Airland Group ApS

A.P. Møllers Allé 43
2791 Dragør
CVR No. 27419348

Annual report 2020

The Annual General Meeting adopted the annual report on 15.04.2021

Flemming Eltang
Chairman of the General Meeting

Contents

Entity details

Entity
Airland Group ApS

A.P. Møllers Allé 43

2791 Dragør

Business Registration No.: 27419348

Registered office: Dragør

Financial year: 01.01.2020 - 31.12.2020

Board of Directors
Jan Steen Jensen, Chairman

Claus Moestrup

Anthony Charles Berson

Executive Board
Jan Steen Jensen

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

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 01.01.2020 - 31.12.2020

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 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

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

Dragør, 15.04.2021

Executive Board

Jan Steen Jensen

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 01.01.2020 - 31.12.2020, 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 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the 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 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 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 and 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.

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, 15.04.2021

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Claus Jorch Andersen
State Authorised Public Accountant
Identification No (MNE) mne33712

Management commentary

Financial highlights

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000
Key figures					
Gross profit/loss	21,222	20,317	21,607	30,270	16,180
Operating profit/loss	3,656	2,608	3,001	12,829	2,332
Net financials	(1,056)	18	166	(2,248)	(255)
Profit/loss for the year	1,801	1,864	1,241	7,334	1,516
Balance sheet total	36,993	38,366	39,357	56,591	35,912
Investments in property, plant and equipment	264	527	407	1,338	378
Equity	16,913	16,108	15,662	16,676	9,591
Cash flows from operating activities	8,641	(3,849)	14,061	1,402	(3,265)
Cash flows from investing activities	(989)	(115)	(334)	(842)	(235)
Cash flows from financing activities	(1,750)	(2,098)	(3,843)	(716)	(788)
Ratios					
Return on equity (%)	10.91	11.73	7.68	55.84	17,3
Equity ratio (%)	45.72	41.99	39.79	29.47	26.71

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

Return on equity (%):
Profit/loss for the year * 100
Average equity

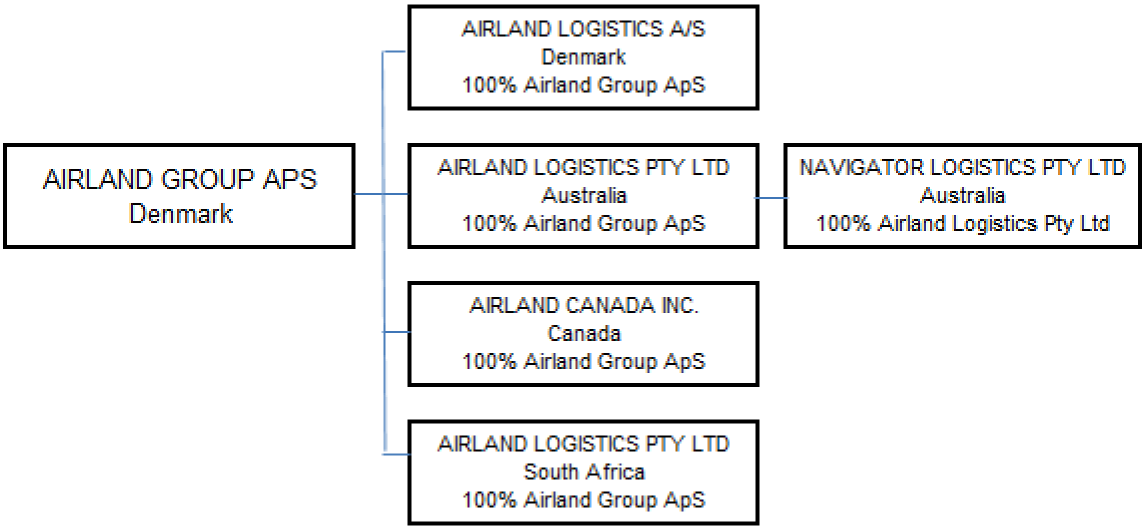
Equity ratio (%):
Equity * 100
Balance sheet total

Primary activities
The Group carries on shipping business.

Development in activities and finances
Profit for the year amounts to DKK 1,801 thousand, which is higher than the expectations communicated in the latest annual report. Reasons for this are that COVID-19 all in all did not have the negative effects on the years result as we had expected.

In 2020 we acquired all shares in Navigator Logistics (Pty), Ltd. in Australia and have integrated it in our operations.

Outlook
For 2021, the Group expects to generate a profit at same level as 2020.



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 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss	1	**21,222,113**	**20,317,316**
Staff costs	2	(16,916,264)	(17,065,800)
Depreciation, amortisation and impairment losses	3	(649,802)	(643,413)
Operating profit/loss		**3,656,047**	**2,608,103**
Other financial income	4	194,389	327,600
Other financial expenses	5	(1,250,202)	(309,729)
Profit/loss before tax		**2,600,234**	**2,625,974**
Tax on profit/loss for the year	6	(799,004)	(762,110)
Profit/loss for the year	7	**1,801,230**	**1,863,864**

Consolidated balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Goodwill		1,797,369	1,394,246
Intangible assets	8	**1,797,369**	**1,394,246**
Other fixtures and fittings, tools and equipment		1,004,836	1,069,155
Property, plant and equipment	9	**1,004,836**	**1,069,155**
Fixed assets		**2,802,205**	**2,463,401**
Trade receivables		22,522,477	26,116,885
Deferred tax	10	676,736	747,170
Other receivables		979,413	1,682,983
Tax receivable		13,770	0
Prepayments	11	258,380	349,494
Receivables		**24,450,776**	**28,896,532**
Cash		**9,739,804**	**7,006,094**
Current assets		**34,190,580**	**35,902,626**
Assets		**36,992,785**	**38,366,027**

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital	12	187,500	187,500
Retained earnings		14,925,124	15,170,199
Proposed dividend for the financial year		1,800,000	750,000
Equity		**16,912,624**	**16,107,699**
Deferred tax	10	13,000	20,000
Provisions		**13,000**	**20,000**
Subordinate loan capital		0	1,852,000
Other payables		725,027	86,989
Non-current liabilities other than provisions	14	**725,027**	**1,938,989**
Current portion of non-current liabilities other than provisions	14	1,852,000	1,000,000
Bank loans		753,452	3,675,811
Trade payables		13,734,963	12,076,223
Tax payable		24,621	223,949
Other payables		2,977,098	3,323,356
Current liabilities other than provisions		**19,342,134**	**20,299,339**
Liabilities other than provisions		**20,067,161**	**22,238,328**
Equity and liabilities		**36,992,785**	**38,366,027**
Unrecognised rental and lease commitments	16		
Assets charged and collateral	17		
Subsidiaries	18		

Consolidated statement of changes in equity for 2020

	Contributed capital DKK	Retained earnings DKK	Proposed dividend for the financial year DKK	Total DKK
Equity beginning of year	187,500	15,170,199	750,000	16,107,699
Ordinary dividend paid	0	0	(750,000)	(750,000)
Exchange rate adjustments	0	(246,305)	0	(246,305)
Profit/loss for the year	0	1,230	1,800,000	1,801,230
Equity end of year	**187,500**	**14,925,124**	**1,800,000**	**16,912,624**

Consolidated cash flow statement for 2020

	Notes	2020 DKK	2019 DKK
Operating profit/loss		3,656,047	2,608,103
Amortisation, depreciation and impairment losses		649,802	643,413
Working capital changes	15	6,339,612	(6,688,941)
Cash flow from ordinary operating activities		**10,645,461**	**(3,437,425)**
Financial income received		194,389	327,600
Financial expenses paid		(1,250,202)	(309,729)
Taxes refunded/(paid)		(948,668)	(429,578)
Cash flows from operating activities		**8,640,980**	**(3,849,132)**
Acquisition etc. of intangible assets		(752,555)	0
Acquisition etc. of property, plant and equipment		(242,600)	(553,876)
Sale of property, plant and equipment		6,549	438,600
Cash flows from investing activities		**(988,606)**	**(115,276)**
Free cash flows generated from operations and investments before financing		**7,652,374**	**(3,964,408)**
Repayments of loans etc.		(1,000,000)	(597,630)
Dividend paid		(750,000)	(1,500,000)
Cash flows from financing activities		**(1,750,000)**	**(2,097,630)**
Increase/decrease in cash and cash equivalents		**5,902,374**	**(6,062,038)**
Cash and cash equivalents beginning of year		3,330,283	9,310,907
Currency translation adjustments of cash and cash equivalents		(246,305)	81,414
Cash and cash equivalents end of year		**8,986,352**	**3,330,283**
Cash and cash equivalents at year-end are composed of:			
Cash		9,739,804	7,006,094
Short-term bank loans		(753,452)	(3,675,811)
Cash and cash equivalents end of year		**8,986,352**	**3,330,283**

Notes to consolidated financial statements

1 Gross profit/loss

Gross profit includes other operating income related to the COVID-19 crisis comprising salary/wage compensation of DKK 334 thousand.

2 Staff costs

	2020 DKK	2019 DKK
Wages and salaries	14,821,463	14,894,312
Pension costs	1,868,142	1,775,534
Other social security costs	186,914	282,885
Other staff costs	39,745	113,069
	16,916,264	**17,065,800**

Average number of full-time employees	**29**	**30**

3 Depreciation, amortisation and impairment losses

	2020 DKK	2019 DKK
Amortisation of intangible assets	349,432	314,052
Depreciation on property, plant and equipment	300,370	345,053
Profit/loss from sale of intangible assets and property, plant and equipment	0	(15,692)
	649,802	**643,413**

4 Other financial income

	2020 DKK	2019 DKK
Other interest income	194,389	327,600
	194,389	**327,600**

5 Other financial expenses

	2020 DKK	2019 DKK
Other interest expenses	1,250,202	309,729
	1,250,202	**309,729**

6 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Current tax	740,430	582,567
Change in deferred tax	58,574	179,543
	799,004	**762,110**

7 Proposed distribution of profit/loss

	2020 DKK	2019 DKK
Ordinary dividend for the financial year	1,800,000	750,000
Retained earnings	1,230	1,113,864
	1,801,230	**1,863,864**

8 Intangible assets

	Goodwill DKK
Cost beginning of year	3,076,731
Exchange rate adjustments	(45,663)
Additions	765,600
Cost end of year	**3,796,668**
Amortisation and impairment losses beginning of year	(1,682,485)
Exchange rate adjustments	32,618
Amortisation for the year	(349,432)
Amortisation and impairment losses end of year	**(1,999,299)**
Carrying amount end of year	**1,797,369**

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	1,971,449
Exchange rate adjustments	(40,139)
Additions	263,699
Disposals	(173,779)
Cost end of year	**2,021,230**
Depreciation and impairment losses beginning of year	(902,294)
Exchange rate adjustments	19,040
Depreciation for the year	(300,312)
Reversal regarding disposals	167,172
Depreciation and impairment losses end of year	**(1,016,394)**
Carrying amount end of year	**1,004,836**

10 Deferred tax

Changes during the year	**2020 DKK**	**2019 DKK**
Beginning of year	727,170	860,991
Recognised in the income statement	(63,434)	(133,821)
End of year	**663,736**	**727,170**

Deferred tax has been recognised in the balance sheet as follows	**2020 DKK**	**2019 DKK**
Deferred tax assets	676,736	747,170
Deferred tax liabilities	(13,000)	(20,000)
	663,736	**727,170**

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

11 Prepayments

The item comprises miscellaneous prepaid costs.

12 Contributed capital

	Number	Par value DKK	Nominal value DKK
Ordinary shares	1,875	100	187,500
	1,875		**187,500**

13 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 subordinated all other creditors. The loan is expected to be fully repaid in 2021.

14 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK	Due within 12 months 2019 DKK	Due after more than 12 months 2020 DKK
Subordinate loan capital	1,852,000	1,000,000	0
Other payables	0	0	725,027
	1,852,000	**1,000,000**	**725,027**

15 Changes in working capital

	2020 DKK	2019 DKK
Increase/decrease in receivables	4,389,092	(6,280,473)
Increase/decrease in trade payables etc.	1,950,520	(408,468)
	6,339,612	**(6,688,941)**

16 Unrecognised rental and lease commitments

	2020 DKK	2019 DKK
Total liabilities under rental or lease agreements until maturity	1,755,589	934,971

17 Assets charged and collateral

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.

18 Subsidiaries

	Registered in	Corporate form	Ownership %
Airland Logistics A/S	Dragør	A/S	100
Airland Canada Inc.	Canada	Inc.	100
Airland Logistics Pty Ltd.	Australia	Ltd.	100
Airland Logistics Pty Ltd.	South Africa	Ltd.	100

Parent income statement for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss		**2,190,324**	**1,961,899**
Staff costs	1	(2,104,230)	(2,036,256)
Depreciation, amortisation and impairment losses	2	(44,048)	(44,048)
Operating profit/loss		**42,046**	**(118,405)**
Income from investments in group enterprises		1,933,743	1,849,419
Other financial income	3	87,547	184,372
Other financial expenses	4	(273,806)	(139,308)
Profit/loss before tax		**1,789,530**	**1,776,078**
Tax on profit/loss for the year	5	11,700	87,786
Profit/loss for the year	6	**1,801,230**	**1,863,864**

Parent balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Other fixtures and fittings, tools and equipment		73,410	117,458
Property, plant and equipment	7	**73,410**	**117,458**
Investments in group enterprises		18,111,999	18,238,481
Financial assets	8	**18,111,999**	**18,238,481**
Fixed assets		**18,185,409**	**18,355,939**
Receivables from group enterprises		217,234	218,178
Other receivables		1,541	221,017
Tax receivable		11,671	517,535
Prepayments	9	109,662	0
Receivables		**340,108**	**956,730**
Cash		**1,294,412**	**588,887**
Current assets		**1,634,520**	**1,545,617**
Assets		**19,819,929**	**19,901,556**

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		187,500	187,500
Reserve for net revaluation according to the equity method		10,109,752	10,236,234
Retained earnings		4,815,372	4,933,965
Proposed dividend for the financial year		1,800,000	750,000
Equity		**16,912,624**	**16,107,699**
Deferred tax	10	1,000	5,000
Provisions		**1,000**	**5,000**
Subordinate loan capital	11	0	1,852,000
Other payables		105,091	86,989
Non-current liabilities other than provisions	12	**105,091**	**1,938,989**
Current portion of non-current liabilities other than provisions	12	1,852,000	1,000,000
Trade payables		199,175	148,251
Payables to group enterprises		18,849	4,762
Tax payable		3,971	202,749
Other payables		727,219	494,106
Current liabilities other than provisions		**2,801,214**	**1,849,868**
Liabilities other than provisions		**2,906,305**	**3,788,857**
Equity and liabilities		**19,819,929**	**19,901,556**
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		

Parent statement of changes in equity for 2020

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend for the year DKK	Total DKK
Equity beginning of year	187,500	10,236,234	4,933,965	750,000	16,107,699
Ordinary dividend paid	0	0	0	(750,000)	(750,000)
Exchange rate adjustments	0	(246,305)	0	0	(246,305)
Profit/loss for the year	0	119,823	(118,593)	1,800,000	1,801,230
Equity end of year	**187,500**	**10,109,752**	**4,815,372**	**1,800,000**	**16,912,624**

Notes to parent financial statements

1 Staff costs

	2020 DKK	2019 DKK
Wages and salaries	1,910,709	1,842,643
Pension costs	185,589	185,589
Other social security costs	7,932	8,024
	2,104,230	**2,036,256**

Average number of full-time employees	**1**	**1**

2 Depreciation, amortisation and impairment losses

	2020 DKK	2019 DKK
Depreciation on property, plant and equipment	44,048	44,048
	44,048	**44,048**

3 Other financial income

	2020 DKK	2019 DKK
Financial income from group enterprises	87,547	91,915
Exchange rate adjustments	0	92,457
	87,547	**184,372**

4 Other financial expenses

	2020 DKK	2019 DKK
Other interest expenses	102,133	139,306
Exchange rate adjustments	171,673	2
	273,806	**139,308**

5 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Current tax	(7,700)	(84,786)
Change in deferred tax	(4,000)	(3,000)
	(11,700)	**(87,786)**

6 Proposed distribution of profit and loss

	2020 DKK	2019 DKK
Ordinary dividend for the financial year	1,800,000	750,000
Retained earnings	1,230	1,113,864
	1,801,230	**1,863,864**

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	220,235
Cost end of year	**220,235**
Depreciation and impairment losses beginning of year	(102,777)
Depreciation for the year	(44,048)
Depreciation and impairment losses end of year	**(146,825)**
Carrying amount end of year	**73,410**

8 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	8,002,247
Cost end of year	**8,002,247**
Revaluations beginning of year	10,236,234
Exchange rate adjustments	(246,305)
Amortisation of goodwill	(252,000)
Share of profit/loss for the year	2,185,743
Dividend	(1,700,000)
Investments with negative equity value transferred to provisions	(113,920)
Revaluations end of year	**10,109,752**
Carrying amount end of year	**18,111,999**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

Goodwill is recognised in investments in group enterprises with a total amount of DKK 1,797 thousand.

9 Prepayments

The item comprises miscellaneous prepaid costs.

10 Deferred tax

Changes during the year	2020 DKK	2019 DKK
Beginning of year	5,000	8,000
Recognised in the income statement	(4,000)	(3,000)
End of year	**1,000**	**5,000**

Deferred tax relates to property, plant and equipment.

11 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 subordinated all other creditors. The loan is expected to be fully repaid in 2021.

12 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK	Due within 12 months 2019 DKK	Due after more than 12 months 2020 DKK
Subordinate loan capital	1,852,000	1,000,000	0
Other payables	0	0	105,091
	1,852,000	**1,000,000**	**105,091**

13 Unrecognised rental and lease commitments

	2020 DKK	2019 DKK
Total liabilities under rental or lease agreements until maturity	82,000	17,520

14 Contingent liabilities

The Entity serves as the 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 for income taxes etc. for the jointly taxed entities, and 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 11,591,000.

Accounting policies

Reporting class
This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

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 takeover date, with net assets having been calculated at fair value.

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

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

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

Profit or loss from divestment of enterprises
Profits or losses from divestment or winding-up of enterprises are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment and winding-up, respectively, including any non-amortised goodwill and estimated selling 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 and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

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

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. 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.

Cost of sales

Cost of sales comprises goods consumed in 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 wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and 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 intra-group profits or losses.

Other financial income

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

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and 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 Parent is jointly taxed with all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax
losses).

Balance sheet

Goodwill

Goodwill is the positive difference between cost and 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.

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

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

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

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 enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

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 in 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 straigth-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.

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 the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

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

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

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.

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

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities, and 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 taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and 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, and the raising of loans, inception of finance leases, repayments of 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.