

**Africa Automotive A/S**

Norgesvej 2

5700 Svendborg

Company registration number 31 07 13 48

**Annual Report**

1 January 2016 - 31 December 2016

The Annual General Meeting adopted the annual report on  
22 March 2017



Chairman of the General Meeting

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## Company details

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### Company

Africa Automotive A/S  
Norgesvej 2  
5700 Svendborg

Telephone:	+45 63 22 88 94
Homepage:	<a href="http://www.africaautomotive.dk">www.africaautomotive.dk</a>
E-mail:	<a href="mailto:joern@africaautomotive.dk">joern@africaautomotive.dk</a>
Registered office is located in:	Svendborg
Central business registration number:	31 07 13 48
Accounting Period:	1. januar 2016 - 31. december 2016

### Principal activities

According to the Articles of Association the company's main activities is to deliver specialized automotive solutions to Sub-Sahara Africa.

### Board of Directors

Hans Christian Bukkehave  
Kim Ole Vandbæk  
Kenn Janerka Olsen

### Management

Kenn Janerka Olsen

### Shareholders

Shareholders that own more than 5 % of the Share Capital:

Buk Auto A/S  
CPT Invest ApS

### Auditor

Dansk Revision Svendborg  
Statsautoriseret revisionsaktieselskab  
Norgesvej 2  
5700 Svendborg

## Statement of the board of directors and executive board

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The Executive Board and Supervisory Boards have today discussed and approved the annual report of Africa Automotive A/S for the period 1 January – 31 December 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the company's financial position at 31 December 2016 and of the results of the company's operations and cash flows for the financial year 1 January – 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the development in the company's operations and financial matters and of the results of the company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

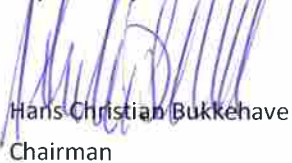
Svendborg, 22 March 2017

### Board of directors



Kenn Janerka Olsen

### Supervisory Board:



Hans Christian Bukkehave  
Chairman



Kim Ole Vandbæk



Kenn Janerka Olsen

## Independent auditor's report

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### To the Shareholders of Africa Automotive A/S

#### Opinion

We have audited the financial statements of Africa Automotive A/S for the financial year 1. januar 2016 - 31. december 2016, which comprise income statement, balance sheet, cash flow statement, equity statement and notes, including a summary of significant accounting policies.

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31. december 2016 and of the results of the Company operations for the financial year 1. januar 2016 - 31. december 2016 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 Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for 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 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.

## Independent auditor's report

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As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment 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.
- 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.

### 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.

## Independent auditor's report

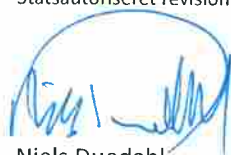
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Based on the work we have performed, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not identify any material misstatement of Management's Review.

Svendborg, 22 March 2017

### Dansk Revision Svendborg

Statsautoriseret revisionsaktieselskab, CVR-nr. 33057989



Niels Duedahl

Statsautoriseret revisor

## Managements review

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### Principal activities

The Company is similar to previous years engaged in specialized automotive solutions to Sub-Saharan Africa.

### Development in activities and financial position

The Company has continued its normal activities. There has not been any isolated events during the year, that require mentioning in the Management's review.

The result of the year shows a profit after tax at DKK 1.589.399, which we consider to be satisfactory.

### Events after the balance sheet date

From the time of preparation of the balance undtil today, nothing has happened which in our opinion can change the annual report and the company's financial situation.

### Outlook

Management expects a satisfactory result for the fiscal year 2017.

### Particular risks

The company has no particular risks, besides what is common for the business it operates in.

### Environment

The company has no effect on the external environment, besides what is to be expected by an office environment.

### Subsidiaries abroad

The company has a subsidiary in USA, Global Automotive Inc.

### Result compared with expectations

The 2016 budget showed an expected profit for the year of TDKK. 1.538 and the final profit realized a TDKK. 1.589.

The result of the year is close to budgeted.



	2016	2015	2014	2013	2012
	1.000	1.000	1.000	1.000	1.000
<b>Main figures</b>	DKK	DKK	DKK	DKK	DKK
<b>Income statement</b>					
Operating profit/loss	2.610	2.144	15.870	9.751	13.897
Profit/loss from financial income and expenses	-527	508	-3.551	-2.701	-4.823
Profit/loss for the year	1.589	2.031	9.520	5.222	6.826
<b>Balance sheet</b>					
Fixed tangible assets	998	1.224	1.019	431	278
Current assets	60.726	39.486	76.431	59.777	45.478
Balance sheet total	61.724	40.710	77.450	60.208	45.756
Equity	28.095	29.475	31.194	22.389	17.167
Working capital	54.849	27.928	52.438	50.797	38.271
Long term liabilities	0	0	700	712	5.200
Short term liabilities	33.384	10.885	45.164	37.107	23.385
<b>Financial ratios in %</b>					
Return on invested capital	4,2	5,3	20,5	16,2	30,4
<i>Operating profit/loss as a % of total assets</i>					
Return on working capital	4,8	7,3	30,3	19,2	26,6
<i>Operating profit/loss as a % of working capital</i>					
Equity ratio	45,5	72,4	40,3	37,2	37,5
<i>Equity as a % of total assets</i>					
Return on equity	5,5	6,7	35,5	26,4	79,5
<i>Profit/loss for the year as a % of average equity</i>					
<b>Employees</b>	<b>6,0</b>	<b>6,0</b>	<b>5,0</b>	<b>5,0</b>	<b>5,0</b>

		2016	2015
Note	Income statement	DKK	1.000 DKK
Period 1 January - 31 December			
	Gross profit/loss	6.251.614	5.519
1	Staff cost	-3.186.315	-3.406
	Depreciation and impairment of tangible assets	-88.300	-75
	Revaluation of current assets	-367.141	105
	Operating profit/loss	2.609.858	2.144
	Result in subsidiaries	-151.686	225
2	Financial income	307.883	1.863
	Financial costs	-682.881	-1.580
	Profit/loss from ordinary activities before tax	2.083.173	2.652
3	Tax on profit/loss	-493.774	-621
	Profit/loss for the year	1.589.399	2.031
Proposed profit appropriation/distribution of loss			
	Proposed dividends	15.000.000	3.000
	Revalutaion reserve	-367.141	-105
	Retained earnings	-13.043.460	-864
	Distribution of profit/loss	1.589.399	2.031

		2016	2015
Note	Balance sheet	DKK	1.000 DKK
	Assets at 31 December		
4	Fixtures and fittings, tools and equipment	126.372	215
	Fixed tangible assets	126.372	215
5	Investments in subsidiaries	872.028	1.009
6	Other investments	0	0
	Fixed financial assets	872.028	1.009
	Total fixed assets	998.400	1.224
	Inventories	16.085.393	11.499
	Prepayments	9.300.198	2.658
7	Total inventories	25.385.592	14.157
	Trade receivables	19.160.911	16.683
	Receivables from subsidiaries	13.577.411	6.024
	Other receivables	129.251	386
8	Prepayments	823.448	1.014
	Receivables	33.691.020	24.106
	Cash in bank and at hand	1.648.990	1.224
	Total short term assets	60.725.601	39.486
	Total assets	61.724.001	40.710

		2016	2015
Note	Balance sheet	DKK	1.000 DKK
<b>Equity and liabilities at 31 December</b>			
	Share capital	800.000	800
	Revaluation reserve	984.473	1.367
	Retained earnings	11.311.004	24.308
	Proposed dividends	15.000.000	3.000
9	<b>Total equity</b>	<b>28.095.477</b>	<b>29.475</b>
10	Deferred taxes	244.387	350
	<b>Provisions</b>	<b>244.387</b>	<b>350</b>
	Debt to financial institutions	26.262.467	551
	Trade payables	4.227.927	5.762
	Payables to associates	3.257	6
	Corporate taxes	599.443	622
	Other liabilities	1.852.033	3.944
11	Prepayments	439.011	0
	<b>Short term liabilities</b>	<b>33.384.137</b>	<b>10.885</b>
	<b>Total liabilities and provisions</b>	<b>33.628.524</b>	<b>11.235</b>
	<b>Total equity and liabilities</b>	<b>61.724.001</b>	<b>40.710</b>
12	Contingent liabilities		
13	Mortgages and securities		
14	Related parties		

## Equity statement

	2016	2015
	DKK	1.000 DKK
<b>Equity statement for the year 1 January - 31 December</b>		
Share capital	800.000	800
<b>Share Capital</b>	<b>800.000</b>	<b>800</b>
Revaluation reserve	1.366.536	1.472
Annual revaluation	-382.063	-105
<b>Revaluation reserve</b>	<b>984.473</b>	<b>1.367</b>
Retained earnings at 1 January	24.308.425	25.172
Exchange rate adjustments subsidiaries	31.117	0
Annual revaluation adjustment	14.922	0
Retained earnings for the year	-13.043.460	-864
<b>Retained earnings</b>	<b>11.311.004</b>	<b>24.308</b>
Proposed dividends at 1 January	3.000.000	3.750
Payed dividends	-3.000.000	-3.750
Proposed dividends for the year	15.000.000	3.000
<b>Proposed dividends</b>	<b>15.000.000</b>	<b>3.000</b>
<b>Total equity</b>	<b>28.095.477</b>	<b>29.475</b>

	2016	2015
<b>Cash flow statement</b>	DKK	1.000 DKK
<b>Profit/loss for the year</b>	<b>1.589.399</b>	<b>2.031</b>
Depreciation fixed assets	88.300	75
Revaluation current assets	367.141	-105
Results from subsidiaries	151.686	-225
Financial income	-307.883	-1.863
Financial cost	682.881	1.580
Tax on profit/loss	493.774	621
<b>Adjustments</b>	<b>1.475.900</b>	<b>82</b>
Change in inventories	-13.886.741	16.696
Change in receivables	-12.405.220	17.434
Change in current liabilities	2.743.889	4.336
Revaluation current assets	-367.141	105
<b>Change in working capital</b>	<b>-23.915.213</b>	<b>38.572</b>
Interest received	307.883	1.863
Interest paid	-1.122.394	-1.143
<b>Interest payments</b>	<b>-814.512</b>	<b>720</b>
<b>Payed taxes</b>	<b>-622.180</b>	<b>-2.378</b>
<b>Net cash from operation activities</b>	<b>-22.286.606</b>	<b>39.027</b>
Bought fixed tangible assets	0	-42
Sold fixed tangible assets	0	67
<b>Net cash from investments</b>	<b>0</b>	<b>25</b>
Change in long term liabilities	0	-700
Payed dividends	-3.000.000	-3.750
<b>Net cash from financing activities</b>	<b>-3.000.000</b>	<b>-4.450</b>
<b>Change in net cash</b>	<b>-25.286.606</b>	<b>34.044</b>
Net cash at 1 January	673.128	-33.371
Net cash at 31 December	-24.613.478	673
<b>Change in net cash</b>	<b>-25.286.606</b>	<b>34.044</b>

## Notes

**1 Staff cost**

Payroll	3.114.291	3.335
Other social security costs etc.	72.024	71
<b>Total staff costs</b>	<b>3.186.315</b>	<b>3.406</b>

Payroll to management is not disclosed, as only one person in management received remuneration

**2 Financial income**

Interest from subsidiaries	303.322	0
Other financial income	4.561	1.863
<b>Total financial income</b>	<b>307.883</b>	<b>1.863</b>

**3 Tax on profit/loss**

Current tax for the year	599.443	622
Adjustments in deferred tax	-105.669	-43
Adjustments previous years	0	41
<b>Tax on profit/loss</b>	<b>493.774</b>	<b>621</b>

**4 Fixtures and fittings, tools and equipment**

Cost at 1 January	390.892	457
Additions for the year	0	42
Disposals for the year	0	-108
Cost at 31 December	390.892	391
Depreciation and impairment at 1 January	-176.220	-143
Depreciation, assets sold	0	41
Depreciation and impairment for the year	-88.300	-75
Depreciation at 31 December	-264.520	-176
<b>Carrying amount at 31 December</b>	<b>126.372</b>	<b>215</b>

## Notes

### 5 Investments in subsidiaries

Cost at 1 January	315.669	316
Cost at 31 December	315.669	316
Value adjustment at 1 January	693.484	693
Profit/loss for the year after tax	-168.242	0
Value adjustment currency	31.117	0
Value adjustment at 31 December	556.359	693
<b>Total investment in subsidiaries</b>	<b>872.028</b>	<b>1.009</b>

### 6 Other investments

Cost at 1 January	10.090	10
Cost at 31 December	10.090	10
Depreciation at 1 January	-10.090	-10
Depreciation at 31 December	-10.090	-10
<b>Other investments</b>	<b>0</b>	<b>0</b>

### 7 Inventories

With reference to paragraph 11 (3) in the Danish Financial Statements Act, the company has derogated from the relations according to paragraph 45 of the Danish Financial Statements Act in which it is provided, that inventories must be measured at cost. The company measures inventories at replacement cost, equivalent to the value in USD at the balance date. The revaluation of inventories to USD exchange rate is recognized in the income statement.

The amount is bound via the appropriation of net income in separate reserve (revaluation reserve) under equity.

The company is a merchandising-sector company, in which the inventories in all material aspects are purchased in USD and sold in USD. Management considers the replacement cost of the inventories to be the correct accounting value of inventories at the balance sheet date. This is how the actual values, which the company has at its disposal, and the company's future performance potential, are reported.

The transaction has had a negative effect on the profit/loss of the year of TDKK 367 and equity is effected positively with TDKK 984 at 31 December 2016.



## Notes

**8 Prepayments**

Prepayments	823.448	1.014
<b>Total prepayments</b>	<b>823.448</b>	<b>1.014</b>

<b>9 Equity</b>	<b>Share capital</b>	<b>Revaluation reserve</b>	<b>Retained earnings</b>	<b>Proposed dividends</b>	<b>Total</b>
	1.000 DKK	1.000 DKK	1.000 DKK	1.000 DKK	1.000 DKK
Equity at 1 January	800	1.367	24.308	3.000	29.475
Payed dividends	0	0	0	-3.000	-3.000
Exchange rate regulations subsidiaries	0	0	31	0	31
Change in revaluation reserve	0	-382	15	0	-367
Retained earnings	0	0	-13.043	15.000	1.957
<b>Equity at 31 December</b>	<b>800</b>	<b>984</b>	<b>11.311</b>	<b>15.000</b>	<b>28.095</b>

The share capital consists of 16 shares of a nominal amount of TDKK 50.

No shares carry special rights and the share has not been changed the past 5 years.

**Proposed profit appropriation/distribution of loss**

Proposed dividends	15.000.000	3.000
Revaluation reserve	-367.141	-105
Retained earnings	-13.043.460	-864
<b>Distribution of profit/loss</b>	<b>1.589.399</b>	<b>2.031</b>

**10 Deferred tax**

Deferred tax at 1 January	350.056	350
Adjustments for the year recognized in profit/loss	-105.669	0
<b>Deferred tax at 31 December</b>	<b>244.387</b>	<b>350</b>

**11 Prepayments**

Prepayments from costumers	439.011	0
<b>Total prepayments</b>	<b>439.011</b>	<b>0</b>

## Notes

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### 12 Contingent liabilities

The company is a part of a joint taxation scheme with other Danish companies in the group. The company is unlimited and jointly liable with the other companies in the group for withholding taxes on dividends and royalties within the joint taxation.

### 13 Mortgages and securities

There is registered business mortgages to the company's credit institutions for TDKK 20.000.

The mortgages includes:

Trade receivables, fixed tangible assets, inventories, cars not registered and rights.

### 14 Related parties

Buk Auto A/S, Norgesvej 2, 5700 Svendborg has control.

The company is part of the consolidated financial statement of H. C. Holding Svendborg ApS.

#### Transactions with related parties

There has been no transactions with related parties, which are not carried out on market conditions.

## Accounting policies

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### Generally

The annual report has been prepared in accordance with the provisions applying to reporting class C medium-sized enterprises under the Danish Financial Statements Act.

In future, the residual value on tangible assets is to be re-evaluated annually. The Company has no significant residual value on tangible assets, except for what has been transferred to the Company's land. Thus, this change is made with forward effect only, as a change of accounting estimate, and has no impact on equity

The annual report has been prepared in accordance with the same accounting policies as previous years.

### Consolidated financial statement

In accordance with section 112 of the Danish Financial Statements Act, the company presents no consolidated financial statement, as it is part of a higher group.

### Recognition and measurement

Assets are recognised on the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised on the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

When assets and liabilities are recognised and measured, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment and provisions as well as reversals as a result of changes in accounting estimates of amount which were previously recognised in the income statement.

### Foreign currency translation

Upon initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognized in the income statement.

Accounts receivable, payables and other monetary items denominated in foreign currencies are translated at the

## Accounting policies

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exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date on which the receivable or amount payable arose or was recognized in the latest annual report is recognized in the income statement.

### Derivative financial instruments

Derivative financial instruments are initially recognized on the balance sheet at cost and are subsequently measured at fair value.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognized asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets and liabilities are recognized in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognized in equity are transferred to the cost of the asset and liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously recognized in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognized in the income statement on a regular basis.

### Income Statement

#### Revenue

Revenue from the sale of goods for resale and finished goods and services is recognised in the income statement provided that transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured ex. VAT, and taxes charged on behalf of third parties. All sort of discounts are included in revenue.

#### Gross profit

Revenue, cost of goods sold and other external costs in are aggregated in one line and referred to as gross profit.

#### Other external costs

Other external costs comprise cost of selling, commercial costs, premises and administrations costs including payments on operating leases.

#### Leasingkontrakter

Leasingydelser på kontrakter, der ikke er finansielle leasingkontrakter og øvrige lejeaftaler indregnes i resultatopgørelsen over kontraktens løbetid. Virksomhedens samlede forpligtelser vedrørende leasing- og lejeaftaler oplyses under kontraktlige forpligtelser og eventualposter.

## Accounting policies

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### Staff Costs

Staff Costs comprise payroll, other payroll-related items and other staff costs.

### Financial income and expenses

Financial income and expenses comprise interest income and expense, costs of finance leasing, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme etc.

### Results from subsidiaries

Results from subsidiaries are recognised in accordance with the equity method.

### Tax on profit/loss from ordinary activities

Tax for the period comprises current tax and changes in current tax for the year. The tax expense relating to the profit/loss for the period is recognized in the income statement, and the tax expense relating to changes directly recognized in equity is recognized directly in equity.

The company is jointly taxed with its Danish group enterprises according to Danish tax regulation.

The current Danish corporation tax is allocated by settlement of joint taxation contribution between joint taxed companies on basis of their taxable incomes. Loss making companies receive tax contribution fra profitable companies in proportion to their taxable income (full absorption with refund for tax losses).

### Balance sheet

#### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment. . The basis of depreciation is cost less forecast residual value after the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets.

The expected useful lives are as follows:

Residual value

Technical equipment:	3 years	DKK 0,00
Other equipment and inventory:	4 years	DKK 0,00

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the sales price less disposal costs and the carrying amount at the date of disposal. The gains or losses are recognized in the income statement as depreciation.

#### Impairments on property, plant and equipment

## Accounting policies

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The carrying amount of property, plant and equipment is annually rated to determine whether there are indications of impairment, besides what is expressed in depreciations.

If indications of impairment occurs, impairment test is made on specific assets or groups of assets.

Impairment is made if net realization value is lower than the carrying amount.

Net realization value is the highest of net sales price and capital value. Capital value is calculated as present value of the expected revenues from the use of the asset or group of assets.

### Financial non-current assets

Investments in subsidiaries are recognized in the balance sheet to the proportionate share of the company's net assets according to the parent company's accounting policies after deduction or addition of unrealised intercompany profit and losses.

In the parent company's income statement, the proportionate share of the individual subsidiary companies' result after taxes.

### Inventories

Inventories are measured at replacement cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Replacement cost is cost adjusted to the USD exchange rate at 31 December.

Goods for resale comprise purchase price added delivery cost.

Net realisable value for inventories are calculated as sales price deducted costs of completion and costs linked to sales and are fixed taking into account marketability, obsolescence and development in expected sales price.

### Receivables

Receivables are measured at amortised cost, normally equal to nominal value.

Write-down is made for bad debt losses when there is objective evidence that a receivable has been impaired.

### Prepayments

Prepayments comprise of costs incurred concerning subsequent financial years.

### Cash funds

Comprise cash funds in Danish kroner and foreign currency.

### Equity - dividends

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual meeting (declaration date). The expected dividend payment for the year disclosed as a separate item under equity.

### Payables

Financial payables are recognized at the date of borrowing at the net proceeds received less transaction costs paid.

Debt is measured at amortised cost corresponding to nominal value.

## Accounting policies

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### Corporation tax and deferred tax

Current tax payable and receivable is recognized on the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognized at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

### Cash flow statement

The cash flow statement shows the company's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated as the company's profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investments comprise property, plant and equipment investments and dividends.

Cash flows from financing activities comprise raising of loans and repayment of interestbearing debts.

Cash and cash equivalents comprise cash and short-term marketable securities with a term of a year or less which are subject to an insignificant risk of changes in value.

### Key figures

Key figures are calculated in accordance with the Danish Financial Analysts Associations publication "Recommendations & Key figures 2010".

Return on invested capital: Operating profit/loss for the year as a % of average invested capital

Equity ratio: Equity as a % of total assets

Return on equity: Profit/loss for the year as a % of average equity