Torben Herman Christensen Holding A/S

Taarbæk Strandvej 42C, DK-2930 Klampenborg

Annual Report for 1 January - 31 December 2019

CVR No 32 65 41 69

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 13/7 2020

Klaus Ewald Madsen
Chairman of the General Meeting

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Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Torben Herman Christensen Holding A/S for the financial year 1 January - 31 December 2019.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2019.

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

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

Klampenborg, 13 July 2020

Executive Board

Torben Herman Christensen
Executive Officer

Board of Directors

Klaus Ewald Madsen Chairman	Simon Christensen	Julie Bjørn Christensen
Torben Herman Christensen	Bente Christensen	

Independent Auditor's Report

To the Shareholder of Torben Herman Christensen Holding A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2019 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Torben Herman Christensen Holding A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Group 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.

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 Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and 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 Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group'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 Group's and 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 Group and 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 13 July 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Ulrik Ræbild	Claus Damhave
State Authorised Public Accountant	State Authorised Public Accountant
mne33262	mne34166

Company Information

The Company	Torben Herman Christensen Holding A/S Taarbæk Strandvej 42C DK-2930 Klampenborg CVR No: 32 65 41 69 Financial period: 1 January - 31 December Incorporated: 20 November 2009 Financial year: 11st financial year Municipality of reg. office: Lyngby-Taarbæk
Board of Directors	Klaus Ewald Madsen, Chairman Simon Christensen Julie Bjørn Christensen Torben Herman Christensen Bente Christensen
Executive Board	Torben Herman Christensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

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

	Group				
	2019	2018	2017	2016	2015
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	3.170.985	2.289.808	1.616.737	1.308.925	1.345.534
Gross profit/loss	209.321	152.853	121.585	110.167	113.667
Profit/loss before financial income and expenses	91.864	54.519	40.044	32.898	43.903
Net financials	-11.212	-2.213	1.333	3.725	-3.005
Net profit/loss for the year	60.607	39.964	32.696	28.929	31.754
Balance sheet					
Balance sheet total	906.214	653.777	600.329	473.272	535.250
Equity	366.466	302.099	259.362	225.186	214.472
Cash flows					
Cash flows from:					
- operating activities	-98.762	4.614	-2.078	6.562	61.505
- investing activities	-37.193	-19.190	-33.385	-40.140	-25.668
including investment in property, plant and equipment	-7.440	-23.002	-26.429	-42.897	-27.640
- financing activities	20.943	-15.541	20.354	25.195	-28.725
Change in cash and cash equivalents for the year	-115.012	-30.117	-15.109	-8.383	7.112
Number of employees	144	124	109	106	83
Ratios					
Gross margin	6,6%	6,7%	7,5%	8,4%	8,4%
Profit margin	2,9%	2,4%	2,5%	2,5%	3,3%
Return on assets	10,1%	8,3%	6,7%	7,0%	8,2%
Solvency ratio	40,4%	46,2%	43,2%	47,6%	40,1%
Return on equity	18,1%	14,2%	13,5%	13,2%	15,9%

In connection with changes to accounting policies, the comparative figures for 2015 have not been restated.

Management's Review

Key activities

The Group primarily offers services related to agri-bulk products and biomass. The services encompass brokerage, trading, freight and inspection as well as ovnership and management of port terminals.

Development in the year

The income statement of the Group for 2019 shows a profit of DKK 60,606,973, and at 31 December 2019 the balance sheet of the Group shows equity of DKK 366,465,582.

Management considers the net profit for the year to be satisfactory.

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

In 2019, the company delivered a result a bit higher than the expectations stated in the 2018 annual report.

Special risks - operating risks and financial risks

Foreign exchange risks

A proportion of the Group's revenue and purchases are made in other currencies than DKK. The hedging is primarily through forward foreign exchange contracts to hedge expected revenue and purchases. There are no speculative currency arrangements.

Targets and expectations for the year ahead

Management expects continuing growth in revenue and a satisfactory result before tax around DKK 70-80 millions.

External environment

The Group's activities are not considered to have an extensive impact on the external environment.

Management's Review

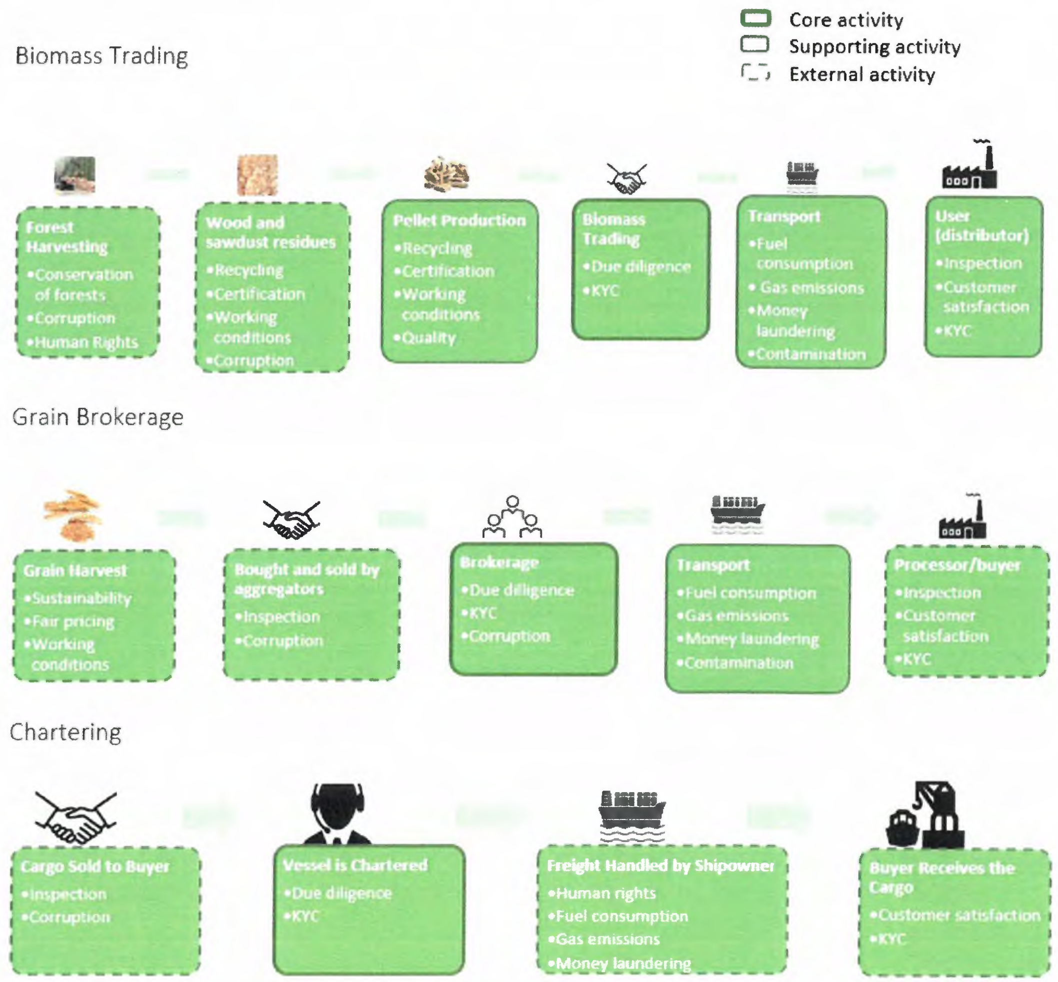
Statement of corporate social responsibility

Business model

CM is a privately owned group of businesses which, although spanning different industries, all have the same core values in common: commitment, proactivity, partnership and integrity. These values are reflected in the way that corporate social responsibility is integrated with the business strategy.

- CM is based on **commitment**. Commitment to constantly improve, and commitment to our clients and partners to be reliable by conducting business efficiently and responsibly.
- CM is **proactive** and strive to transform our challenges into opportunities. We try to mitigate risks ahead of time and train our employees to act decisively.
- CM values great **partnerships** that last, partnerships where we grow together. Therefore, CM carefully chooses employees, suppliers, and collaborators, while being transparent, in order to create a foundation for mutual trust, unity and loyalty.
- CM prioritizes **integrity** over profit. We are professional and honest.

The Group approaches CSR by dividing its activities and companies in five main business units, as each unit has its own business model and related CSR risks. Terminals and Superintendence, however, are excluded from the 2019 CSR report as these business units are deemed to have insignificant CSR risks. The links in the value chain of the relevant business units and the main related CSR concerns of each link are illustrated below.



Management's Review

Risks related to CSR

CSR Focus Areas	Identified Risks: Biomass Trading	Grain Brokerage	Chartering
Environment & Climate	Potential irregularities pertaining to forest management. Contamination or other damage to pellets during transport and storage, creating waste. GHG emissions.	Potential irregularities pertaining to sustainable farming. Contamination or other damage to the grain during transport and storage, creating waste.	Potential irregularities pertaining to gas emissions and fuel consumption for the chartered vessels.
Human Rights	In some regions there is a minor risk pertaining to: - the right for association and collective bargaining - compulsory or forced labor - gender and racial discrimination	In some regions there is a minor risk pertaining to: - the right for association and collective bargaining - compulsory or forced labor - gender and racial discrimination	In the shipping industry there is risk pertaining to: - the right for association and collective bargaining - humane working conditions on board the vessels
Corruption	CM Biomass and its suppliers operate in many countries, some with relatively high rate of corruption.	CM and its clients operate in many countries, some with relatively high rate of corruption.	Corruption and money laundering is a risk in the shipping industry.
Social Impact	Accidents can occur when logging wood, at sawmill production and pellet production. CM Biomass employees sometimes work long hours and are often working with short deadlines to serve business partners.	CM employees sometimes work long hours and are often working with short deadlines to serve business partners.	CM employees sometimes work long hours and are often working with short deadlines to serve business partners.
Conclusion	Overall, the CSR risks for CM Biomass' trading activities are mostly unlikely or have minor consequences. The identified risks are common across the industry and depend on the individual countries. As a trading company, CM Biomass' CSR efforts are focused on sustainable sourcing, pellet production, , transport/logistics and business partners.	In terms of the grain brokerage activities outside the supply chain, the CSR risk level is low. However, there are some risks in the supply chain, that CM must guard against, even though incidents seem unlikely. As a brokerage company, CM does not have much influence on the farming of the grain, so CM 's CSR efforts are focused on business partners and transport.	There are no substantial CSR risks in chartering. On the other hand, there is some risk pertaining to actual freight, which is common for the industry. As CM Chartering does not control the handling of the vessels, CM's CSR efforts are focused on business partners.

Management's Review

Policies, activities and results

Environment & Climate

The Group's policy on environment and climate is to incorporate sustainability, efficient use of raw materials and fuels, in everyday business decisions, e.g. in relation to choice of business partners, agreements with suppliers and the investments made. In CM Biomass, sustainability is at the core of our business, where wood pellets are made from wood and sawdust residues.

Almost all of our biomass producers are certified according to recognized sustainable forest management schemes. These certifications ensure sustainable and legal sourcing of wood. In line with sustainable biomass procurement policy, all data needed for the evaluation of GHG emissions are collected and made available to customers.

It is CM Biomass' policy to continuously test and research alternative biomass fuels to explore the growing market for CO_2 neutral energy sources. In 2019, CM Biomass has been working with sunflowers, peanut husks, olives, and shea, with most favorable results from sunflower and peanut husk pellets.

Within grain brokerage, information about sustainability of grain and whether it is GMO or not, is brought to the attention of buyers, in accordance with EU legislation, to support them in choosing an appropriate product and supplier. CM brokerage is GMP+ FSA certified ensuring feed commodities are protected and handled appropriately, according to GMP+ FSA requirements.

Finally, CM chartering is focused on making sure that shiploads meet legal requirements, that the cargo is described correctly, and that the vessels' previous loads will not affect the new shiploads - this to prevent contamination, combustion and capsizing of vessels. CM chartering still had no such incidents in 2019.

Human Rights

Although no violations were identified during 2019 or the years before, some risks are present throughout the supply chains, especially due to the wide and growing geographical scope of the business. In order to mitigate these risks, The Group has started a project to formalize the Code of Conduct for relevant business partners.

Corruption

The Group has a no tolerance policy with regards to corruption and bribery, which is communicated clearly to employees as they are instructed in their work. Risk assessment of new suppliers, clients and business partners are carried out by the Group, before signing any contracts or making any business transactions. For such assessments the Group makes use of relevant industry contacts including but not limited to its P&I Club and Bimco. Based on risk assessments, selected suppliers are audited internally or with assistance from external consultants or auditors.

Management's Review

There were no reports of corruption in 2019. However, as the Group's operations continue to expand, the need to avoid corruption and mitigate financial risks will increase. Consequently, the Group will look for additional measures, among others in terms of the KYC (Know Your Customer) process.

Social Impact & Employee Welfare

It is the Group's policy to provide good working conditions and fair terms to all employees. As most of the Group's employees are white collar, the number of accidents is very low. In order to continuously improve employee satisfaction and safeguard personal development, the Group entertains a flat organizational structure with open communication between employees and leaders. This includes pro-active identification of possible stress and measures to ensure a healthy work/life balance.

The Group continues to have a low staff turnover in 2019, a positive indicator of a good work environment. The Group has for years supported students with cases for their theses, student employment and internships. In 2019, the Group had 8 student assistants.

Statement on gender composition

The Board of Directors aim to follow the recommendations of the Danish Business Authority with respect to the underrepresented gender. The target of the Company is to have 2 women represented in the Board of Directors.

At present, two of the members of the Board of Directors in Torben Herman Christensen Holding A/S are women. As a result hereof the target is met, and the Board of Directors has no under-represented gender cf. guidelines from the Danish Business Authority.

Torben Herman Christensen Holding A/S does not account for the proportion of the underrepresented gender in the company's other management levels, since the company has employed fewer than 50 employees in the financial year.

It should be noted, however, that the Group has a very low employee turnover rate and that changes will not be made just to meet the described targets of equal opportunities.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2019 of the Group and the results of the activities and cash flows of the Group for the financial year for 2019 have not been affected by any unusual events.

Management's Review

Subsequent events

The consequences of Covid-19, where governments around the world have decided to "close down" countries, will have a major impact on the world economy. Management considers the impact of Covid-19 as an event arisen after the balance sheetdate (December 31, 2019), and therefore constitutes a non-regulatory event for the Group.

It is estimated that covid-19 will have a limited effect on the Group's business in the medium and long term, as the products that are primarily handled are for the food, energy and pharmaceutical industries which are not immediately considered to be severely affected.

At this point in time, it is not possible to determine the exact magnitude of the impact from Covid-19.

Income Statement 1 January - 31 December

	Note	Group 2019 DKK	Group 2018 DKK	Parent Company 2019 DKK	Parent Company 2018 DKK
Revenue	2	**3.170.984.526**	**2.289.808.474**	**0**	**0**
Other operating income		1.396.886	1.897.867	0	0
Expenses for raw materials and consumables		-2.903.969.038	-2.070.853.604	0	0
Other external expenses		-59.091.650	-67.999.869	-27.131	-12.250
Gross profit/loss		**209.320.724**	**152.852.868**	**-27.131**	**-12.250**
Staff expenses	3	-103.059.735	-86.205.097	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-14.202.966	-11.461.169	0	0
Other operating expenses		-194.381	-667.680	0	0
Profit/loss before financial income and expenses		**91.863.642**	**54.518.922**	**-27.131**	**-12.250**
Income from investments in subsidiaries		0	0	23.228.146	17.191.472
Income from investments in associates		-338.096	3.649.690	0	0
Financial income	4	1.142.705	3.242.108	1.781.331	2.353.048
Financial expenses	5	-12.016.124	-9.104.738	-5.359	-3.569
Profit/loss before tax		**80.652.127**	**52.305.982**	**24.976.987**	**19.528.701**
Tax on profit/loss for the year	6	-20.045.154	-12.341.893	-399.012	-653.631
Net profit/loss for the year		**60.606.973**	**39.964.089**	**24.577.975**	**18.875.070**

Balance Sheet 31 December

Assets

	Note	Group 2019 DKK	Group 2018 DKK	Parent Company 2019 DKK	Parent Company 2018 DKK
Completed development projects		5.100.350	5.899.497	0	0
Goodwill		161.928	188.916	0	0
Intangible assets	7	**5.262.278**	**6.088.413**	**0**	**0**
Land and buildings		93.754.247	98.926.420	0	0
Other fixtures and fittings, tools and equipment		45.244.330	38.727.022	374.964	374.964
Leasehold improvements		3.329.764	2.141.847	0	0
Property, plant and equipment in progress		23.530	14.599.893	0	0
Property, plant and equipment	8	**142.351.871**	**154.395.182**	**374.964**	**374.964**
Investments in subsidiaries	9	0	0	139.125.729	115.173.142
Investments in associates	10	115.241.552	85.814.371	0	0
Receivables from group enterprises	11	0	0	60.000.000	57.676.553
Receivables from associates	11	9.895.169	17.870.104	0	0
Other investments	11	3.770.454	5.795.913	0	0
Deposits	11	3.445.749	3.105.526	0	0
Fixed asset investments		**132.352.924**	**112.585.914**	**199.125.729**	**172.849.695**
Fixed assets		**279.967.073**	**273.069.509**	**199.500.693**	**173.224.659**

Balance Sheet 31 December

Assets

		Group		Parent Company	
	Note	2019	2018	2019	2018
		DKK	DKK	DKK	DKK
Finished goods and goods for resale		253.901.435	118.613.762	0	0
Prepayments for goods		15.829.213	3.011.517	0	0
Inventories		**269.730.648**	**121.625.279**	**0**	**0**
Trade receivables		270.600.712	198.229.610	0	0
Receivables from group enterprises		0	0	3.883.217	2.353.046
Receivables from associates		10.394.155	12.968.905	0	0
Other receivables		19.293.644	13.756.876	0	0
Deferred tax asset	14	121.387	845.001	0	0
Corporation tax		1.341.462	106.355	0	0
Corporation tax receivable from group enterprises		0	0	8.894.922	12.298.538
Prepayments	12	25.503.908	12.367.614	0	0
Receivables		**327.255.268**	**238.274.361**	**12.778.139**	**14.651.584**
Cash at bank and in hand		**29.260.565**	**20.808.329**	**832.416**	**710.659**
Currents assets		**626.246.481**	**380.707.969**	**13.610.555**	**15.362.243**
Assets		**906.213.554**	**653.777.478**	**213.111.248**	**188.586.902**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
		DKK	DKK	DKK	DKK
Share capital		2.000.000	2.000.000	2.000.000	2.000.000
Reserve for net revaluation under the equity method		14.145.661	32.971.523	86.125.729	62.173.142
Retained earnings		187.607.824	143.479.546	115.627.756	114.277.927
Equity attributable to shareholders of the Parent Company		**203.753.485**	**178.451.069**	**203.753.485**	**178.451.069**
Minority interests		162.712.097	123.647.887	0	0
Equity		**366.465.582**	**302.098.956**	**203.753.485**	**178.451.069**
Provision for deferred tax	14	5.695.512	5.704.021	40.690	37.754
Other provisions	15	0	652.130	0	0
Provisions		**5.695.512**	**6.356.151**	**40.690**	**37.754**
Mortgage loans		5.379.717	5.617.720	0	0
Credit institutions		43.410.591	35.257.331	0	0
Payables to owners and Management		519.550	695.603	0	0
Other payables		35.818.914	33.555.140	0	0
Long-term debt	16	**85.128.772**	**75.125.794**	**0**	**0**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2019 DKK	Group 2018 DKK	Parent Company 2019 DKK	Parent Company 2018 DKK
Mortgage loans	16	231.336	223.000	0	0
Credit institutions	16	270.158.849	146.694.864	0	0
Prepayments received from customers		126.745	5.789.449	0	0
Trade payables		111.437.128	65.972.986	11.250	9.000
Payables to associates		1.015.191	1.401.788	0	0
Payables to owners and Management	16	200.000	415.186	0	0
Corporation tax		11.310.236	7.581.173	7.840.875	7.225.060
Payables to group enterprises relating to corporation tax		0	0	1.435.835	2.835.753
Other payables	16	54.444.203	42.118.131	29.113	28.266
Short-term debt		**448.923.688**	**270.196.577**	**9.317.073**	**10.098.079**
Debt		**534.052.460**	**345.322.371**	**9.317.073**	**10.098.079**
Liabilities and equity		**906.213.554**	**653.777.478**	**213.111.248**	**188.586.902**

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Statement of Changes in Equity

Group

	Share capital	Reserve for net revalua- tion under the equity method	Retained earnings	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	2.000.000	32.971.523	143.479.546	178.451.069	123.647.887	302.098.956
Addition minority interest	0	0	0	0	2.552.135	2.552.135
Exchange adjustments relating to foreign entities	0	345.493	-88.233	257.260	199.434	456.694
Dividend from group enterprises and associates	0	-18.926.816	18.926.816	0	0	0
Fair value adjustment of hedging instruments, end of year	0	93.557	373.624	467.181	283.643	750.824
Net profit/loss for the year	0	-338.096	24.916.071	24.577.975	36.028.998	60.606.973
Equity at 31 December	**2.000.000**	**14.145.661**	**187.607.824**	**203.753.485**	**162.712.097**	**366.465.582**

Parent Company

	Share capital	Reserve for net revalua- tion under the equity method	Retained earnings	Equity excl. minority interests	Minority interests	Total
Equity at 1 January	2.000.000	62.173.142	114.277.927	178.451.069	0	178.451.069
Exchange adjustments relating to foreign entities	0	257.260	0	257.260	0	257.260
Other equity movements	0	467.181	0	467.181	0	467.181
Net profit/loss for the year	0	23.228.146	1.349.829	24.577.975	0	24.577.975
Equity at 31 December	**2.000.000**	**86.125.729**	**115.627.756**	**203.753.485**	**0**	**203.753.485**

Cash Flow Statement 1 January - 31 December

	Note	Group 2019 DKK	Group 2018 DKK
Net profit/loss for the year		60.606.973	39.964.089
Adjustments	17	45.069.017	25.627.181
Change in working capital	18	-179.620.663	-46.715.882
Cash flows from operating activities before financial income and expenses		**-73.944.673**	**18.875.388**
Financial income		1.142.705	3.242.108
Financial expenses		-10.146.932	-9.104.740
Cash flows from ordinary activities		**-82.948.900**	**13.012.756**
Corporation tax paid		-15.813.107	-8.399.004
Cash flows from operating activities		**-98.762.007**	**4.613.752**
Purchase of intangible assets		-592.503	-1.235.830
Purchase of property, plant and equipment		-7.439.966	-23.001.995
Fixed asset investments made etc		-48.253.045	-6.141.923
Sale of property, plant and equipment		250.000	110.000
Exchange adjustment		-84.224	-403.282
Dividends received from associates		18.926.816	11.483.362
Cash flows from investing activities		**-37.192.922**	**-19.189.668**
Repayment of mortgage loans		-229.667	-223.244
Repayment of loans from credit institutions		8.153.260	-6.717.033
Change in balances with affiliated parties		10.467.452	-11.123.827
Minority interests		2.552.135	2.523.268
Cash flows from financing activities		**20.943.180**	**-15.540.836**
Change in cash and cash equivalents		**-115.011.749**	**-30.116.752**
Cash and cash equivalents at 1 January		-124.886.535	-94.769.783
Cash and cash equivalents at 31 December		**-239.898.284**	**-124.886.535**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		29.260.565	20.808.329
Overdraft facility		-269.158.849	-145.694.864
Cash and cash equivalents at 31 December		**-239.898.284**	**-124.886.535**

Notes to the Financial Statements

1 Subsequent events

The consequences of Covid-19, where governments around the world have decided to "close down" countries, will have a major impact on the world economy. Management considers the impact of Covid-19 as an event arisen after the balance sheetdate (December 31, 2019), and therefore constitutes a non-regulatory event for the Group.

It is estimated that covid-19 will have a limited effect on the Group's business in the medium and long term, as the products that are primarily handled are for the food, energy and pharmaceutical industries which are not immediately considered to be severely affected.

At this point in time, it is not possible to determine the exact magnitude of the impact from Covid-19.

2 Revenue

	Group		Parent Company	
	2019	2018	2019	2018
	DKK	DKK	DKK	DKK
Geographical segments				
Revenue, Denmark	681.199.286	578.097.154	0	0
Revenue, exports	2.489.785.240	1.711.711.320	0	0
	3.170.984.526	**2.289.808.474**	**0**	**0**
Business segments				
Biomass	2.708.820.662	1.643.220.616	0	0
Logistics	367.853.505	549.710.034	0	0
Broker	49.727.765	47.727.765	0	0
Other	44.582.594	49.150.059	0	0
	3.170.984.526	**2.289.808.474**	**0**	**0**

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Notes to the Financial Statements

	Group		Parent Company	
	2019	2018	2019	2018
	DKK	DKK	DKK	DKK
3 Staff expenses				
Wages and salaries	91.358.302	77.257.881	0	0
Pensions	1.747.036	1.173.118	0	0
Other social security expenses	6.860.426	5.338.406	0	0
Other staff expenses	3.093.971	2.435.692	0	0
	103.059.735	**86.205.097**	**0**	**0**
Including remuneration to the Executive Board and Board of Directors	**3.664.131**	**3.278.000**	**0**	**0**
Average number of employees	**144**	**124**	**0**	**0**

4 Financial income

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Interest received from group enterprises	0	0	1.781.331	2.353.048
Interest received from associates	896.475	738.101	0	0
Other financial income	246.230	2.504.007	0	0
	1.142.705	**3.242.108**	**1.781.331**	**2.353.048**

5 Financial expenses

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Interest paid to associates	0	54.637	0	0
Other financial expenses	11.613.300	7.181.453	5.359	3.569
Exchange adjustments, expenses	402.824	1.868.648	0	0
	12.016.124	**9.104.738**	**5.359**	**3.569**

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
	DKK	DKK	DKK	DKK
6 Tax on profit/loss for the year				
Current tax for the year	19.591.803	10.156.496	381.788	510.275
Deferred tax for the year	715.105	2.045.957	2.936	3.916
Adjustment of tax concerning previous years	-261.754	139.440	14.288	139.440
	20.045.154	**12.341.893**	**399.012**	**653.631**

7 Intangible assets

Group

	Completed development projects	Goodwill	Total
	DKK	DKK	DKK
Cost at 1 January	7.074.864	10.602.628	17.677.492
Exchange adjustment	48	0	48
Additions for the year	592.503	0	592.503
Transfers for the year	-29.795	0	-29.795
Cost at 31 December	7.637.620	10.602.628	18.240.248
Impairment losses and amortisation at 1 January	1.175.367	10.413.712	11.589.079
Exchange adjustment	13	0	13
Amortisation for the year	1.361.890	26.988	1.388.878
Impairment losses and amortisation at 31 December	2.537.270	10.440.700	12.977.970
Carrying amount at 31 December	**5.100.350**	**161.928**	**5.262.278**
Amortised over	5 years	10 years	

Completed development projects consist of a ERP system and other software for use in the Group.

Notes to the Financial Statements

8 Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress	Total
	DKK	DKK	DKK	DKK	DKK
Cost at 1 January	150.428.402	60.503.023	2.347.741	14.599.893	227.879.059
Exchange adjustment	38.302	123.540	-21.481	0	140.361
Additions for the year	20.064	5.550.987	1.845.385	23.530	7.439.966
Disposals for the year	0	-1.367.150	0	0	-1.367.150
Transfers for the year	0	8.568.648	0	-14.599.893	-6.031.245
Cost at 31 December	150.486.768	73.379.048	4.171.645	23.530	228.060.991
Impairment losses and depreciation at 1 January	51.501.982	21.776.001	205.894	0	73.483.877
Exchange adjustment	12.699	46.485	-3.012	0	56.172
Depreciation for the year	5.217.840	6.965.858	638.999	0	12.822.697
Reversal of impairment and depreciation of sold assets	0	-653.626	0	0	-653.626
Impairment losses and depreciation at 31 December	56.732.521	28.134.718	841.881	0	85.709.120
Carrying amount at 31 December	**93.754.247**	**45.244.330**	**3.329.764**	**23.530**	**142.351.871**
Depreciated over	20-50 years	3-20 years	5-25 years		

Notes to the Financial Statements

	Parent Company	
	2019	2018
	DKK	DKK
9 Investments in subsidiaries		
Cost at 1 January	53.000.000	53.000.000
Cost at 31 December	53.000.000	53.000.000
Value adjustments at 1 January	62.173.142	45.087.712
Exchange adjustment	257.260	-288.047
Net profit/loss for the year	23.228.146	17.191.472
Fair value adjustment of hedging instruments for the year	467.181	182.005
Value adjustments at 31 December	86.125.729	62.173.142
Carrying amount at 31 December	**139.125.729**	**115.173.142**

Notes to the Financial Statements

9 Investments in subsidiaries (continued)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
CM Holding A/S	Copenhagen	60%
Copenhagen Merchants A/S	Copenhagen	100%
Copenhagen Merchants Hamburg GmbH	Germany	100%
CM Partner LLC	Russia	100%
CM Geneva SA	Switzerland	100%
CM Tallinn AS	Estonia	100%
CM Partner A/S	Copenhagen	100%
CM Kaunas UAB	Lithuania	100%
CM Partner SIA	Latvia	100%
Copenhagen Merchants Madrid S.L	Spain	100%
Ystad Bulk Terminal AB	Sweden	100%
ECS Eurocargo Services A/S	Aarhus	100%
ECS Eurocargo Services Sp Z.o.o.	Poland	100%
ECS Eurocargo Services GmbH	Germany	100%
CM Biomass Partners A/S	Copenhagen	67,71%
CM Biomass Ltd	Russia	67,71%
Copenhagen Merchants Biomass Hamburg GmbH	Germany	67,71%
CMB North America Holding LLC	USA	67,71%
CM Bio Operating, LLC	USA	67,71%
CMB Douglas LLC	USA	67,71%
CMB Huntsville LLC	USA	67,71%
CM Ressource Ltd	Russia	67,71%
Baltic Grain & Feed ApS	Aarhus	100%
Dan Store, LSEZ SIA	Latvia	55%

Notes to the Financial Statements

10 Investments in associates	Group 2019 DKK	Group 2018 DKK	Parent Company 2019 DKK	Parent Company 2018 DKK
Cost at 1 January	52.842.848	47.659.060	0	0
Additions for the year	48.253.043	5.183.788	0	0
Cost at 31 December	101.095.891	52.842.848	0	0
Value adjustments at 1 January	32.971.523	41.341.975	0	0
Exchange adjustment	345.493	-640.883	0	0
Net profit/loss for the year	331.996	4.319.781	0	0
Dividends received	-18.926.816	-11.483.362	0	0
Revaluations for the year, net	-670.092	-670.092	0	0
Fair value adjustment of hedging instruments for the year	93.557	104.104	0	0
Value adjustments at 31 December	14.145.661	32.971.523	0	0
Carrying amount at 31 December	**115.241.552**	**85.814.371**	**0**	**0**
Remaining positive difference included in the above carrying amount at 31 December	2.302.406	2.972.498	0	0

Investments in associates are specified as follows:

Name	Place of registered office	Votes and ownership
Aalborg Kornterminal Holding ApS	Aalborg	34,5%
Gdansk Bulk Terminal Sp. Z o.o.	Poland	51%
Szczecin Bulk Terminal Sp. Z o.o.	Poland	51%
Fredericia Bulk Terminal I/S	Fredericia	50%
Kalundborg Holding A/S	Kalundborg	50%
Kalundborg Bulk Terminal I/S	Kalundborg	25%
Douglas Pellets LLC	USA	40%
Huntsville Pellets LLC	USA	50%

Notes to the Financial Statements

11 Other fixed asset investments

	Group			Parent Company
	Receivables from associates	Other investments	Deposits	Receivables from group enterprises
	DKK	DKK	DKK	DKK
Cost at 1 January	17.870.115	5.795.913	3.105.528	57.676.553
Exchange adjustment	0	-156.269	0	0
Additions for the year	441.131	0	340.221	2.323.447
Disposals for the year	-8.416.077	0	0	0
Cost at 31 December	9.895.169	5.639.644	3.445.749	60.000.000
Impairment losses for the year	0	1.869.190	0	0
Impairment losses at 31 December	0	1.869.190	0	0
Carrying amount at 31 December	**9.895.169**	**3.770.454**	**3.445.749**	**60.000.000**

12 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions.

13 Distribution of profit

	Group		Parent Company	
	2019	2018	2019	2018
	DKK	DKK	DKK	DKK
Reserve for net revaluation under the equity method	-338.096	3.641.489	23.228.146	17.191.472
Minority interests' share of net profit/loss of subsidiaries	36.028.998	21.097.220	0	0
Retained earnings	24.916.071	15.225.380	1.349.829	1.683.598
	60.606.973	**39.964.089**	**24.577.975**	**18.875.070**

Notes to the Financial Statements

	Group		Parent Company	
	2019	2018	2019	2018
	DKK	DKK	DKK	DKK
14 Provision for deferred tax				
Provision for deferred tax at 1 January	4.859.020	2.813.103	37.754	33.838
Amounts recognised in the income statement for the year	715.105	2.045.917	2.936	3.916
Provision for deferred tax at 31 December	**5.574.125**	**4.859.020**	**40.690**	**37.754**

15 Other provisions

Other provisions	0	652.130	0	0
	0	**652.130**	**0**	**0**
The provisions are expected to mature as follows:				
Within 1 year	0	652.130	0	0
	0	**652.130**	**0**	**0**

16 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Mortgage loans

After 5 years	4.468.112	4.735.327	0	0
Between 1 and 5 years	911.605	882.393	0	0
Long-term part	5.379.717	5.617.720	0	0
Within 1 year	231.336	223.000	0	0
	5.611.053	**5.840.720**	**0**	**0**

Notes to the Financial Statements

16 Long-term debt (continued)

	Group		Parent Company	
	2019	2018	2019	2018
	DKK	DKK	DKK	DKK
Credit institutions				
Between 1 and 5 years	43.410.591	35.257.331	0	0
Long-term part	43.410.591	35.257.331	0	0
Within 1 year	1.000.000	1.000.000	0	0
Other short-term debt to credit institutions	269.158.849	145.694.864	0	0
Short-term part	270.158.849	146.694.864	0	0
	313.569.440	**181.952.195**	**0**	**0**
Payables to owners and Management				
Between 1 and 5 years	519.550	695.603	0	0
Long-term part	519.550	695.603	0	0
Within 1 year	200.000	200.000	0	0
Other short-term debt to owners and Management	0	215.186	0	0
Short-term part	200.000	415.186	0	0
	719.550	**1.110.789**	**0**	**0**
Other payables				
Between 1 and 5 years	35.818.914	33.555.140	0	0
Long-term part	35.818.914	33.555.140	0	0
Other short-term payables	54.444.203	42.118.131	29.113	28.266
	90.263.117	**75.673.271**	**29.113**	**28.266**

Notes to the Financial Statements

17 Cash flow statement - adjustments

	Group 2019 DKK	Group 2018 DKK
Financial income	-1.142.705	-3.242.108
Financial expenses	12.016.124	9.104.738
Depreciation, amortisation and impairment losses, including losses and gains on sales	14.202.966	11.461.169
Income from investments in associates	338.096	-3.649.690
Tax on profit/loss for the year	20.045.154	12.341.893
Other adjustments	-390.618	-388.821
	45.069.017	**25.627.181**

18 Cash flow statement - change in working capital

	Group 2019 DKK	Group 2018 DKK
Change in inventories	-148.105.369	12.150.113
Change in receivables	-85.353.142	-42.270.939
Change in other provisions	-652.130	-2.588.200
Change in trade payables, etc	53.739.154	-14.574.132
Fair value adjustments of hedging instruments	750.824	567.276
	-179.620.663	**-46.715.882**

19 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

	Group 2019 DKK	Group 2018 DKK	Parent Company 2019 DKK	Parent Company 2018 DKK
Land and buildings with a carrying amount of	14.761.039	14.761.039	0	0

The following assets have been placed as security with bankers:

	Group 2019 DKK	Group 2018 DKK	Parent Company 2019 DKK	Parent Company 2018 DKK
Land and buildings with a carrying amount of	78.993.208	84.165.381	0	0

Notes to the Financial Statements

19 Contingent assets, liabilities and other financial obligations (continued)

Rental and lease obligations

	Group 2019 DKK	Group 2018 DKK	Parent Company 2019 DKK	Parent Company 2018 DKK
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	78.008.874	32.753.316	0	0
Between 1 and 5 years	27.101.427	13.706.279	0	0
After 5 years	7.009.306	5.851.230	0	0
	112.119.607	**52.310.825**	**0**	**0**

The total future rental and lease payments primarily consist of rent and Time Charter agreements. Furthermore, two associated companies (I/S) own warehouses built on leased land, which are on long-term leases. The lease contracts can be terminated by the associated companies within 6 months. The total lease obligation concerning warehouses on leased land amounts to DKK 1.311.000.

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to DKK 7,840,888. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

The Group is jointly and severally liable without restriction for certain Bulk Terminals liabilities.

The Group is jointly and severally liable for 51% of the commitment with bank in the associated company, Gdansk Bulk Terminal Sp. z.o.o., Poland.

The Group is jointly and severally liable for 51% of the commitment with bank in the associated company, Szczecin Bulk Terminal Sp. z.o.o., Poland.

The Group has made a guarantee of a total of TDKK 10,000 to the associated company, Kalundborg Holding A/S.

Notes to the Financial Statements

20 Related parties

	Basis
Controlling interest	
Torben Herman Christensen	Principal shareholder

Transactions

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

Apart from the above, there have been no transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration.

21 Fee to auditors appointed at the general meeting

	Group		Parent Company	
	2019	2018	2019	2018
	DKK	DKK	DKK	DKK
PricewaterhouseCoopers				
Audit fee	598.475	573.475	5.000	5.000
Tax advisory services	244.913	320.000	1.000	1.000
Other services	276.101	115.000	3.000	3.000
	1.119.489	**1.008.475**	**9.000**	**9.000**

Notes to the Financial Statements

22 Accounting Policies

The Annual Report of Torben Herman Christensen Holding A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2019 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Torben Herman Christensen Holding A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

Notes to the Financial Statements

22 Accounting Policies (continued)

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

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

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

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

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

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

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

Business acquisitions carried through before 1 July 2018

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

Notes to the Financial Statements

22 Accounting Policies (continued)

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

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

Business acquisitions carried through before 1 July 2018

Minority interests are recognised at the carrying amounts of the acquired assets and liabilities at the time of acquisition of subsidiaries.

Business acquisitions carried through on or after 1 July 2018

Minority interests are initially measured at their proportionate share of the fair value of the acquired entity's identifiable net assets. In this way, only goodwill related to the Parent Company's share of the entity acquired is recognised.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

22 Accounting Policies (continued)

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

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

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

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

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Notes to the Financial Statements

22 Accounting Policies (continued)

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Revenue

Information on business segments and geographical segments based on the Group´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Notes to the Financial Statements

22 Accounting Policies (continued)

Other operating income and expenses

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

Income from investments in subsidiaries and associates

The items "Income from investments in subsidiaries" and "Income from investments in associates" in the income statement include the proportionate share of the profit for the year.

Financial income and expenses

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

Tax on profit/loss for the year

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

The Company is jointly taxed with danish group enterprises. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10 years.

Completed development projects consist of software and are measured at the lower of cost less accumulated amortisation and recoverable amount. Software are amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Property, plant and equipment

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

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

Notes to the Financial Statements

22 Accounting Policies (continued)

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

Other buildings	20-50 years
Other fixtures and fittings, tools and equipment	3-20 years
Leasehold improvements	5-25 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

Investments in subsidiaries and associates

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

The items"Investments in subsidiaries" and "Investments in associates" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

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

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

Other fixed asset investments

Other fixed asset investments consist of long-term receivables, deposits and unlisted shares.

Notes to the Financial Statements

22 Accounting Policies (continued)

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums and subscriptions etc.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Deferred tax assets and liabilities

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

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

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

Notes to the Financial Statements

22 Accounting Policies (continued)

Current tax receivables and liabilities

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

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Notes to the Financial Statements

22 Accounting Policies (continued)

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand" and "Overdraft facilities".

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

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