end of year		(1.042.487)
Carrying amount end of year		2.014.498
		Other fixtures and fittings, tools and equipment DKK
8. Property, plant and equipment		
Cost beginning of year		2.092.313
Exchange rate adjustments		(86.052)
Additions		1.337.848
Disposals		(594.004)
Cost end of year		2.750.105
Depreciation and impairment losses beginning of the year		(1.441.341)
Exchange rate adjustments		22.393
Depreciation for the year		(291.973)
Reversal regarding disposals		248.305
Depreciation and impairment losses end of the year		(1.462.616)
Carrying amount end of year		1.287.489

Notes to consolidated financial statements

	Investment s in associates DKK
9. Fixed asset investments	
Cost beginning of year	2.134.989
Transfers	(572)
Cost end of year	2.134.417
Revaluations beginning of year	169.062
Exchange rate adjustments	(103.018)
Transfers	(1.309.459)
Share of profit/loss for the year	(257.743)
Revaluations end of year	(1.501.158)
Carrying amount end of year	633.259
	Equity inte- rest %
10. Associates	Registered in
Airland Logistics LLC	Dubai 50,0
	2017 DKK
11. Deferred tax	
Changes during the year	
Beginning of year	2.530.889
Recognised in the income statement	(1.135.634)
End of year	1.395.255

Deferred tax primarily comprises tax loss carryforward, which is expected to be relised within 3-5 years.

12. Subordinate loan capital

Subordinate loan carries interest at the annual rate of 4%. Accrual of interest on the loan is not covered by the subordination. In principle, the loan capital is repayable by DKK 1 million per year. The loan is covered by the subordinate loan up to and including 30 June 2022.

Notes to consolidated financial statements

	Instalments within 12 months 2017 DKK	Instalments within 12 months 2016 DKK	Instalments beyond 12 months 2017 DKK
13. Liabilities other than provisions			
Subordinate loan capital	1.700.000	700.000	3.852.000
	1.700.000	700.000	3.852.000

	2017 DKK	2016 DKK
14. Change in working capital		
Increase/decrease in receivables	(20.342.090)	(2.536.828)
Increase/decrease in trade payables etc	12.126.850	(2.307.440)
Other changes	(248.840)	0
	(8.464.080)	(4.844.268)

	2017 DKK	2016 DKK
15. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	1.076.923	1.216.328

16. Mortgages and securities

The bank debts of other consolidated companies are secured by way of a company charge of DKK 5,000 thousand. The company charge comprises trade receivables.

	Registered in	Corpo- rate form	Equity inte- rest %
17. Subsidiaries			
Airland Logistics A/S	Kastrup	A/S	100,0
Airland Canada Inc.	Canada	Inc.	100,0
Airland Logistics Pty Ltd.	Australia	Ltd.	100,0
Airland Logistics Pty Ltd.	South Africa	Ltd.	100,0

Parent income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Gross profit		1.623.637	2.047.558
Staff costs	1	(2.081.404)	(1.782.174)
Depreciation, amortisation and impairment losses	2	(14.682)	0
Operating profit/loss		(472.449)	265.384
Income from investments in group enterprises		8.241.526	1.175.034
Income from investments in associates		(257.743)	26.869
Other financial income	3	107.957	394.913
Other financial expenses	4	(443.190)	(263.989)
Profit/loss before tax		7.176.101	1.598.211
Tax on profit/loss for the year	5	157.632	(81.860)
Profit/loss for the year	6	7.333.733	1.516.351

Parent income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Other fixtures and fittings, tools and equipment		205.553	0
Property, plant and equipment	7	205.553	0
Investments in group enterprises		19.024.936	8.484.740
Investments in associates		633.259	2.304.051
Fixed asset investments	8	19.658.195	10.788.791
Fixed assets		19.863.748	10.788.791
Receivables from group enterprises		3.281.301	4.145.740
Receivables from associates		429.315	1.536.450
Other receivables		28.311	4.664
Income tax receivable		1.561.962	313.604
Receivables		5.300.889	6.000.458
Cash		25.672	129.551
Current assets		5.326.561	6.130.009
Assets		25.190.309	16.918.800

Parent balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Contributed capital	9	187.500	187.500
Reserve for net revaluation according to the equity method		9.521.531	2.877.843
Retained earnings		5.166.816	6.525.611
Proposed dividend		1.800.000	0
Equity		<u>16.675.847</u>	<u>9.590.954</u>
Deferred tax		9.000	0
Provisions		<u>9.000</u>	<u>0</u>
Subordinate loan capital	10	3.852.000	5.552.000
Non-current liabilities other than provisions	11	<u>3.852.000</u>	<u>5.552.000</u>
Current portion of long-term liabilities other than provisions	11	1.700.000	700.000
Trade payables		472.017	116.485
Payables to group enterprises		520.670	0
Income tax payable		1.218.542	306.301
Other payables		742.233	653.060
Current liabilities other than provisions		<u>4.653.462</u>	<u>1.775.846</u>
Liabilities other than provisions		<u>8.505.462</u>	<u>7.327.846</u>
Equity and liabilities		<u>25.190.309</u>	<u>16.918.800</u>
Unrecognised rental and lease commitments	12		
Contingent liabilities	13		

Parent statement of changes in equity for 2017

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend DKK
Equity beginning of year	187.500	2.877.843	6.525.611	0
Exchange rate adjustments	0	0	(248.840)	0
Profit/loss for the year	0	6.643.688	(1.109.955)	1.800.000
Equity end of year	187.500	9.521.531	5.166.816	1.800.000
				Total DKK
Equity beginning of year				9.590.954
Exchange rate adjustments				(248.840)
Profit/loss for the year				7.333.733
Equity end of year				16.675.847

Notes to parent financial statements

	2017 DKK	2016 DKK
1. Staff costs		
Wages and salaries	1.898.436	1.604.897
Pension costs	176.139	169.629
Other social security costs	6.829	7.648
	2.081.404	1.782.174
Average number of employees	1	1
	2017 DKK	2016 DKK
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	14.682	0
	14.682	0
	2017 DKK	2016 DKK
3. Other financial income		
Financial income arising from group enterprises	107.957	186.650
Exchange rate adjustments	0	208.263
	107.957	394.913
	2017 DKK	2016 DKK
4. Other financial expenses		
Interest expenses	249.008	263.986
Exchange rate adjustments	194.182	3
	443.190	263.989
	2017 DKK	2016 DKK
5. Tax on profit/loss for the year		
Tax on current year taxable income	(169.420)	92.697
Change in deferred tax for the year	9.000	0
Adjustment concerning previous years	2.788	(10.837)
	(157.632)	81.860

Notes to parent financial statements

	2017 DKK	2016 DKK
6. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	1.800.000	0
Transferred to reserve for net revaluation according to the equity method	6.643.688	1.668.846
Retained earnings	(1.109.955)	(152.495)
	7.333.733	1.516.351
		Other fixtures and fittings, tools and equipment DKK
7. Property, plant and equipment		
Additions		220.235
Cost end of year		220.235
Depreciation for the year		(14.682)
Depreciation and impairment losses end of the year		(14.682)
Carrying amount end of year		205.553
	Investment s in group enterprises DKK	Investment s in associates DKK
8. Fixed asset investments		
Cost beginning of year	5.775.959	2.134.989
Transfers	572	(572)
Additions	2.225.716	0
Cost end of year	8.002.247	2.134.417
Revaluations beginning of year	2.708.781	169.062
Exchange rate adjustments	(145.822)	(103.018)
Transfers	1.309.459	(1.309.459)
Amortisation of goodwill	(252.000)	0
Share of profit/loss for the year	8.493.526	(257.743)
Dividend	(1.000.000)	0
Investments with negative equity transferred to provisions	(91.255)	0
Revaluations end of year	11.022.689	(1.501.158)
Carrying amount end of year	19.024.936	633.259

Notes to parent financial statements

Goodwill is recognised in investments in group enterprises with a total amount of DKK 2,014 thousand.

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>
Investments in associates comprise:			
Airland Logistics LLC	Dubai	LLC	50,0

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK</u>
9. Contributed capital			
Ordinary shares	1.875	100	187.500
	1.875		187.500

10. Subordinate loan capital

Subordinate loan carries interest at the annual rate of 4%. Accrual of interest on the loan is not covered by the subordination. In principle, the loan capital is repayable by DKK 1 million per year. The loan is covered by the subordinate loan up to and including 30 June 2022.

	<u>Instalments within 12 months 2017 DKK</u>	<u>Instalments within 12 months 2016 DKK</u>	<u>Instalments beyond 12 months 2017 DKK</u>
11. Liabilities other than provisions			
Subordinate loan capital	1.700.000	700.000	3.852.000
	1.700.000	700.000	3.852.000

	<u>2017 DKK</u>	<u>2016 DKK</u>
12. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	23.964	65.245

13. Contingent liabilities

The Entity serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed entities and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

The Entity has guaranteed the subsidiaries' bank debts. The maximum limit of the guarantee is DKK 10,603,275.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B with optional provisions from reporting class C.

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Accounting policies

Business combinations

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

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

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

Profits or losses from divestment of equity investments

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

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

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the

Accounting policies

exchange rate of the time of acquisition or the time of any subsequent revaluation or write-down. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of sales and other external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Cost of sales

Cost of sales comprises cost of sales for the financial year measured at cost.

Other external expenses

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

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

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

Income from investments in associates

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

Accounting policies

Other financial income from group enterprises

Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

Other financial income

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

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

Other financial expenses

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

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

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

Balance sheet

Goodwill

Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If it is not possible to estimate the useful life reliably, it is set at 10 years. Useful lives are reassessed on an annual basis. The amortisation periods used are 10 years.

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

Property, plant and equipment

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

Accounting policies

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

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

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

Other fixtures and fittings, tools and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant group enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

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

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

Investments in associates

Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value plus unamortised goodwill and plus or minus unrealised pro rata intra-group profits and losses.

Accounting policies

Associates with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant associate, and it is probable that such obligation is imminent, a provision is recognised that is measured at present of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to Reserve for net revaluation according to the equity method under equity.

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

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

Receivables

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

Deferred tax

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

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Accounting policies

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

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

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.