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

Annual report 2019

The Annual General Meeting adopted the annual report on 18.05.2020

Chairman of the General Meeting

Name: Flemming Eltang

Contents

Entity details

Entity
Airland Group ApS
Kystvejen 14
DK-2770 Kastrup

Central Business Registration No: 27419348
Registered in: Taarnby
Financial year: 01.01.2019 - 31.12.2019

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 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of their operations as well as the consolidated cash flows for the financial year 01.01.2019 – 31.12.2019.

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, 18.05.2020

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 01.01.2019 - 31.12.2019, 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 31.12.2019, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2019 - 31.12.2019 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 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, 18.05.2020

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

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

Management commentary

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
Financial highlights					
Key figures					
Gross profit	20.317	21.607	30.270	16.180	18.266
Operating profit/loss	2.608	3.001	12.829	2.332	3.331
Net financials	18	(867)	(2.506)	(228)	13
Profit/loss for the year	1.864	1.241	7.334	1.516	2.341
Total assets	38.366	39.357	56.591	35.912	36.343
Investments in property, plant and equipment	527	407	1.338	378	63
Equity	16.108	15.662	16.676	9.591	7.912
Cash flows from (used in) operating activities	(3.849)	14.061	1.402	(3.265)	3.731
Cash flows from (used in) investing activities	(115)	(334)	(842)	(235)	(63)
Cash flows from (used in) financing activities	(2.098)	(3.843)	(716)	(788)	(1.043)
Ratios					
Return on equity (%)	11,7	7,7	55,8	17,3	34,4
Equity ratio (%)	42,0	39,8	29,5	26,7	21,8

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

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

Management commentary

Primary activities

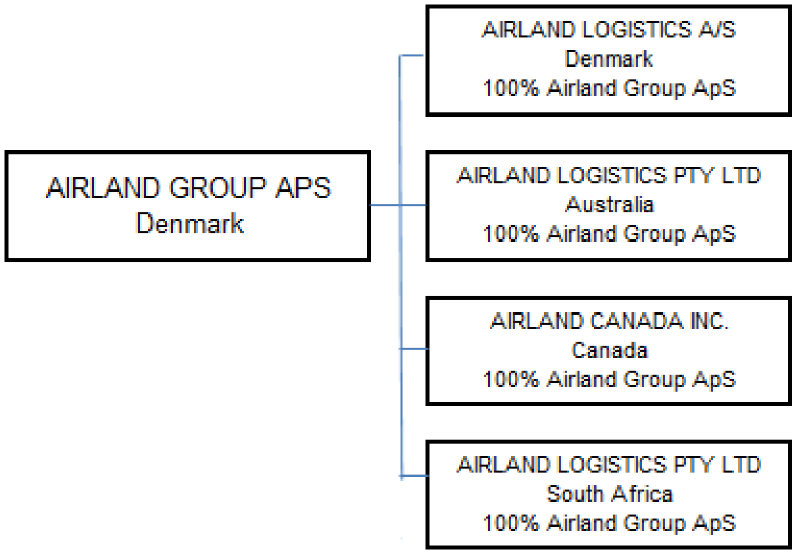
The Group carries on shipping business.

Development in activities and finances

Profit for the year amounts to DKK 1,864 thousand, which is lower than the expectations communicated in the latest annual report. Reasons for this are a lower turnover and some extraordinary provisions on investment in an associated company.

Outlook

For 2020, the Group expects that results will be approximately zero as mentioned below.



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. The latest development in the spread of the coronavirus disease (COVID-19) and the lock down of many countries will have a negative effect on the Company's results for 2020. The financial impact cannot be determined at this point in time. The current expectations of management is that results for 2020 will be approximately zero.

Consolidated income statement for 2019

	Notes	2019 DKK	2018 DKK
Gross profit		**20.317.316**	**21.607.090**
Staff costs	2	(17.065.800)	(17.961.163)
Depreciation, amortisation and impairment losses	3	(643.413)	(644.655)
Operating profit/loss		**2.608.103**	**3.001.272**
Income from investments in associates		0	(1.032.627)
Other financial income	4	327.600	794.600
Other financial expenses	5	(309.729)	(629.042)
Profit/loss before tax		**2.625.974**	**2.134.203**
Tax on profit/loss for the year	6	(762.110)	(892.969)
Profit/loss for the year	7	**1.863.864**	**1.241.234**

Consolidated balance sheet at 31.12.2019

	Notes	2019 DKK	2018 DKK
Goodwill		1.394.246	1.693.447
Intangible assets	8	**1.394.246**	**1.693.447**
Other fixtures and fittings, tools and equipment		1.069.155	1.298.091
Property, plant and equipment	9	**1.069.155**	**1.298.091**
Investments in associates		0	0
Fixed asset investments	10	**0**	**0**
Fixed assets		**2.463.401**	**2.991.538**
Trade receivables		26.116.885	20.213.244
Receivables from associates		0	402.370
Deferred tax	12	747.170	883.991
Other receivables		1.682.983	1.315.465
Income tax receivable		0	167.556
Prepayments		349.494	340.180
Receivables		**28.896.532**	**23.322.806**
Cash		**7.006.094**	**13.042.935**
Current assets		**35.902.626**	**36.365.741**
Assets		**38.366.027**	**39.357.279**

Consolidated balance sheet at 31.12.2019

	Notes	2019 DKK	2018 DKK
Contributed capital		187.500	187.500
Retained earnings		15.170.199	13.974.921
Proposed dividend		750.000	1.500.000
Equity		**16.107.699**	**15.662.421**
Deferred tax	12	20.000	23.000
Provisions		**20.000**	**23.000**
Subordinate loan capital	13	1.852.000	2.852.000
Other payables		86.989	0
Non-current liabilities other than provisions	14	**1.938.989**	**2.852.000**
Current portion of long-term liabilities other than provisions	14	1.000.000	1.000.000
Bank loans		3.675.811	3.732.028
Trade payables		12.076.223	12.916.552
Income tax payable		223.949	192.794
Other payables		3.323.356	2.978.484
Current liabilities other than provisions		**20.299.339**	**20.819.858**
Liabilities other than provisions		**22.238.328**	**23.671.858**
Equity and liabilities		**38.366.027**	**39.357.279**
Events after the balance sheet date	1		
Associates	11		
Unrecognised rental and lease commitments	16		
Mortgages and securities	17		
Subsidiaries	18		

Consolidated statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	187.500	13.974.921	1.500.000	15.662.421
Ordinary dividend paid	0	0	(1.500.000)	(1.500.000)
Exchange rate adjustments	0	81.414	0	81.414
Profit/loss for the year	0	1.113.864	750.000	1.863.864
Equity end of year	**187.500**	**15.170.199**	**750.000**	**16.107.699**

Consolidated cash flow statement for 2019

	Notes	2019 DKK	2018 DKK
Operating profit/loss		2.608.103	3.001.272
Amortisation, depreciation and impairment losses		643.413	644.655
Working capital changes	15	(6.688.941)	11.420.936
Cash flow from ordinary operating activities		**(3.437.425)**	**15.066.863**
Financial income received		327.600	794.600
Financial income paid		(309.729)	(629.042)
Income taxes refunded/(paid)		(429.578)	(1.171.793)
Cash flows from operating activities		**(3.849.132)**	**14.060.628**
Acquisition etc of property, plant and equipment		(553.876)	(349.120)
Sale of property, plant and equipment		438.600	14.914
Cash flows from investing activities		**(115.276)**	**(334.206)**
Instalments on loans etc		(597.630)	(2.042.642)
Dividend paid		(1.500.000)	(1.800.000)
Cash flows from financing activities		**(2.097.630)**	**(3.842.642)**
Increase/decrease in cash and cash equivalents		**(6.062.038)**	**9.883.780**
Cash and cash equivalents beginning of year		9.310.907	(99.445)
Currency translation adjustments of cash and cash equivalents		81.414	(473.428)
Cash and cash equivalents end of year		**3.330.283**	**9.310.907**
Cash and cash equivalents at year-end are composed of:			
Cash		7.006.094	13.042.935
Short-term debt to banks		(3.675.811)	(3.732.028)
Cash and cash equivalents end of year		**3.330.283**	**9.310.907**

Notes to consolidated financial statements

1. 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. The latest development in the spread of the coronavirus disease (COVID-19) and the lock down of many countries will have a negative effect on the Company's results for 2020. The financial impact cannot be determined at this point in time. The current expectations of management is that results for 2020 will be approximately zero.

	2019 DKK	**2018 DKK**
2. Staff costs		
Wages and salaries	14.894.312	15.681.347
Pension costs	1.775.534	1.810.304
Other social security costs	282.885	274.747
Other staff costs	113.069	194.765
	17.065.800	**17.961.163**
Average number of employees	**30**	**30**

	2019 DKK	**2018 DKK**
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	314.052	312.178
Depreciation of property, plant and equipment	345.053	332.477
Profit/loss from sale of intangible assets and property, plant and equipment	(15.692)	0
	643.413	**644.655**

	2019 DKK	**2018 DKK**
4. Other financial income		
Interest income	327.600	794.600
	327.600	**794.600**

	2019 DKK	**2018 DKK**
5. Other financial expenses		
Interest expenses	309.729	629.042
	309.729	**629.042**

Notes to consolidated financial statements

	2019 DKK	2018 DKK
6. Tax on profit/loss for the year		
Tax on current year taxable income	582.567	408.318
Change in deferred tax for the year	179.543	484.651
	762.110	**892.969**

	2019 DKK	2018 DKK
7. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	750.000	1.500.000
Retained earnings	1.113.864	(258.766)
	1.863.864	**1.241.234**

	Goodwill DKK
8. Intangible assets	
Cost beginning of year	3.037.078
Exchange rate adjustments	39.653
Cost end of year	**3.076.731**
Amortisation and impairment losses beginning of year	(1.343.631)
Exchange rate adjustments	(24.802)
Amortisation for the year	(314.052)
Amortisation and impairment losses end of year	**(1.682.485)**
Carrying amount end of year	**1.394.246**

Notes to consolidated financial statements

	Other fixtures and fittings, tools and equipment DKK
9. Property, plant and equipment	
Cost beginning of year	2.119.482
Exchange rate adjustments	30.832
Additions	526.940
Disposals	(705.805)
Cost end of year	**1.971.449**
Depreciation and impairment losses beginning of the year	(821.391)
Exchange rate adjustments	(18.747)
Depreciation for the year	(345.120)
Reversal regarding disposals	282.964
Depreciation and impairment losses end of the year	**(902.294)**
Carrying amount end of year	**1.069.155**

	Investments in associates DKK
10. Fixed asset investments	
Cost beginning of year	2.134.417
Disposals	(2.134.417)
Cost end of year	**0**
Impairment losses beginning of year	(2.134.417)
Reversal regarding disposals	2.134.417
Impairment losses end of year	**0**
Carrying amount end of year	**0**

	Registered in	Equity inte-rest %
11. Associates		
Airland Logistics LLC	Dubai	50,0

Notes to consolidated financial statements

	2019 DKK
12. Deferred tax	
Changes during the year	
Beginning of year	860.991
Recognised in the income statement	(133.821)
End of year	**727.170**

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

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 up to and including 30 June 2022.

	Instalments within 12 months 2019 DKK	Instalments within 12 months 2018 DKK	Instalments beyond 12 months 2019 DKK
14. Liabilities other than provisions			
Subordinate loan capital	1.000.000	1.000.000	1.852.000
Other payables	0	0	86.989
	1.000.000	**1.000.000**	**1.938.989**

	2019 DKK	2018 DKK
15. Change in working capital		
Increase/decrease in receivables	(6.280.473)	22.612.791
Increase/decrease in trade payables etc	(408.468)	(11.191.855)
	(6.688.941)	**11.420.936**

	2019 DKK	2018 DKK
16. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**934.971**	**930.474**

17. 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.

Notes to consolidated financial statements

	Registered in	Corpo-rate form	Equity inte-rest %
18. 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 2019

	Notes	2019 DKK	2018 DKK
Gross profit		**1.961.899**	**2.308.429**
Staff costs	2	(2.036.256)	(2.089.379)
Depreciation, amortisation and impairment losses	3	(44.048)	(44.047)
Operating profit/loss		**(118.405)**	**175.003**
Income from investments in group enterprises		1.849.419	2.142.808
Income from investments in associates		0	(1.032.627)
Other financial income	4	184.372	260.864
Other financial expenses	5	(139.308)	(244.503)
Profit/loss before tax		**1.776.078**	**1.301.545**
Tax on profit/loss for the year	6	87.786	(60.311)
Profit/loss for the year	7	**1.863.864**	**1.241.234**

Parent balance sheet at 31.12.2019

	Notes	2019 DKK	2018 DKK
Other fixtures and fittings, tools and equipment		117.458	161.506
Property, plant and equipment	8	**117.458**	**161.506**
Investments in group enterprises		18.238.481	18.328.371
Investments in associates		0	0
Fixed asset investments	9	**18.238.481**	**18.328.371**
Fixed assets		**18.355.939**	**18.489.877**
Receivables from group enterprises		218.178	615.093
Receivables from associates		0	371.974
Other receivables		221.017	10.288
Income tax receivable		517.535	371.483
Receivables		**956.730**	**1.368.838**
Cash		**588.887**	**1.021.849**
Current assets		**1.545.617**	**2.390.687**
Assets		**19.901.556**	**20.880.564**

Parent balance sheet at 31.12.2019

	Notes	2019 DKK	2018 DKK
Contributed capital	10	187.500	187.500
Reserve for net revaluation according to the equity method		10.236.234	8.191.707
Retained earnings		4.933.965	5.783.214
Proposed dividend		750.000	1.500.000
Equity		**16.107.699**	**15.662.421**
Deferred tax		5.000	8.000
Provisions		**5.000**	**8.000**
Subordinate loan capital	11	1.852.000	2.852.000
Other payables		86.989	0
Non-current liabilities other than provisions	12	**1.938.989**	**2.852.000**
Current portion of long-term liabilities other than provisions	12	1.000.000	1.000.000
Trade payables		148.251	163.754
Payables to group enterprises		4.762	269.591
Income tax payable		202.749	192.794
Other payables		494.106	732.004
Current liabilities other than provisions		**1.849.868**	**2.358.143**
Liabilities other than provisions		**3.788.857**	**5.210.143**
Equity and liabilities		**19.901.556**	**20.880.564**
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		

Parent statement of changes in equity for 2019

	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	8.191.707	5.783.214	1.500.000
Ordinary dividend paid	0	0	0	(1.500.000)
Exchange rate adjustments	0	81.414	0	0
Profit/loss for the year	0	1.963.113	(849.249)	750.000
Equity end of year	**187.500**	**10.236.234**	**4.933.965**	**750.000**

	Total DKK
Equity beginning of year	15.662.421
Ordinary dividend paid	(1.500.000)
Exchange rate adjustments	81.414
Profit/loss for the year	1.863.864
Equity end of year	**16.107.699**

Notes to parent financial statements

1. 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. The latest development in the spread of the coronavirus disease (COVID-19) and the lock down of many countries will have a negative effect on the Company's results for 2020. The financial impact cannot be determined at this point in time. The current expectations of management is that results for 2020 will be approximately zero.

	2019 DKK	2018 DKK
2. Staff costs		
Wages and salaries	1.842.643	1.884.829
Pension costs	185.589	196.090
Other social security costs	8.024	8.460
	2.036.256	**2.089.379**
Average number of employees	**1**	**1**

	2019 DKK	2018 DKK
3. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	44.048	44.047
	44.048	**44.047**

	2019 DKK	2018 DKK
4. Other financial income		
Financial income arising from group enterprises	91.915	122.030
Interest income	0	119
Exchange rate adjustments	92.457	138.715
	184.372	**260.864**

	2019 DKK	2018 DKK
5. Other financial expenses		
Interest expenses	139.308	244.501
Exchange rate adjustments	0	2
	139.308	**244.503**

Notes to parent financial statements

	2019 DKK	2018 DKK
6. Tax on profit/loss for the year		
Tax on current year taxable income	(84.786)	61.311
Change in deferred tax for the year	(3.000)	(1.000)
	(87.786)	**60.311**

	2019 DKK	2018 DKK
7. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	750.000	1.500.000
Transferred to reserve for net revaluation according to the equity method	1.963.113	(875.164)
Retained earnings	(849.249)	616.398
	1.863.864	**1.241.234**

	Other fixtures and fittings, tools and equipment DKK
8. Property, plant and equipment	
Cost beginning of year	220.235
Cost end of year	**220.235**
Depreciation and impairment losses beginning of the year	(58.729)
Depreciation for the year	(44.048)
Depreciation and impairment losses end of the year	**(102.777)**
Carrying amount end of year	**117.458**

Notes to parent financial statements

	Investments in group enterprises DKK	Investments in associates DKK
9. Fixed asset investments		
Cost beginning of year	8.002.247	2.134.417
Disposals	0	(2.134.417)
Cost end of year	**8.002.247**	**0**
Revaluations beginning of year	10.326.124	0
Exchange rate adjustments	81.414	0
Amortisation of goodwill	(252.000)	0
Share of profit/loss for the year	2.101.419	0
Dividend	(2.500.000)	0
Investments with negative equity transferred to provisions	479.277	0
Revaluations end of year	**10.236.234**	**0**
Impairment losses beginning of year	0	(2.134.417)
Reversal regarding disposals	0	2.134.417
Impairment losses end of year	**0**	**0**
Carrying amount end of year	**18.238.481**	**0**

Goodwill is recognised in investments in group enterprises with a total amount of DKK 1,394 thousand.

	Number	Par value DKK	Nominal value DKK
10. Contributed capital			
Ordinary shares	1.875	100	187.500
	1.875		**187.500**

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 up to and including 30 June 2022.

Notes to parent financial statements

	Instalments within 12 months 2019 DKK	Instalments within 12 months 2018 DKK	Instalments beyond 12 months 2019 DKK
12. Liabilities other than provisions			
Subordinate loan capital	1.000.000	1.000.000	1.852.000
Other payables	0	0	86.989
	1.000.000	**1.000.000**	**1.938.989**

	2019 DKK	2018 DKK
13. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**17.520**	**19.388**

14. 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 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 10,657,575.

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.

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.

Other financial income from group enterprises

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

Accounting policies

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.

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.

Accounting policies

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.

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 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.

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.

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,

Accounting policies

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 stratically 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.