CHRISTENSEN
KJÆRULFF
PERSONLIGT ENGAGEMENT

STATSAUTORISERET
REVISIONSAKTIESELSKAB

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Copenhagen Global A/S

Sankt Annæ Plads 11, 1250 Copenhagen

Company reg. no. 32 55 70 66

Annual report

1 January - 31 December 2018

The annual report has been submitted and approved by the general meeting on the 25 June 2019.

Casper Moltke-Leth
Chairman of the meeting

Contents

Notes:
- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Copenhagen Global A/S for the financial year 1 January to 31 December 2018.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2018 and of the company's results of its activities and cash flows in the financial year 1 January to 31 December 2018.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Copenhagen, 11 June 2019

Managing Director

Jeppe Handwerk

Board of directors

Casper Moltke-Leth Chairman	Meta Birgitte Zachau Handwerk	Jeppe Handwerk

To the shareholders of Copenhagen Global A/S

Opinion

We have audited the annual accounts of Copenhagen Global A/S for the financial year 1 January to 31 December 2018, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity, cash flow statement and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2018 and of the results of the company's operations and cash flows for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section “Auditor’s responsibilities for the audit of the annual accounts”. We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

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

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 11 June 2019

Christensen Kjærulff
Statsautoriseret Revisionsaktieselskab
Company reg. no. 15 91 56 41

Elan Schapiro
State Authorised Public Accountant
mne33765

Company data

The company	Copenhagen Global A/S Sankt Annæ Plads 11 1250 Copenhagen	
	Company reg. no.	32 55 70 66
	Established:	29 October 2009
	Domicile:	Copenhagen
	Financial year:	1 January - 31 December
Board of directors	Casper Moltke-Leth, Chairman Meta Birgitte Zachau Handwerk Jeppe Handwerk	
Managing Director	Jeppe Handwerk	
Auditors	Christensen Kjærulff Statsautoriseret Revisionsaktieselskab Store Kongensgade 68 1264 København K	
Parent company	Copenhagen Group A/S	

Financial highlights

DKK in thousands.	2018	2017	2016	2015	2014
Profit and loss account:					
Net turnover	125.606	222.251	182.567	175.911	172.070
Gross profit	8.196	9.895	18.991	7.350	7.166
Results from operating activities	4.484	8.554	13.865	5.179	4.415
Net financials	538	1.901	-1.369	277	-462
Results for the year	3.892	8.140	9.736	4.209	2.960
Balance sheet:					
Balance sheet sum	45.812	100.849	20.526	54.495	42.495
Investments in tangible fixed assets represent	305	77	4.607	427	1.707
Equity	20.281	16.389	8.249	8.513	4.304
Cash flow:					
Operating activities	15.481	-7.885	22.175	-8.950	11.980
Investment activities	-305	3.274	-4.607	-501	-1.707
Financing activities	-13.207	4.630	-18.387	-5.711	5.939
Cash flow in total	1.969	19	-819	-15.161	16.212
Employees:					
Average number of full time employees	5	4	2	2	2
Key figures in %:					
Return on equity investment	21,8	41,7	37,0	10,7	15,1
Solvency ratio	44,3	16,3	40,2	15,6	10,1
Return on equity	21,2	66,1	116,2	65,7	104,8

The calculation of key figures and ratios follow the Danish Association of Finance Analysts' recommendations.

The principal activities of the company

Copenhagen Global manages projects and contracts awarded through direct tendering for the supply of products and services to international organisations, national governments and agencies.

Copenhagen Global specialises in the provision of vehicles, special purpose boats, tactical watercraft, equipment for special operations forces, engines and generators, spare parts and after sales services to customers worldwide.

Copenhagen Global's business model is centred on obtaining long term agreements with national governmental agencies and international organisations for the supply of products manufactured by our strategic business partners, such as FPT Industrial, United States Marine Inc. (USMI), Golden Arrow Marine, Marine Specialised Technology IVECO, CASE, New Holland, and MAGIRUS to name a few.

Development in activities and financial matters

In 2018, revenue decreased by 43.5% from DKK 222.3 million to DKK 125.6 million. Last year constituted the highest to date for Copenhagen Global in terms of revenue. However, during last year we also had some unusually large orders for the supply and delivery of IVECO trucks and armoured vehicles.

Year 2018 also constituted a year in limbo for us with regard to our long term agreement for the supply of IVECO trucks and spare parts to an international organisation, since we awaited the outcome of the evaluation result for the new tender for almost 18 months; hence, no big orders for trucks were made during the second half of 2018.

On the positive side, 2018 marked the year in which we made our first sale of USMI's 11mtr Naval Special Warfare Rigid Inflatable Boats (RIB) to the Danish Defence. The sale of these 2 RIBs positively affected both our revenue and gross profit for 2018.

Irrespective of a relatively big decrease in revenue, our gross profit only decreased by 17.2% to DKK 8.2 million from DKK 9.9 million.

Operating profit decreased by 47.6% to DKK 4.5 million, constituting a profit margin of 3.6%.

In 2018 our staff costs were slightly higher compared to the year before since we employed more staff to support our after sales services. Furthermore, in 2017, we made an inter-company sale of our wash-ramps and equipment to our sister company, Copenhagen Contractors, which positively affected our operating profit for that year compared to 2018.

With a net profit of DKK 3.9 million for 2018, total equity ultimo 2018 amounts to DKK 20.3 million and translates into an equity share of 44.3%, which is much higher compared to last year's 16.3%.

The expected development

During 2018 we continued to invest heavily in Copenhagen Global by employing additional staff, acquiring new equipment and tools, and expanding our in-house skills set, since providing high-quality after sales services is a cornerstone of our business model for Copenhagen Global.

We go where others are unable to in order to best support our customers – from Somalia in the south to Iraq in the East.

With the addition of new staff with the required expertise and experience from the maritime sector coupled with our strong and long-standing partnerships with manufacturers of boats and related equipment, such as marine engines, we expect the marine segment to constitute a growing share of our revenue in the years to come. Our aim is to be the leading supplier of special purpose boats – from search-and-rescue to special purpose boats – to both governmental and commercial entities in the Nordics.

By continuously expanding our list of dealerships for high quality and often niche products and services for the Kingdom of Denmark and the Baltic Region, we also expect to expand our presence in the Danish and European market in the years to come.

Risk Management

Proper management of risks is extremely important to us, since our corporate set-up and customer database do not lend us much room for manoeuvring with respect to social acceptability and financial credibility.

Before bidding for a new potential contract we conduct an internal assessment of the customer and scope of work to ensure it meets our obligations to UN Global Compact to which we are a long-standing signatory.

Our suppliers undergo the same level of scrutiny, in particular with respect to ISO 9001 on quality, ISO 14001 on environment and OHSAS 18001 on occupational health and safety.

To hedge our financial risks, we aim to quote customers in the same currency as that quoted to us by our suppliers. Our business transactions are, for the most part, also restricted to DKK, EUR and USD; hence, the biggest risk relates to fluctuations in the USD exchange rate towards EUR and DKK.

The vast majority of our contracts are with stable national governments and reputable international organisations; hence, a loss on debtors or a long delay in payments by a customer is rarely a problem for us.

Events subsequent to the financial year

No events have occurred subsequent to the end of the fiscal year 2018, which could be of significant detriment to the Copenhagen Global’s financial position.

Profit and loss account 1 January - 31 December

All amounts in DKK.

Note		2018	2017
	Net turnover	125.606.428	222.250.859
	Raw materials and consumables used	-108.310.661	-203.804.260
	Other external costs	-9.099.765	-8.552.068
	Gross results	**8.196.002**	**9.894.531**
1	Staff costs	-3.611.110	-2.873.041
	Depreciation and writedown relating to tangible fixed assets	-100.963	1.532.994
	Operating profit	**4.483.929**	**8.554.484**
	Other financial income from group enterprises	1.069.483	929.997
	Other financial income	1.283.366	2.160.398
	Other financial costs	-1.814.565	-1.189.732
	Results before tax	**5.022.213**	**10.455.147**
2	Tax on ordinary results	-1.129.880	-2.315.600
3	**Results for the year**	**3.892.333**	**8.139.547**

Balance sheet 31 December

All amounts in DKK.

Note	**Assets**	2018	2017
	Fixed assets		
4	Other plants, operating assets, and fixtures and furniture	304.626	100.428
	Tangible fixed assets in total	304.626	100.428
5	Deposits	74.228	74.228
	Financial fixed assets in total	74.228	74.228
	Fixed assets in total	**378.854**	**174.656**
	Current assets		
	Raw materials and consumables	1.930.582	4.154.643
	Work in progress	0	928.700
	Prepayments for goods	63.726	958.186
	Inventories in total	1.994.308	6.041.529
	Trade debtors	25.834.010	82.174.441
	Amounts owed by group enterprises	14.576.494	11.452.797
6	Deferred tax assets	304.115	281.904
	Other debtors	87.837	56.141
	Debtors in total	40.802.456	93.965.283
	Available funds	2.636.809	667.719
	Current assets in total	**45.433.573**	**100.674.531**
	Assets in total	**45.812.427**	**100.849.187**

Balance sheet 31 December

All amounts in DKK.

Note	Equity and liabilities	2018	2017
	Equity		
7	Contributed capital	1.000.000	1.000.000
	Results brought forward	19.281.360	15.389.027
	Equity in total	**20.281.360**	**16.389.027**
	Provisions		
8	Other provisions	100.000	100.000
	Provisions in total	**100.000**	**100.000**
	Liabilities		
	Bank debts	0	10.083.504
	Prepayments received from customers	1.107.557	223.145
	Trade creditors	22.102.079	71.014.111
	Corporate tax	1.152.091	1.978.341
	Other debts	1.069.340	1.061.059
	Short-term liabilities in total	25.431.067	84.360.160
	Liabilities in total	**25.431.067**	**84.360.160**
	Equity and liabilities in total	**45.812.427**	**100.849.187**

9 Mortgage and securities

10 Contingencies

11 Related parties

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Results brought forward	In total
Equity 1 January 2017	1.000.000	7.249.480	8.249.480
Profit or loss for the year brought forward	0	8.139.547	8.139.547
Equity 1 January 2018	1.000.000	15.389.027	16.389.027
Profit or loss for the year brought forward	0	3.892.333	3.892.333
	1.000.000	**19.281.360**	**20.281.360**

Cash flow statement 1 January - 31 December

All amounts in DKK.

Note		2018	2017
	Results for the year	3.892.333	8.139.547
12	Adjustments	692.559	-1.118.057
13	Change in working capital	12.336.615	-13.717.931
	Cash flow from operating activities before net financials	16.921.507	-6.696.441
	Interest received and similar amounts	2.352.851	3.090.397
	Interest paid and similar amounts	-1.814.565	-1.189.732
	Cash flow from ordinary activities	17.459.793	-4.795.776
	Corporate tax paid	-1.978.341	-3.088.866
	Cash flow from operating activities	**15.481.452**	**-7.884.642**
	Purchase of tangible fixed assets	-305.161	-76.720
	Sale of tangible fixed assets	0	3.350.489
	Cash flow from investment activities	**-305.161**	**3.273.769**
	Available funds	-10.083.504	8.421.682
	Other cash flows from financing activities	-3.123.697	-3.791.896
	Cash flow from financing activities	**-13.207.201**	**4.629.786**
	Changes in available funds	**1.969.090**	**18.913**
	Available funds 1 January 2018	667.719	649.569
	Exchange rate adjustments (available funds)	0	-763
	Available funds 31 December 2018	**2.636.809**	**667.719**

		2018	2017
	Available funds		
	Available funds	2.636.809	667.719
	Available funds 31 December 2018	**2.636.809**	**667.719**

Notes

All amounts in DKK.

		2018	2017
1.	**Staff costs**		
	Salaries and wages	2.857.121	2.007.047
	Other costs for social security	34.361	38.616
	Other staff costs	719.628	827.378
		3.611.110	**2.873.041**
	Executive board and board of directors	504.000	584.000
	Average number of employees	5	4

Board fee is paid from parent company.

All amounts in DKK.

		2018	2017
2.	**Tax on ordinary results**		
	Tax of the results for the year, parent company	1.152.091	1.978.341
	Adjustment for the year of deferred tax	-22.211	337.259
		1.129.880	**2.315.600**

		2018	2017
3.	**Proposed distribution of the results**		
	Allocated to results brought forward	3.892.333	8.139.547
	Distribution in total	**3.892.333**	**8.139.547**

		2018	2017
4.	**Other plants, operating assets, and fixtures and furniture**		
	Cost 1 January 2018	2.210.738	6.740.943
	Additions during the year	305.161	76.720
	Disposals during the year	0	-4.606.925
	Cost 31 December 2018	**2.515.899**	**2.210.738**
	Amortisation and writedown 1 January 2018	-2.110.310	-4.899.739
	Depreciation for the year	-100.963	-142.252
	Adjustment of writedown, opening balance	0	1.675.245
	Reversal of depreciation, amortisation and writedown, assets disposed of	0	1.256.436
	Amortisation and writedown 31 December 2018	**-2.211.273**	**-2.110.310**
	Book value 31 December 2018	**304.626**	**100.428**

		2018	2017
5.	**Deposits**		
	Cost 1 January 2018	74.228	74.228
	Cost 31 December 2018	**74.228**	**74.228**
	Book value 31 December 2018	**74.228**	**74.228**

All amounts in DKK.

		31/12 2018	31/12 2017
6.	**Deferred tax assets**		
	Deferred tax assets 1 January 2018	281.904	619.163
	Adjustment for the year of deferred tax	22.211	-337.259
		304.115	**281.904**
	The following items are subject to deferred tax:		
	Tangible fixed assets	304.115	281.904
		304.115	**281.904**
7.	**Contributed capital**		
	Contributed capital 1 January 2018	1.000.000	1.000.000
		1.000.000	**1.000.000**

The share capital consists of 1.000 shares, each with a nominal value of DKK 1.000.

		31/12 2018	31/12 2017
8.	**Other provisions**		
	Other provisions 1 January 2018	100.000	100.762
	Change of the year in other provisions	0	-762
		100.000	**100.000**

9. Mortgage and securities

For group bank debts, tDKK 11.360, the company has provided security in company assets representing a nominal value of tDKK 17.000. This security comprises the below assets, stating the book values:

Inventories	DKK 6.042
Receivable from sales and services	DKK 82.174
Other plants, operating assets, fixtures and furniture	DKK 100

Notes

All amounts in DKK.

10. Contingencies

Contingent liabilities

	DKK in thousands
Leasing liabilities	840
Recourse liability to products sold	9.181
Recourse guarantee commitments	11.360
Contingent liabilities in total	**21.381**

Comprising:	
Contingent liabilities, group enterprises	11.360

Joint taxation

Handwerk Holding A/S, company reg. no 33055889 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

11. Related parties

Controlling interest

Handwerk Holding A/S Sankt Annæ Plads 11, 1. 1250 Copenhagen Denmark	Majority shareholder

Transactions

All transactions with related parties take place on market terms.

Notes

All amounts in DKK.

		2018	2017
12.	**Adjustments**		
	Depreciation and amortisation	100.963	-1.532.994
	Other financial income	-2.352.849	-3.090.395
	Other financial costs	1.814.565	1.189.732
	Tax on ordinary results	1.129.880	2.315.600
		692.559	**-1.118.057**

		2018	2017
13.	**Change in working capital**		
	Change in inventories	4.047.221	-1.684.706
	Change in debtors	56.308.735	-76.906.662
	Change in trade creditors and other liabilities	-48.019.341	64.873.437
		12.336.615	**-13.717.931**

The annual report for Copenhagen Global A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (medium sized enterprises).

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

The profit and loss account

Net turnover

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Cost of sales

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

	Useful life	*Residual value*
Other plants, operating assets, fixtures and furniture	*3-5 years*	*0-20 %*

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Inventories

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Available funds

Available funds comprise cash at bank and in hand.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Copenhagen Global A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carryover, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Other provisions
Guarantee liabilities comprise liabilities for repairs within the guarantee period of 1-5 years. The provisions are measured at the net realisable value and recognised on basis of the obtained experience with guarantee work. If provisions have an expected due date later than 1 year from the balance sheet date, they are discounted at the average bond interest.

Liabilities
Liabilities are measured at amortised cost which usually corresponds to the nominal value.

The cash flow statement

The cash flow statement shows the cash flow of the company for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities, respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

Cash flow from operating activities
Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

Cash flow from investment activities
Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

Cash flow from financing activities
Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

Available funds
Available funds comprise cash funds and short-term securities with a term of less than 3 months which can easily be converted into cash funds and on which only an insignificant risk of value changes exists.

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