

Copenhagen Global A/S

Sankt Annæ Plads 11, 1250 København K

Company reg. no. 32 55 70 66

Annual report

1 January - 31 December 2016

The annual report has been submitted and approved by the general meeting on the 4 May 2017.

Casper Moltke-Leth
Chairman of the meeting

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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 2016.

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 as on 31 December 2016 and of the company's results of its activities and cash flows in the financial year 1 January to 31 December 2016.

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, 20 April 2017

Managing Director

Jeppe Handwerk

Board of directors

Casper Moltke-Leth
Chairman

Meta Birgitte Zachau Handwerk Jeppe Handwerk

Independent auditor's report

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 2016, 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 2016 and of the results of the company's operations and cash flows for the financial year 1 January to 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 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

Independent auditor's report

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.

Independent auditor's report

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, 20 April 2017

Christensen Kjærulff

Statsautoriseret Revisionsaktieselskab
Company reg. no. 15 91 56 41

Elan Schapiro

State Authorised Public Accountant

Company data

The company

Copenhagen Global A/S
Sankt Annæ Plads 11
1250 København K

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 Kjarulff
Statsautoriseret Revisionsaktieselskab

Parent company

Copenhagen Group A/S

Financial highlights

DKK in thousands.	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Profit and loss account:					
Net turnover	182.567	175.911	172.070	65.883	18.654
Gross profit	18.991	7.350	7.166	2.534	-317
Results from operating activities	13.865	5.179	4.415	1.364	-2.370
Net financials	-1.369	277	-462	-1.329	-534
Results for the year	9.736	4.209	2.960	-95	-2.257
Balance sheet:					
Balance sheet sum	20.526	54.495	42.495	15.802	10.517
Investments in tangible fixed assets represent	4.607	427	1.707	0	0
Equity	8.249	8.513	4.304	1.344	1.439
Cash flow:					
Operating activities	22.175	-8.950	11.980	-2.750	5.425
Investment activities	-4.607	-501	-1.707	0	0
Financing activities	-18.387	-5.711	5.939	-1.169	-1.133
Cash flow in total	-819	-15.161	16.212	-3.919	4.292
Employees:					
Average number of full time employees	2	2	2	2	3
Key figures in %:					
Return on equity investment	37,0	10,7	15,1	10,4	-
Solvency ratio	40,2	15,6	10,1	8,5	13,7
Return on equity	116,2	65,7	104,8	-	-

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

Management's review

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, boats, equipment, 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 CNHI Industrial, FPT Industrial, United States Marine Inc., Marine Specialised Technology and Maritime Partner, to name a few.

Financial Development

In 2016, revenue increased by 3.8% from DKK 176 million to DKK 182.6 million. Since obtaining our first long-term agreement for the provision of heavy duty trucks in 2011, we have been able to grow our business within the vehicle fleet management segment by an outstanding 1,038%.

In late 2015, we secured a number of additional long-term agreements for the provision of field motor vehicles, agriculture and construction equipment, large trucks and buses, and armoured vehicles for an international organisation supporting humanitarian efforts worldwide.

In March 2016, we delivered 25 armoured vehicles to Mali for one of the larger humanitarian missions.

In June 2016, we delivered 36 water tank trucks, manufactured by IVECO, to Ethiopia's Ministry of Health under one of our long-term agreements.

In 2016, we also obtained yet another long-term agreement with the Danish Defence for the supply of IVECO spare parts.

Gross profit increased by 158.4% to DKK 19 million from DKK 7.4 million. This higher gross profit was a result of increased sales of vehicles, equipment and wash-down services during the past year compared to the year before.

Operating profit increased by 167.7% to DKK 13.9 million, constituting a profit margin of 7.6%.

With a net profit of DKK 9.7 million for 2016, total equity ultimo 2016 amounts to DKK 8.2 million and translates into an equity share of 40.2%, which is an improvement from 15.6% last year.

Management's review

Expectations for the Future

During 2016 we invested heavily in Copenhagen Global by employing additional staff and expanding our in-house skills set. 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, we expect the boat 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 combat boats – to both governmental and commercial entities in the Nordics.

To further expand our partnership with CNH Industrial, we entered into an agreement with FPT Industrial, which is a leading manufacturer and seller of powertrains (engines and generators) for industrial vehicles and boats. Becoming a distributor for FPT industrial for Denmark and Greenland has been a long-term goal for us and we are thrilled to include engines and generators to our list of products for both our vehicles and boats

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 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 End of the Fiscal Year

No events have occurred subsequent to the end of the fiscal year 2016, 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.

<u>Note</u>	<u>2016</u>	<u>2015</u>
Net turnover	182.567.399	175.911.097
Raw materials and consumables used	-158.118.116	-163.188.857
Other external costs	-5.458.275	-5.372.284
Gross results	18.991.008	7.349.956
1 Staff costs	-2.051.597	-1.623.995
2 Depreciation and writedown relating to tangible fixed assets	-3.073.932	-547.281
Operating profit	13.865.479	5.178.680
Other financial income	885.803	534.614
3 Other financial costs	-2.254.581	-257.991
Results before tax	12.496.701	5.455.303
4 Tax on ordinary results	-2.760.609	-1.245.849
5 Results for the year	9.736.092	4.209.454

Balance sheet 31 December

All amounts in DKK.

Assets			
<u>Note</u>		<u>2016</u>	<u>2015</u>
Fixed assets			
6	Other plants, operating assets, and fixtures and furniture	1.841.204	308.212
	Tangible fixed assets in total	<u>1.841.204</u>	<u>308.212</u>
7	Deposits	74.228	74.228
	Financial fixed assets in total	<u>74.228</u>	<u>74.228</u>
	Fixed assets in total	<u>1.915.432</u>	<u>382.440</u>
Current assets			
	Raw materials and consumables	58.682	0
	Work in progress	0	115.834
	Prepayments for goods	4.298.141	8.450.686
	Inventories in total	<u>4.356.823</u>	<u>8.566.520</u>
	Trade debtors	5.323.920	36.176.289
	Amounts owed by group enterprises	7.660.901	7.031.386
8	Deferred tax assets	619.163	290.906
	Other debtors	0	578.625
	Debtors in total	<u>13.603.984</u>	<u>44.077.206</u>
	Available funds	<u>649.569</u>	<u>1.468.529</u>
	Current assets in total	<u>18.610.376</u>	<u>54.112.255</u>
	Assets in total	<u>20.525.808</u>	<u>54.494.695</u>

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2016</u>	<u>2015</u>
Equity			
	Contributed capital	1.000.000	1.000.000
	Results brought forward	7.249.480	7.513.388
	Equity in total	<u>8.249.480</u>	<u>8.513.388</u>
Provisions			
9	Other provisions	<u>100.762</u>	<u>173.387</u>
	Provisions in total	<u>100.762</u>	<u>173.387</u>
Liabilities			
	Bank debts	1.661.822	9.419.100
	Trade creditors	6.890.841	34.638.150
	Corporate tax	3.088.866	624.308
	Other debts	<u>534.037</u>	<u>1.126.362</u>
	Short-term liabilities in total	<u>12.175.566</u>	<u>45.807.920</u>
	Liabilities in total	<u>12.175.566</u>	<u>45.807.920</u>
	Equity and liabilities in total	<u>20.525.808</u>	<u>54.494.695</u>

10 Mortgage and securities

11 Contingencies

Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Results brought forward</u>	<u>In total</u>
Equity 1 January 2015	1.000.000	3.303.934	4.303.934
Profit or loss for the year brought forward	0	4.209.454	4.209.454
Equity 1 January 2016	1.000.000	7.513.388	8.513.388
Profit or loss for the year brought forward	0	9.736.092	9.736.092
Distributed extraordinary dividend adopted during the financial year.	0	-10.000.000	-10.000.000
	1.000.000	7.249.480	8.249.480

Cash flow statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2016</u>	<u>2015</u>
Results for the year	9.736.091	4.209.454
12 Adjustments	7.203.319	1.516.507
13 Change in working capital	7.228.434	-14.952.298
Cash flow from operating activities before net financials	24.167.844	-9.226.337
Interest received and similar amounts	885.803	534.614
Interest paid and similar amounts	-2.254.580	-257.991
Cash flow from ordinary activities	22.799.067	-8.949.714
Corporate tax paid	-624.308	0
Cash flow from operating activities	22.174.759	-8.949.714
Purchase of tangible fixed assets	-4.606.925	-426.756
Purchase of financial fixed assets	0	-74.228
Cash flow from investment activities	-4.606.925	-500.984
Dividend paid	-10.000.000	0
Available funds	-7.757.278	3.975.992
Other cash flows from financing activities	-629.515	-9.686.661
Cash flow from financing activities	-18.386.793	-5.710.669
Changes in available funds	-818.959	-15.161.367
Available funds 1 January 2016	1.468.528	16.629.895
Available funds 31 December 2016	649.569	1.468.528
Available funds		
Available funds	649.569	1.468.528
Available funds 31 December 2016	649.569	1.468.528

Notes

All amounts in DKK.

	<u>2016</u>	<u>2015</u>
1. Staff costs		
Salaries and wages	1.075.041	1.074.055
Other costs for social security	10.302	11.552
Other staff costs	<u>966.254</u>	<u>538.388</u>
	<u>2.051.597</u>	<u>1.623.995</u>
Executive board and board of directors	<u>660.000</u>	<u>330.000</u>
Average number of employees	<u>2</u>	<u>2</u>
Board fee is paid from parent company.		
2. Depreciation and writedown relating to tangible fixed assets		
Depreciation on plants, operating assets, fixtures and furniture	<u>3.073.932</u>	<u>547.281</u>
	<u>3.073.932</u>	<u>547.281</u>
3. Other financial costs		
Other financial costs	<u>2.254.581</u>	<u>257.991</u>
	<u>2.254.581</u>	<u>257.991</u>
4. Tax on ordinary results		
Tax of the results for the year, parent company	3.088.866	624.308
Adjustment for the year of deferred tax	<u>-328.257</u>	<u>621.541</u>
	<u>2.760.609</u>	<u>1.245.849</u>
5. Proposed distribution of the results		
Extraordinary dividend adopted during the financial year	10.000.000	0
Allocated to results brought forward	0	4.209.454
Allocated from results brought forward	<u>-263.908</u>	<u>0</u>
Distribution in total	<u>9.736.092</u>	<u>4.209.454</u>

Notes

All amounts in DKK.

6. Other plants, operating assets, and fixtures and furniture

Cost 1 January 2016	2.134.018	1.707.262
Additions during the year	4.606.925	426.756
Cost 31 December 2016	6.740.943	2.134.018
Amortisation and writedown 1 January 2016	-1.825.806	-1.278.525
Depreciation for the year	-3.073.933	-547.281
Amortisation and writedown 31 December 2016	-4.899.739	-1.825.806
Book value 31 December 2016	1.841.204	308.212

7. Deposits

Cost 1 January 2016	74.228	0
Additions during the year	0	74.228
Cost 31 December 2016	74.228	74.228
Book value 31 December 2016	74.228	74.228

8. Deferred tax assets

Deferred tax assets 1 January 2016	290.906	912.447
Adjustment for the year of deferred tax	328.257	-621.541
619.163	290.906	

The following items are subject to deferred tax:

Tangible fixed assets	619.163	284.306
Borrowing costs	0	6.600
619.163	290.906	

9. Other provisions

Other provisions 1 January 2016	173.387	130.529
Change of the year in other provisions	-72.625	42.858
100.762	173.387	

Notes

All amounts in DKK.

10. Mortgage and securities

For bank debts, tDKK 14.774, for the consolidated entities of Copenhagen Group A/S, 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	tDKK 4.357
Receivable from sales and services	tDKK 5.324
Other plants, operating assets, and fixtures	tDKK 1.841

11. Contingencies

Contingent liabilities

	DKK in thousands
Resourse liability to products sold	4.189
Contingent liabilities in total	4.189

Guarantee commitment

Guarantee has been provided as security for the consolidated entities of Copenhagen Group A/S' account with the Danske Andelskassers Bank A/S with a total net carrying amount of tDKK 14.774 as of December 31, 2016.

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.

Notes

All amounts in DKK.

	<u>2016</u>	<u>2015</u>
12. Adjustments		
Depreciation and amortisation	3.073.932	547.281
Other financial income	-885.803	-534.614
Other financial costs	2.254.581	257.991
Tax on ordinary results	2.760.609	1.245.849
	<u>7.203.319</u>	<u>1.516.507</u>
13. Change in working capital		
Change in inventories	4.209.697	-8.388.860
Change in debtors	31.430.994	-12.408.348
Change in trade creditors and other liabilities	-28.412.257	5.844.910
	<u>7.228.434</u>	<u>-14.952.298</u>

Accounting policies used

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.

Accounting policies used

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.

Interest and other costs concerning loans for financing the production of intangible and tangible fixed assets and concerning the production period are not recognised in the cost of the fixed asset.

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).

Accounting policies used

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:

Other plants, operating assets, fixtures and furniture	3-5 years
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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.

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.

Accounting policies used

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 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

Other 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.

Accounting policies used

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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Casper Moltke-Leth

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