



**"K" Line (Scandinavia)  
Holding A/S**  
Snorresgade 18-20  
2300 Copenhagen S  
Central Business Registration No.  
29192979

**Annual report 2018/19**

The Annual General Meeting adopted the annual report on *5/7 2019*

**Chairman of the General Meeting**

A handwritten signature in blue ink, appearing to read "John Hemming", written over a horizontal line.

Name: John Hemming

## Contents

	<b><u>Page</u></b>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Consolidated income statement for 2018/19	7
Consolidated balance sheet at 31.03.2019	8
Consolidated statement of changes in equity for 2018/19	10
Notes to consolidated financial statements	11
Parent income statement for 2018/19	14
Parent balance sheet at 31.03.2019	15
Parent statement of changes in equity for 2018/19	17
Notes to parent financial statements	18
Accounting policies	21

## Entity details

### Entity

"K" Line (Scandinavia) Holding A/S  
Snorresgade 18-20  
2300 Copenhagen S

Central Business Registration No (CVR): 29192979  
Registered in: Copenhagen  
Financial year: 01.04.2018 - 31.03.2019

Phone: +4532953242  
Fax: +4532579360  
Website: [www.kline.dk](http://www.kline.dk)  
E-mail: [keuregsalden@uk.kline.com](mailto:keuregsalden@uk.kline.com)

### Board of Directors

Akira Masaki, Chairman  
Sune Simonsen  
Ulrik Kamstrup Jespersen

### Executive Board

Ulrik Kamstrup Jespersen, Chief Executive Officer

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
P.O. 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 "K" Line (Scandinavia) Holding A/S for the financial year 01.04.2018 - 31.03.2019.

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 31.03.2019 and of the results of their operations for the financial year 01.04.2018 - 31.03.2019.

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.

Copenhagen, 28.06.2019

### Executive Board



Ulrik Kamstrup Jespersen  
Chief Executive Officer

### Board of Directors



Akira Masaki  
Chairman



Sune Simonsen



Ulrik Kamstrup Jespersen

## Independent auditor's report

### To the shareholder of "K" Line (Scandinavia) Holding A/S

#### Opinion

We have audited the consolidated financial statements and the parent financial statements of "K" Line (Scandinavia) Holding A/S for the financial year 01.04.2018 - 31.03.2019, 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. 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 31.03.2019 and of the results of their operations for the financial year 01.04.2018 - 31.03.2019 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 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

## Independent auditor's report

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.

### Statement on the management commentary

Management is responsible for the management commentary.

## Independent auditor's report

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, 28.06.2019

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No (CVR) 33963556



Anders Kreiner  
State Authorised Public Accountant  
Identification No (MNE) mne26765

## Management commentary

### Primary activities

The Group's activities include sea freight, shipping and global logistics.

The "K" Line Scandinavia Group represents the activities of Kawasaki Kisen Kaisha Ltd. ("K" Line) in Denmark, Sweden and Norway.

### Development in activities and finances

The activities have developed as anticipated. Due to the fact that the Company is closing down, the loss of DKK 3,530 thousand meets the expectations.

### Outlook

The Company's primary activities are expected to be closed down in the coming years, as the agency agreement has been rescinded.

### Particular risks

#### Price risks

To a certain extent, the Group is dependent on the development in shipping prices on the global market as well as in the exchange rate movements in USD.

#### Currency exposure

Foreign activities lead to the fact that results, cash flows and equity are affected by the exchange rate movements in a number of foreign currencies. Exchange adjustments of investments in subsidiaries are taken directly to equity. To a wide extent, acquisition and sale of shipping take place in the same foreign currency.

It is not company policy to hedge the above risks by means of financial instruments.

#### Interest rate exposure

Reasonable changes in the interest level will have no material impact on the Group. Consequently, no agreements are made on hedging of the interest rate exposure.

### Group relations

	<b>Share- holding %</b>
"K" Line (Sweden) AB, Sweden	100
"K" Line (Norway) AS, Norway	100

### 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 2018/19

	<u>Notes</u>	<u>2018/19 DKK'000</u>	<u>2017/18 DKK'000</u>
Revenue		7.941	175.140
Other operating income		12	0
Cost of sales		(6.682)	(148.653)
Other external expenses		(1.974)	(5.710)
<b>Gross profit/loss</b>		<b>(703)</b>	<b>20.777</b>
Staff costs	1	(3.277)	(12.637)
Depreciation, amortisation and impairment losses	2	67	(213)
<b>Operating profit/loss</b>		<b>(3.913)</b>	<b>7.927</b>
Other financial income	3	79	68
Other financial expenses	4	(12)	(125)
<b>Profit/loss before tax</b>		<b>(3.846)</b>	<b>7.870</b>
Tax on profit/loss for the year	5	316	(1.802)
<b>Profit/loss for the year</b>		<b>(3.530)</b>	<b>6.068</b>
<b>Proposed distribution of profit/loss</b>			
Retained earnings		(3.530)	6.068
		<b>(3.530)</b>	<b>6.068</b>

## Consolidated balance sheet at 31.03.2019

	<u>Notes</u>	<u>2018/19 DKK'000</u>	<u>2017/18 DKK'000</u>
Other fixtures and fittings, tools and equipment		0	397
<b>Property, plant and equipment</b>	6	<u>0</u>	<u>397</u>
<b>Fixed assets</b>		<u>0</u>	<u>397</u>
Trade receivables		0	43.025
Receivables from associates		0	2.690
Deferred tax		0	42
Other receivables		55	1.739
Income tax receivable		63	442
Prepayments	7	0	82
<b>Receivables</b>		<u>118</u>	<u>48.020</u>
<b>Cash</b>		<u>7.804</u>	<u>23.555</u>
<b>Current assets</b>		<u>7.922</u>	<u>71.575</u>
<b>Assets</b>		<u>7.922</u>	<u>71.972</u>

## Consolidated balance sheet at 31.03.2019

	<u>Notes</u>	<u>2018/19 DKK'000</u>	<u>2017/18 DKK'000</u>
Contributed capital		1.000	1.000
Retained earnings		6.765	10.369
<b>Equity</b>		<b>7.765</b>	<b>11.369</b>
Deferred tax		0	951
<b>Provisions</b>		<b>0</b>	<b>951</b>
Trade payables		45	9.595
Payables to group enterprises		0	44.676
Income tax payable		0	332
Other payables		112	5.049
<b>Current liabilities other than provisions</b>		<b>157</b>	<b>59.652</b>
<b>Liabilities other than provisions</b>		<b>157</b>	<b>59.652</b>
<b>Equity and liabilities</b>		<b>7.922</b>	<b>71.972</b>
Unrecognised rental and lease commitments	8		
Group relations	9		
Subsidiaries	10		

**Consolidated statement of changes in equity for 2018/19**

	<b>Contributed capital DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	1.000	10.369	11.369
Exchange rate adjustments	0	(59)	(59)
Other entries on equity	0	(15)	(15)
Profit/loss for the year	0	(3.530)	(3.530)
<b>Equity end of year</b>	<b>1.000</b>	<b>6.765</b>	<b>7.765</b>

## Notes to consolidated financial statements

	<b>2018/19</b> <b>DKK'000</b>	<b>2017/18</b> <b>DKK'000</b>
<b>1. Staff costs</b>		
Wages and salaries	3.091	10.514
Pension costs	57	665
Other social security costs	129	1.458
	<b>3.277</b>	<b>12.637</b>
Average number of employees	<b>1</b>	<b>26</b>
The Board of Directors is not remunerated. Remuneration for the Executive Board is not disclosed in accordance with section 98b(3)(2) of the Danish Financial Statements Act.		
	<b>2018/19</b> <b>DKK'000</b>	<b>2017/18</b> <b>DKK'000</b>
<b>2. Depreciation, amortisation and impairment losses</b>		
Depreciation of property, plant and equipment	56	213
Profit/loss from sale of intangible assets and property, plant and equipment	(123)	0
	<b>(67)</b>	<b>213</b>
	<b>2018/19</b> <b>DKK'000</b>	<b>2017/18</b> <b>DKK'000</b>
<b>3. Other financial income</b>		
Other financial income	79	68
	<b>79</b>	<b>68</b>
	<b>2018/19</b> <b>DKK'000</b>	<b>2017/18</b> <b>DKK'000</b>
<b>4. Other financial expenses</b>		
Other financial expenses	12	125
	<b>12</b>	<b>125</b>
	<b>2018/19</b> <b>DKK'000</b>	<b>2017/18</b> <b>DKK'000</b>
<b>5. Tax on profit/loss for the year</b>		
Current tax	53	1.796
Change in deferred tax	(909)	13
Adjustment concerning previous years	540	(7)
	<b>(316)</b>	<b>1.802</b>

## Notes to consolidated financial statements

	<b>Other fixtures and fittings, tools and equipment DKK'000</b>
<b>6. Property, plant and equipment</b>	
Cost beginning of year	1.062
Exchange rate adjustments	(6)
Disposals	(1.056)
<b>Cost end of year</b>	<b>0</b>
Depreciation and impairment losses beginning of year	(665)
Exchange rate adjustments	3
Depreciation for the year	(56)
Reversal regarding disposals	718
<b>Depreciation and impairment losses end of year</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>0</b>

### 7. Prepayments

Prepayments comprise various prepaid expenses. Prepayments are measured at cost.

	<b>2018/19 DKK'000</b>	<b>2017/18 DKK'000</b>
<b>8. Unrecognised rental and lease commitments</b>		
Liabilities under rental or lease agreements until maturity in total	<b>0</b>	<b>64</b>
Liabilities under rental agreements or leases with group enterprises until expiry	<b>0</b>	<b>30</b>

### 9. Group relations

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

Kawasaki Kisen Kaisha Ltd., Tokyo, Japan

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

Kawasaki Kisen Kaisha Ltd., Tokyo, Japan

**Notes to consolidated financial statements**

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>	<u>Equity DKK'000</u>	<u>Profit/loss DKK'000</u>
<b>10. Subsidiaries</b>					
"K" Line (Sweden) AB	Sweden	AB	100,0	5.726	(722)
"K" Line (Norway) AS	Norway	AS	100,0	539	(476)

## Parent income statement for 2018/19

	<u>Notes</u>	<u>2018/19 DKK'000</u>	<u>2017/18 DKK'000</u>
Revenue		3.740	95.327
Other operating income		0	276
Cost of sales		(3.239)	(83.910)
Other external expenses		(605)	(2.929)
<b>Gross profit/loss</b>		<b>(104)</b>	<b>8.764</b>
Staff costs	1	(2.347)	(5.566)
Depreciation, amortisation and impairment losses	2	119	(75)
<b>Operating profit/loss</b>		<b>(2.332)</b>	<b>3.123</b>
Income from investments in group enterprises		(1.198)	3.641
Other financial income	3	33	12
<b>Profit/loss before tax</b>		<b>(3.497)</b>	<b>6.776</b>
Tax on profit/loss for the year	4	(33)	(708)
<b>Profit/loss for the year</b>		<b>(3.530)</b>	<b>6.068</b>
<b>Proposed distribution of profit/loss</b>			
Transferred to reserve for net revaluation according to the equity method		(1.198)	3.641
Retained earnings		(2.332)	2.427
		<b>(3.530)</b>	<b>6.068</b>



## Parent balance sheet at 31.03.2019

	<u>Notes</u>	<u>2018/19 DKK'000</u>	<u>2017/18 DKK'000</u>
Other fixtures and fittings, tools and equipment		0	4
<b>Property, plant and equipment</b>	5	<u>0</u>	<u>4</u>
Investments in group enterprises		6.265	7.522
<b>Fixed asset investments</b>	6	<u>6.265</u>	<u>7.522</u>
<b>Fixed assets</b>		<u>6.265</u>	<u>7.526</u>
Trade receivables		0	7.745
Receivables from group enterprises		0	1.826
Deferred tax		0	33
Other receivables		6	168
Income tax receivable		0	212
Prepayments	7	0	88
<b>Receivables</b>		<u>6</u>	<u>10.072</u>
<b>Cash</b>		<u>1.525</u>	<u>7.887</u>
<b>Current assets</b>		<u>1.531</u>	<u>17.959</u>
<b>Assets</b>		<u>7.796</u>	<u>25.485</u>

## Parent balance sheet at 31.03.2019

	<u>Notes</u>	<u>2018/19 DKK'000</u>	<u>2017/18 DKK'000</u>
Contributed capital	8	1.000	1.000
Reserve for net revaluation according to the equity method		6.091	7.348
Retained earnings		674	3.021
<b>Equity</b>		<u><b>7.765</b></u>	<u><b>11.369</b></u>
Trade payables		0	1.735
Payables to group enterprises		0	11.576
Other payables		31	805
<b>Current liabilities other than provisions</b>		<u><b>31</b></u>	<u><b>14.116</b></u>
<b>Liabilities other than provisions</b>		<u><b>31</b></u>	<u><b>14.116</b></u>
<b>Equity and liabilities</b>		<u><b>7.796</b></u>	<u><b>25.485</b></u>
Unrecognised rental and lease commitments	9		
Related parties with controlling interest	10		

## Parent statement of changes in equity for 2018/19

	<b>Contributed capital DKK'000</b>	<b>Reserve for net revaluation according to the equity method DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	1.000	7.348	3.021	11.369
Exchange rate adjustments	0	(59)	0	(59)
Other entries on equity	0	0	(15)	(15)
Profit/loss for the year	0	(1.198)	(2.332)	(3.530)
<b>Equity end of year</b>	<b>1.000</b>	<b>6.091</b>	<b>674</b>	<b>7.765</b>

## Notes to parent financial statements

	<b>2018/19</b> <b>DKK'000</b>	<b>2017/18</b> <b>DKK'000</b>
<b>1. Staff costs</b>		
Wages and salaries	2.274	5.196
Pension costs	46	315
Other social security costs	27	55
	<b>2.347</b>	<b>5.566</b>
Average number of employees	<b>1</b>	<b>10</b>
The Board of Directors is not remunerated. Remuneration for the Executive Board is not disclosed in accordance with section 98b(3)(2) of the Danish Financial Statements Act.		
	<b>2018/19</b> <b>DKK'000</b>	<b>2017/18</b> <b>DKK'000</b>
<b>2. Depreciation, amortisation and impairment losses</b>		
Depreciation of property, plant and equipment	4	75
Profit/loss from sale of intangible assets and property, plant and equipment	(123)	0
	<b>(119)</b>	<b>75</b>
	<b>2018/19</b> <b>DKK'000</b>	<b>2017/18</b> <b>DKK'000</b>
<b>3. Other financial income</b>		
Other interest income	1	1
Other financial income	32	11
	<b>33</b>	<b>12</b>
	<b>2018/19</b> <b>DKK'000</b>	<b>2017/18</b> <b>DKK'000</b>
<b>4. Tax on profit/loss for the year</b>		
Current tax	0	709
Change in deferred tax	33	(1)
	<b>33</b>	<b>708</b>

## Notes to parent financial statements

	<b>Other fixtures and fittings, tools and equipment DKK'000</b>
<b>5. Property, plant and equipment</b>	
Cost beginning of year	375
Disposals	(375)
<b>Cost end of year</b>	<b>0</b>
Depreciation and impairment losses beginning of year	(371)
Depreciation for the year	(4)
Reversal regarding disposals	375
<b>Depreciation and impairment losses end of year</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>0</b>
	<b>Invest- ments in group enterprises DKK'000</b>
<b>6. Fixed asset investments</b>	
Cost beginning of year	174
<b>Cost end of year</b>	<b>174</b>
Revaluations beginning of year	7.348
Exchange rate adjustments	(59)
Share of profit/loss for the year	(1.198)
<b>Revaluations end of year</b>	<b>6.091</b>
<b>Carrying amount end of year</b>	<b>6.265</b>

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

### 7. Prepayments

Prepayments comprise various prepaid expenses. Prepayments are measured at cost.

## Notes to parent financial statements

	<u>Number</u>	<u>Par value DKK'000</u>	<u>Nominal value DKK'000</u>
<b>8. Contributed capital</b>			
Share capital	1.000	1	1.000
	<u>1.000</u>		<u>1.000</u>

	<u>2018/19 DKK'000</u>	<u>2017/18 DKK'000</u>
<b>9. Unrecognised rental and lease commitments</b>		
Liabilities under rental or lease agreements until maturity in total	<u>0</u>	<u>64</u>
Liabilities under rental agreements or leases with group enterprises until expiry	<u>0</u>	<u>30</u>

### 10. Related parties with controlling interest

Related parties with a controlling or significant interest in "K" Line (Scandinavia) Holding A/S:

- Kawasaki Kisen Kaisha Ltd., Iino Building, 1-1, Uchisaiwaicho 2-Chome Chiyoda-ku, Tokyo 100-8540, Japan, shareholder

## 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 enterprises.

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 include "K" Line (Scandinavia) Holding A/S (Parent) and subsidiaries in which "K" Line (Scandinavia) Holding A/S either directly or indirectly holds more than 50% of the voting rights or in any other way have controlling influence. Jointly controlled entities are consolidated on a pro rata basis.

### 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. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover

## Accounting policies

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

### 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. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. 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, however, no more than 20 years. Negative differences in amount (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet under deferred income, and they are recognised in the income statement when such adverse development is realised.

### 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

Foreign currency transactions are translated applying the exchange rates at the transaction date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date are recognised in the income statement as financial income or financial expenses.

Receivables, payables, and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated applying the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the balance sheet date and the one in effect at the time when the receivable or payable arose are recognised in the income statement as financial income or financial expenses.

If the foreign subsidiaries meet the criteria of independent entities, their income statements and balance sheets are translated applying the exchange rates at the balance sheet date. Exchange differences that arise from translation of foreign subsidiaries' equity at the beginning of the year, applying the exchange rates at the balance sheet date, are recognised directly in equity.

### Income statement

#### Revenue

Revenue is recognised in the income statement if delivery to the Group's cooperators has taken place before year-end and if the income can be computed reliably and receipt is expected. Revenue is recognised net of



## Accounting policies

VAT, duties and sales discounts.

### 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

Costs relating to revenue are accrued according to the method of revenue recognition. Other costs relating to the financial year in terms of time are charged to the income statement.

### 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 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.

### 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 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 or exchange 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.

### Balance sheet

#### Property, plant and equipment

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

## Accounting policies

impairment losses.

The basis of depreciation is cost less estimated residual value after the end of useful life.

Cost comprises the acquisition price and costs directly attributable to the acquisition until the time when it is ready to be put into operation. For group-manufactured assets, cost comprises costs of materials, components, sub-suppliers and direct labour costs as well as indirect cost of sales.

Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-8 years
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Estimated useful lives and residual values are reassessed annually.

On initial recognition, lease contracts regarding property, plant and equipment in which the Company holds all material risks and advantages related to the ownership (finance leasing) are measured in the balance sheet at fair value or present value, if lower, of future lease payments. At the computation of present value, the internal interest rate of the lease contract or an approximate value is used as discount factor. Assets held under finance leases are then treated as the Company's other property, plant and equipment.

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

### Investments in group enterprises

#### Income statement

The Company's share of the subsidiaries' profits or losses after elimination of unrealised intra-group profits and losses and plus or minus amortisation of positive, or negative, goodwill is recognised in the income statement.

#### Balance sheet

Investments in subsidiaries are recognised in the balance sheet at the pro rata share of the enterprises' equity in accordance with the Parent's accounting policies plus or minus unrealised intra-group profits and losses and plus or minus the residual value of positive, or negative, goodwill calculated according to the purchase method.

Subsidiaries with negative equity are measured at zero value, and any receivable from these enterprises is written down by the Parent's share of such negative equity. If the negative equity exceeds the amounts receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the negative balance of the relevant subsidiary.

Net revaluation of investments in subsidiaries is taken to reserve for net revaluation under the equity method if the carrying amount exceeds cost less amortisation of goodwill.

#### Receivables

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

## Accounting policies

debts are made at net realisable value.

### **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.

### **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.

Deferred tax relating to re-taxation of previously deducted losses of foreign subsidiaries is recognised based on a specific assessment of the purpose of the individual subsidiary.

### **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.