
RiskPoint A/S

Hammerensgade 4, 2, DK-1267 København K

Annual Report for 1 January - 31 December 2021

CVR No 30 82 82 08

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
19/5 2022

Vagn Thorup
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of RiskPoint A/S for the financial year 1 January - 31 December 2021.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the Company operations for 2021.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 19 May 2022

Executive Board

Thomas Vængebjerg Boutrup
CEO

Board of Directors

Vagn Thorup
Chairman

Ulrik Krogsaa Evers

Kenneth Nielsen

Independent Auditor's Report

To the Shareholder of RiskPoint A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of RiskPoint A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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 Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

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.

Independent Auditor's Report

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company 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:

- 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 Company'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 Company'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 Company to cease to continue as a going concern.

Independent Auditor's Report

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, 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.

Hellerup, 19 May 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jesper Otto Edelbo
State Authorised Public Accountant
mne10901

Casper Larsen
State Authorised Public Accountant
mne45855

Company Information

The Company

RiskPoint A/S
Hammerensgade 4, 2
DK-1267 København K

CVR No: 30 82 82 08
Financial period: 1 January - 31 December
Municipality of reg. office: Copenhagen

Board of Directors

Vagn Thorup, Chairman
Ulrik Krogsaa Evers
Kenneth Nielsen

Executive Board

Thomas Vængebjerg Boutrup

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK
Key figures					
Profit/loss					
Gross profit/loss	239,635	173,950	116,009	84,325	59,329
Operating profit/loss	118,201	79,078	43,330	29,007	16,406
Profit/loss before financial income and expenses	118,201	80,241	43,330	29,007	16,410
Net financials	5,646	2,889	1,278	50	-526
Net profit/loss for the year	98,689	65,461	32,777	22,673	12,380
Balance sheet					
Balance sheet total	819,193	435,253	324,142	222,267	113,040
Equity	100,071	68,253	35,230	24,953	23,280
Investment in property, plant and equipment	0	0	0	0	146
Number of employees	81	63	49	39	30
Ratios					
Return on assets	14.4%	18.4%	13.4%	13.1%	14.5%
Solvency ratio	12.2%	15.7%	10.9%	11.2%	20.6%
Return on equity	117.3%	126.5%	108.9%	94.0%	51.4%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, refer to the accounting policies.

Management's Review

Key activities

RiskPoint A/S is an underwriting agency. We focus on providing value-adding insurance solutions predominantly to Nordic and European corporates and industrial clients and their advisors.

Aside from insurance solutions within traditional lines of businesses, we also focus on establishing and developing insurance solutions within niche areas such as directors liability, renewable energy, intellectual rights and company transactions (W&I).

Branch offices

The Company has branch offices, which are included in the Annual Report for Riskpoint A/S, in the following countries: Germany, UK, Switzerland, Spain, Holland and France.

Development in the year

The income statement of the Company for 2021 shows a profit of DKK 98,688,744, and at 31 December 2021 the balance sheet of the Company shows equity of DKK 100,070,944.

The result is considered to be very satisfactory.

The past year and follow-up on development expectations from last year

The technical result for 2021 is very strong, and the result is above budget for 2021. Revenue is above budget and 45% above 2020. All business areas have developed positively against 2020 and except from property exceeded expectations for the year.

Foreign exchange risks

Activities abroad cause results and equity to be affected by the exchange and interest rate development of a number of currencies. No hedging of the Company's currency is made since the risk is not assessed to be high.

Targets and expectations for the year ahead

The Management expects a growth in profit corresponding to an increase in revenue size 15-20%. There is an expectation of increased revenue in all business areas aside Property. Extraordinary investments will be made in an expansion of existing activities in branches and subsidiaries outside Denmark. In particular in the USA. In addition, further investments in our IT platform is also planned. The full effect of the investments is expected to materialize in 2022 and onwards.

Management's Review

External environment

As an insurance agency, our climate footprint is relatively limited. Therefore, RiskPoint has not prepared a defined climate and environmental policy, but finds that a responsible approach to climate and the environment is of course part of running a business and an important element for our customers, business partners and stakeholders.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2021 DKK	2020 DKK
Gross profit/loss		239,634,711	173,949,760
Staff expenses	1	-119,328,206	-85,358,177
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-2,105,123	-8,350,282
Profit/loss before financial income and expenses		118,201,382	80,241,301
Income from investments in subsidiaries		4,094,917	6,031,096
Financial income	3	3,850,737	16,052
Financial expenses	4	-2,299,668	-3,157,676
Profit/loss before tax		123,847,368	83,130,773
Tax on profit/loss for the year	5	-25,158,624	-17,669,396
Net profit/loss for the year		98,688,744	65,461,377

Balance Sheet 31 December

Assets

	Note	2021 DKK	2020 DKK
Goodwill		2,756,039	4,866,185
Intangible assets under construction		3,172,403	1,250,000
Intangible assets	6	5,928,442	6,116,185
Other fixtures and fittings, tools and equipment		2,364	31,560
Property, plant and equipment	7	2,364	31,560
Investments in subsidiaries	8	4,974,219	6,845,083
Deposits	9	1,167,166	1,038,051
Fixed asset investments		6,141,385	7,883,134
Fixed assets		12,072,191	14,030,879
Trade receivables	10	571,320,983	295,816,905
Receivables from group enterprises		13,869,581	5,879,175
Other receivables		555,593	194,253
Prepayments	11	3,193,885	2,761,050
Receivables		588,940,042	304,651,383
Cash at bank and in hand		218,180,496	116,570,946
Currents assets		807,120,538	421,222,329
Assets		819,192,729	435,253,208

Balance Sheet 31 December

Liabilities and equity

	Note	2021 DKK	2020 DKK
Share capital		1,000,000	1,000,000
Reserve for exchange rate adjustments		-183,598	-438,288
Retained earnings		754,542	2,691,252
Proposed dividend for the year		98,500,000	65,000,000
Equity		100,070,944	68,252,964
Provision for deferred tax	13	625,701	504,133
Provisions		625,701	504,133
Trade payables		657,180,947	321,422,131
Payables to group enterprises		17,015,423	9,538,602
Corporation tax		11,394,761	7,207,890
Payables to group enterprises relating to corporation tax		1,188,072	1,892,076
Other payables		31,716,881	26,435,412
Short-term debt		718,496,084	366,496,111
Debt		718,496,084	366,496,111
Liabilities and equity		819,192,729	435,253,208
Distribution of profit	12		
Contingent assets, liabilities and other financial obligations	14		
Related parties	15		
Accounting Policies	16		

Statement of Changes in Equity

	Share capital	Reserve for exchange rate adjustments	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	1,000,000	-438,288	2,691,252	65,000,000	68,252,964
Net effect from merger and acquisition under the uniting of interests method	0	0	-2,125,454	0	-2,125,454
Adjusted equity at 1 January	1,000,000	-438,288	565,798	65,000,000	66,127,510
Exchange adjustments	0	254,690	0	0	254,690
Ordinary dividend paid	0	0	0	-65,000,000	-65,000,000
Net profit/loss for the year	0	0	188,744	98,500,000	98,688,744
Equity at 31 December	1,000,000	-183,598	754,542	98,500,000	100,070,944

Notes to the Financial Statements

	2021 <u>DKK</u>	2020 <u>DKK</u>
1 Staff expenses		
Wages and salaries	103,560,144	73,865,076
Pensions	3,612,166	2,311,958
Other social security expenses	12,155,896	9,181,143
	<u>119,328,206</u>	<u>85,358,177</u>
 Average number of employees	 <u>81</u>	 <u>63</u>
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.		
 2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	2,075,927	8,163,734
Depreciation of property, plant and equipment	29,196	186,548
	<u>2,105,123</u>	<u>8,350,282</u>
 3 Financial income		
Other financial income	3,050,023	16,052
Exchange gains	800,714	0
	<u>3,850,737</u>	<u>16,052</u>
 4 Financial expenses		
Interest paid to group enterprises	490,855	263,124
Other financial expenses	1,808,813	1,166,348
Exchange loss	0	1,728,204
	<u>2,299,668</u>	<u>3,157,676</u>

Notes to the Financial Statements

	2021	2020
	DKK	DKK
5 Tax on profit/loss for the year		
Current tax for the year	24,614,208	17,674,772
Deferred tax for the year	120,193	-5,376
Adjustment of tax concerning previous years	424,223	0
	25,158,624	17,669,396

6 Intangible assets

	Goodwill	Intangible assets under construction
	DKK	DKK
Cost at 1 January	10,550,729	7,337,807
Additions for the year	0	1,922,403
Cost at 31 December	10,550,729	9,260,210
Impairment losses and amortisation at 1 January	5,684,544	6,087,807
Amortisation for the year	2,110,146	0
Impairment losses and amortisation at 31 December	7,794,690	6,087,807
Carrying amount at 31 December	2,756,039	3,172,403

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 January	1,946,028
Cost at 31 December	1,946,028
Impairment losses and depreciation at 1 January	1,914,468
Depreciation for the year	29,196
Impairment losses and depreciation at 31 December	1,943,664
Carrying amount at 31 December	2,364

Notes to the Financial Statements

	2021 DKK	2020 DKK
8 Investments in subsidiaries		
Cost at 1 January	999,271	999,271
Cost at 31 December	999,271	999,271
Value adjustments at 1 January	5,845,812	1,780,497
Net profit/loss for the year	4,094,917	6,031,096
Dividend to the Parent Company	-6,000,000	-2,000,000
Amortisation of goodwill	34,219	34,219
Value adjustments at 31 December	3,974,948	5,845,812
Carrying amount at 31 December	4,974,219	6,845,083
Negative differences arising on initial measurement of subsidiaries at net asset value	171,096	171,096
Remaining negative difference included in the above carrying amount at 31 December	68,439	102,658

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Caployd A/S -					
Forsikringsagentur	Copenhagen	DKK 600.000	100%	5,042,657	4,094,917
RP Underwriting Inc.	Delaware	USD 1	100%	-644,567	-614,304

RP Underwriting Inc is measured at DKK 0 in accordance with the Company's accounting policies.

9 Other fixed asset investments

	Deposits DKK
Cost at 1 January	1,038,501
Additions for the year	128,665
Cost at 31 December	1,167,166
Carrying amount at 31 December	1,167,166

Notes to the Financial Statements

	<u>2021</u> DKK	<u>2020</u> DKK
10 Trade receivables		
The following receivables fall due for payment more than 1 year after year end	<u>39,253,885</u>	<u>22,251,780</u>
11 Prepayments		
Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.		
12 Distribution of profit		
Proposed dividend for the year	98,500,000	65,000,000
Retained earnings	<u>188,744</u>	<u>461,377</u>
	<u>98,688,744</u>	<u>65,461,377</u>
13 Provision for deferred tax		
Provision for deferred tax at 1 January	504,133	509,509
Amounts recognised in the income statement for the year	120,193	-5,376
Effect from merger and acquisitions	<u>1,375</u>	<u>0</u>
Provision for deferred tax at 31 December	<u>625,701</u>	<u>504,133</u>

Notes to the Financial Statements

	2021 DKK	2020 DKK
14 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Obligations under rental contract. Total future rent payments:		
Within 1 year	4,057,149	1,812,884
Between 1 and 5 years	13,689,170	0
	17,746,319	1,812,884

Guarantee obligations

RiskPoint A/S has granted a receivables charge to Danske Bank as security for intercompany balances with the Company's Parent Company RiskPoint Holding A/S.

15,000,000	4,000,000
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RiskPoint A/S has provided an unlimited guarantee to the Parent Company RiskPoint Holding A/S under which the guarantor assumes joint and several liability.

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Hansen & Klein A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

15 Related parties

	<u>Basis</u>
Controlling interest	
RiskPoint Holding A/S	Parent Company
Hansen & Klein A/S	Ultimate Parent Company
Management	Key management personnel

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

<u>Name</u>	<u>Place of registered office</u>
Hansen & Klein A/S	Hammerensgade 4, 2., 1267 København K
RiskPoint Holding A/S	Hammerensgade 4, 2., 1267 København K

The Group Annual Reports may be obtained by requests to the respective companies.

Notes to the Financial Statements

16 Accounting Policies

The Annual Report of RiskPoint A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021 are presented in DKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Hansen & Klein A/S and RiskPoint Holding A/S, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Hansen & Klein A/S and RiskPoint Holding A/S, the Company has not prepared a cash flow statement.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition.

Notes to the Financial Statements

16 Accounting Policies (continued)

Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Business acquisitions carried through before 1 July 2018

Subject to some exemptions, acquisitions carried through before 1 July 2018 are accounted for under the same accounting policies as those applying to business combinations carried through on or after 1 July 2018. The most material exemptions are:

- Identifiable assets and liabilities of the entity acquired are recognised only if they are probable.
- Identifiable contingent liabilities of the entity acquired are not recognised in the consolidated balance sheet.
- Where the purchase price allocation is not final, positive and negative differences due to changes to the recognition and measurement of the acquired net assets may be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.
- Transaction costs directly attributable to the acquisition of subsidiaries are included as part of cost.
- After the initial recognition, adjustment of contingent consideration is recognised directly with its counter entry in initial purchase price, thus correcting the value of goodwill or negative goodwill.
- In respect of step acquisitions, the carrying amount of the existing investments is recognised in cost.

Pooling of interests

Intragroup business combinations are accounted for under the pooling-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The pooling-of-interests method is applied at the date of acquisition, and comparative figures have not been restated.

Notes to the Financial Statements

16 Accounting Policies (continued)

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

The Entity's commission-based income is recognised at the invoicing of the insurance premium taken out via the Entity's carrier.

Other external expenses

Other external expenses comprise expenses relating to the Entity's ordinary activities, including expenses for premises, stationary and office supplies, marketing costs, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Notes to the Financial Statements

16 Accounting Policies (continued)

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with the ultimate Danish parent company and all Danish subsidiaries. The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Intangible assets are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Notes to the Financial Statements

16 Accounting Policies (continued)

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5	years
--------------------------------------------------	-----	-------

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits as well as long term profit commission receivable.

Notes to the Financial Statements

16 Accounting Policies (continued)

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Trade receivables comprise premiums collected with policyholders on behalf of the Company's carriers. When recognising these receivables, the amount owed to the carrier net of sales commission is recognised as well.

Prepayments

Prepayments comprise prepaid expenses concerning subsequent financial years.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Notes to the Financial Statements

16 Accounting Policies (continued)

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Trade payables comprise premium payables to the Company's carriers. When collecting premiums, the amount owed to the carrier, equivalent to the premium collected net of commission, is recognised.

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$