

Green Team Holding A/S

Simmelbrovej 44

7260 Sønder Omme

Central Business Registration No

29150257

Annual report 2016/17

The Annual General Meeting adopted the annual report on 14.12.2017

Chairman of the General Meeting

Name: Steffen Kjeld Thomsen

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2016/17	11
Balance sheet at 30.06.2017	12
Statement of changes in equity for 2016/17	14
Notes	15
Accounting policies	18

Entity details

Entity

Green Team Holding A/S
Simmelbrovej 44
7260 Sønder Omme

Central Business Registration No: 29150257

Registered in: Billund, Denmark

Financial year: 01.07.2016 - 30.06.2017

Board of Directors

Steffen Kjeld Thomsen, Chairman
Elisabeth Dreijer von Sydow
Jens Christian Hansen
Jes Bjerregaard
Peder Larsen Østbjerg
Søren Overgaard Laursen

Executive Board

Hans Lehrskov Schultz

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Egtved Allé 4
6000 Kolding

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Green Team Holding A/S for the financial year 01.07.2016 - 30.06.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2017 and of the results of its operations for the financial year 01.07.2016 - 30.06.2017.

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.

Sønder Omme, 30.11.2017

Executive Board

Hans Lehrskov Schultz

Board of Directors

Steffen Kjeld Thomsen
Chairman

Elisabeth Dreijer von Sydow

Jens Christian Hansen

Jes Bjerregaard

Peder Larsen Østbjerg

Søren Overgaard Laursen

Independent auditor's report

To the shareholders of Green Team Holding A/S

Opinion

We have audited the financial statements of Green Team Holding A/S for the financial year 01.07.2016 - 30.06.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2017 and of the results of its operations for the financial year 01.07.2016 - 30.06.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity 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 financial statements

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

In preparing the financial statements, Management is responsible for assessing the 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 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 financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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.

Independent auditor's report

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

Kolding, 30.11.2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Suzette Demediuk Steen Nielsen
State Authorised Public Accountant

Allan Trolle Pedersen
State Authorised Public Accountant

Management commentary

Primary activities

Green Team Holding A/S ("the Company") operates within production and sales of Christmas trees, greenery and decorations.

The Company is the market leader in Europe in the production and sale of Christmas trees. The Company is also a leading seller of greenery and decorations.

Development in activities and finances

In the financial year the Company has taken meaningful steps towards increased sales of trees from its own production and the targeted share of our own produced trees has now been reached. The Company operates in a market characterized by tough competition on prices and a present imbalance between supply and demand. This year's revenue is affected by growth in volume but also decreasing average sales prices.

As a consequence of the market situation, a right sizing production project was carried out during the financial year, which led to a reduction in the number of Christmas trees in production of approximately 15% through sales of plantations and closing of certain production areas. In connection with the right sizing project, the Company has extraordinarily written down the value of its Christmas tree plantations and related assets by DKK 98.2 million. After the right sizing project, the Company owns 22.7 million Christmas trees in Denmark, UK and Poland. On June 30, 2017 the average book value per tree was DKK 26.5.

The planting of new areas in Europe has been on the same level as the two previous years, and the Group will continue to plant and produce a moderately growing number of trees in the coming years. It takes 6-10 years to produce a Christmas tree, and hence trees planted in 2016 will be harvested for sale in 2022-26.

In the financial year, we have started up collaboration with significant international retailers. These collaborations are of highly strategic nature. The Company is constantly focusing on performance in delivery, and the last year the Company experienced high customer satisfaction and loyalty. The sales growth has been achieved through organic growth.

The increased share of own produced trees as well as the transparent collaboration with European retailers will further increase the Company's competitiveness as regards quality, delivery performance and cost efficiency. The Company has a mature and evenly age-distributed production in several parts of Europe, which gives the Company a competitive advantage. Furthermore, the Company has invested in technologies that support effective production processes while harvesting.

The loss before tax and minority interests for the financial year 2016/17 amounts to DKK -188.8 million compared to a profit of DKK 12.0 million for the same period last year. The operating loss amounts to DKK 3.4 million compared to a loss of DKK 4,3 million for the same period last year.

As mentioned above, the loss for the year is materially affected by a negative value adjustment on Christmas trees.

The Company's total assets amount to DKK 726.5 million primarily made up of investment in group enterprises (32.4% of total assets).

Management commentary

The Company's equity at financial year-end was DKK 111.9 million, corresponding to a solvency ratio of 35.7%.

Uncertainty relating to recognition and measurement

The Company's inventories of Christmas trees are recognised at market value, calculated using a return-based valuation model. This model estimates the Christmas trees' future returns. The return is estimated on the basis of the Company's experience in similar production, including expected yield, quality levels, height and future selling prices. There are no changes in these principles.

As the production cycle of Christmas trees is up to 10 years, changes may occur in these assumptions that cannot be predicted. Changes in the assumptions will influence the valuation of inventories of Christmas trees. The assumptions currently in use are considered correct by management, based on previous experience in the Christmas tree production process and on management's best estimates of future developments in the market. The majority of the Company's plantations in Europe has been assessed by an independent external assessor.

Outlook

In the coming years, a continued stable and controlled expansion of the Company's business volume will be pursued. After the reduction of production areas, the Company has obtained an improved balance between production volume and sales.

Focus will be on the continued strengthening of the Company's market position. Furthermore, the Company will take an active part in the industry consolidation that is expected in the coming years.

The management expects a profit for next year.

In the coming years, the Company will strive to primarily cover the market's demand for Christmas trees with the Company's own production, complemented with purchase of trees from other producers. The production and assortment will be adapted to regional market needs. In 2016 the Company introduced a new cooperation model with European retailers. The concept involves that the Company even further integrates and contributes to the retailer's sales and revenue regarding Christmas trees. This concept has been well received and will be introduced to more retailers across Europe in the coming year. Years ago, a production of new innovative products commenced and these will be ready for sale in 2017. These new products are all made based on existing production techniques and experiences. The new products meet the expectations we have to quality, production costs and sales prices.

Given the geographical location of its production, the Company has optimal diversification of production risk in terms of climate, weather conditions, vermin and disease as well as operating costs. Also, the geographical dispersion ensures proximity to customers and facilitates logistics.

Particular risks

General risks

The Company's primary operating risk is linked to the production of Christmas trees as well as maintaining a strong position in the markets where the products are sold.

Management commentary

Financial risks

Due to its operations, investments and financing, the Company is exposed to changes in exchange and interest rates. It is the Company's policy not to actively speculate in financial risks. The Company's financial management is therefore only aimed at managing existing financial risks.

Currency risk

The Company conducts active management and monitoring of the Company's currency risks to minimize these. The Company is continuously ensuring that assets in foreign currencies are partially hedged with debt in the same currency, so that the net foreign currency position of the Company's capital is minimized. The Company does not speculate in currency positions.

Brexit and the development of the GBP that followed had a negative impact on equity. However, it is management's assessment that the Company will strengthen its competitiveness in the future with its own production in Scotland and domestic sales in the UK.

Interest rate risk

It is the Company's policy to partially hedge interest rate risk on loans. There is a regular monitoring of interest costs and risks.

Credit risk

The Company's policy for assuming credit exposure ensures that all major customers and other business partners are assessed on their credit on an on-going basis and the Company uses credit insurance to a significant extent.

Statutory report on corporate social responsibility

The Company is committed to operate as a socially responsible company.

The Company produces and markets products with full documentation in terms of labor, environment and traceability throughout the entire value chain. This contributes to a strengthened collaboration and gives the large European retailers security.

The Company's plantations in Europe are all certified under Global GAP. The Company is currently the only Christmas tree producer and seller on the market that can offer Christmas trees with full documentation from seed to tree. In 2011, the Company joined the UN's Global Compact program, which is an international initiative with ten principles that focus on responsible business. Besides that, during the past year the Company has been through several audits and approvals by large European retailers with their own certifications and requirements for suppliers.

Corporate Social Responsibility is an essential value for the Company. In the last year the Company has focused on selected CSR areas such as the Company's sub-suppliers of materials and services and that they meet the demands and standards of the Company. A systematic auditing, reporting and measurement of this has been initiated.

Management commentary

Market

The European consumption of Christmas trees has been relatively stable over the last couple of years and demand is expected to continue to be stable in the coming years. However, due to a short-term oversupply of Christmas trees, there is intensified competition and decreasing prices in the market. Currently, structural changes are occurring among producers, wholesalers and retailers. The present adverse imbalance in supply/demand is expected to improve to a more natural long-term level within 2-3 years and thereafter stabilized at a better and sustainable price level.

Strategy

The Company's strategy remains unchanged. Focus is to continue production of Nordmann trees, with full insight, control and optimization of the entire value chain from seed to consumer. Production is characterized by economies of scale, significant supply capacity and well-planned risk diversification due to the geographical dispersion of production and sales.

Organization

The Company has a competent organization characterized by experience and skills. The age distribution is good, with an average seniority of 5 years. There is national and cultural diversity with a total of 9 different nationalities represented by employees throughout the Company. During the last year a general reduction of employees has been conducted on selected areas just like the level of competences in recruitments has been increased.

In the year, all the Company's financial operations have been performed by the in-house financial department, and the Company has conducted significant initiatives in administrative areas. To ensure future growth in production and sales, the organization and IT systems have been strengthened in these areas as well.

In the last year, we have completed an analysis and optimization of the Company's administrative processes. This has contributed to a higher quality, better information and decisions just like a higher integration between work processes and IT processes has been obtained.

The Company has several foreign companies focused on either production or sales. The companies are independent legal entities, but management and operations are all tightly integrated into the Company.

The Board is well composed and possesses expertise in relevant areas.

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.

Income statement for 2016/17

	<u>Notes</u>	<u>2016/17</u> <u>DKK</u>	<u>2015/16</u> <u>DKK</u>
Gross profit		5.650.451	4.549.436
Staff costs	1	(8.879.518)	(8.712.414)
Depreciation, amortisation and impairment losses		<u>(124.211)</u>	<u>(146.091)</u>
Operating profit/loss		(3.353.278)	(4.309.069)
Income from investments in group enterprises		(185.695.579)	(24.814)
Other financial income	2	23.662.690	38.543.004
Other financial expenses	3	<u>(23.382.035)</u>	<u>(22.192.520)</u>
Profit/loss before tax		(188.768.202)	12.016.601
Tax on profit/loss for the year	4	<u>675.977</u>	<u>(2.648.863)</u>
Profit/loss for the year		<u>(188.092.225)</u>	<u>9.367.738</u>
Proposed distribution of profit/loss			
Transferred to reserve for net revaluation according to the equity method		(222.351.410)	(24.814)
Retained earnings		<u>34.259.185</u>	<u>9.392.552</u>
		<u>(188.092.225)</u>	<u>9.367.738</u>

Balance sheet at 30.06.2017

	<u>Notes</u>	<u>2016/17 DKK</u>	<u>2015/16 DKK</u>
Other fixtures and fittings, tools and equipment		274.333	298.544
Property, plant and equipment	5	<u>274.333</u>	<u>298.544</u>
Investments in group enterprises		235.754.481	412.221.101
Fixed asset investments	6	<u>235.754.481</u>	<u>412.221.101</u>
Fixed assets		<u>236.028.814</u>	<u>412.519.645</u>
Trade receivables		73.558	1.625
Receivables from group enterprises		476.222.852	399.398.620
Deferred tax		13.634.264	15.343.389
Other receivables		119.215	119.215
Income tax receivable		0	50.000
Prepayments		440.251	801.811
Receivables		<u>490.490.140</u>	<u>415.714.660</u>
Cash		<u>17.936</u>	<u>4.630</u>
Current assets		<u>490.508.076</u>	<u>415.719.290</u>
Assets		<u>726.536.890</u>	<u>828.238.935</u>

Balance sheet at 30.06.2017

	<u>Notes</u>	<u>2016/17</u> <u>DKK</u>	<u>2015/16</u> <u>DKK</u>
Contributed capital		15.000.000	15.000.000
Reserve for net revaluation according to the equity method		69.592.412	306.090.905
Reserves according to the articles of association		3.600.000	3.600.000
Retained earnings		<u>23.741.062</u>	<u>(26.485.241)</u>
Equity		<u>111.933.474</u>	<u>298.205.664</u>
Provisions for investments in group enterprises		<u>105.876.229</u>	<u>69.592.412</u>
Provisions		<u>105.876.229</u>	<u>69.592.412</u>
Bank loans		195.000.000	160.000.000
Finance lease liabilities		<u>143.348</u>	<u>0</u>
Non-current liabilities other than provisions		<u>195.143.348</u>	<u>160.000.000</u>
Current portion of long-term liabilities other than provisions		42.973	32.084.392
Bank loans		71.084.392	73.359.888
Trade payables		741.340	1.889.568
Payables to group enterprises		237.779.990	188.911.312
Other payables		<u>3.935.144</u>	<u>4.195.699</u>
Current liabilities other than provisions		<u>313.583.839</u>	<u>300.440.859</u>
Liabilities other than provisions		<u>508.727.187</u>	<u>460.440.859</u>
Equity and liabilities		<u>726.536.890</u>	<u>828.238.935</u>
Contingent liabilities	7		
Mortgages and securities	8		
Group relations	9		

Statement of changes in equity for 2016/17

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Reserves according to the articles of association DKK	Retained earnings DKK
Equity beginning of year	15.000.000	306.090.905	3.600.000	(26.485.241)
Exchange rate adjustments	0	2.231.422	0	0
Fair value adjustments of hedging instruments	0	0	0	(320.882)
Tax of equity postings	0	0	0	(90.505)
Transfer to reserves	0	(16.378.505)	0	16.378.505
Profit/loss for the year	0	(222.351.410)	0	34.259.185
Equity end of year	15.000.000	69.592.412	3.600.000	23.741.062
				Total DKK
Equity beginning of year				298.205.664
Exchange rate adjustments				2.231.422
Fair value adjustments of hedging instruments				(320.882)
Tax of equity postings				(90.505)
Transfer to reserves				0
Profit/loss for the year				(188.092.225)
Equity end of year				111.933.474

Notes

	2016/17	2015/16
	DKK	DKK
1. Staff costs		
Wages and salaries	6.527.857	6.204.241
Pension costs	865.392	808.247
Other social security costs	101.457	221.117
Other staff costs	1.384.812	1.478.809
	8.879.518	8.712.414
Average number of employees	12	
	2016/17	2015/16
	DKK	DKK
2. Other financial income		
Financial income arising from group enterprises	13.799.463	15.206.555
Exchange rate adjustments	9.863.227	23.233.516
Other financial income	0	102.933
	23.662.690	38.543.004
	2016/17	2015/16
	DKK	DKK
3. Other financial expenses		
Financial expenses from group enterprises	6.853.740	6.648.453
Exchange rate adjustments	4.749.854	2.792.627
Other financial expenses	11.778.441	12.751.440
	23.382.035	22.192.520
	2016/17	2015/16
	DKK	DKK
4. Tax on profit/loss for the year		
Change in deferred tax for the year	(675.977)	2.648.863
	(675.977)	2.648.863

Notes

	Other fixtures and fittings, tools and equipment DKK
	Investments in group enterprises DKK
5. Property, plant and equipment	
Recognised assets not owned by entity	<u>218.996</u>
6. Fixed asset investments	
Cost beginning of year	<u>52.916.288</u>
Cost end of year	<u>52.916.288</u>
Revaluations beginning of year	359.304.813
Exchange rate adjustments	2.231.422
Share of profit/loss for the year	(185.695.584)
Dividend	(29.286.275)
Investments with negative equity transferred to provisions	<u>36.283.817</u>
Revaluations end of year	<u>182.838.193</u>
Carrying amount end of year	<u>235.754.481</u>
	Equity inte- rest %
	Registered in
Investments in group enterprises comprise:	
Towleys Woodland Inc.	United Kingdom 100,0
Braco Woodland Ltd.	United Kingdom 100,0
Green Team Christmas Trees Ltd.	United Kingdom 100,0
SCEA Green Team France	France 97,0
Green Team Polske Sp. z.o.o.	Poland 100,0
Green Team Danmark ApS	Billund, Denmark 100,0
Green Team Holland B.V.	The Netherlands 100,0
Green Team Europe A/S	Billund, Denmark 100,0
GTG Belgium SA	Belgium 99,0
Green Team Forest Sp. z.o.o.	Poland 100,0

Notes

	<u>Registered in</u>	<u>Equity inte- rest %</u>
Investments in associates comprise:		
Hansen Faeskola	Hungary	25,0

7. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which Adelis Services I ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc for the jointly taxed companies and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

8. Mortgages and securities

The Company capital in the following companies has been pledged as security for bank engagement with Sydbank A/S:

Green Team Europe A/S, nom. DKK 1,000k, carrying amount DKK (41,513)k.

Green Team Danmark ApS, nom. DKK 500k, carrying amount DKK (21,228)k.

Majland A/S, nom DKK 714K, carrying amount DKK 17,559k.

9. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Green Team Group, Billund, CVR-nr. 33057539.

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 enterprises with addition of certain provisions for reporting class C.

This year the Company has chosen to present the financial statements in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises as opposed to previous years in which the financial statements were presented according to the provisions governing reporting class C. There have been no changes in the policies for recognition and measurement for which reason the change only consists in the scope of notes and disclosures.

The accounting policies applied for these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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.

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 one 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.

Accounting policies

Income statement

Gross profit or loss

Gross profit or loss comprises 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 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 write-downs 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 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 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.

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.

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.

Accounting policies

The Entity is jointly taxed with all Danish subsidiaries. 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

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
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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

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 write-downs 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 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.

Accounting policies

Income tax payable or receivable

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.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructurings, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Finance lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities

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