

EURO ECONOMICS ApS

Østergade 17, 2.
1100 København K
Central Business Registration
No 32763138

Annual report 2017

The Annual General Meeting adopted the annual report on 31.05.2018

Chairman

Name: Claus Molbech Bendtsen

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Entity details

Entity

EURO ECONOMICS ApS

Østergade 17, 2.

1100 København K

Central Business Registration No (CVR): 32763138

Registered in: København

Financial year: 01.01.2017 - 31.12.2017

Executive Board

Fredéric Maria Etienne Coorevits

Claus Molbech Bendtsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of EURO ECONOMICS ApS for the financial year 01.01.2017 - 31.12.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations and cash flows for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 31.05.2018

Executive Board

Fredéric Maria Etienne
Coorevits

Claus Molbech Bendtsen

Independent auditor's report

To the shareholders of EURO ECONOMICS ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of EURO ECONOMICS ApS for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2017, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

Independent auditor's report

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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and the Entity'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 consolidated financial statements and the parent 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 Entity'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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 31.05.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Morten Gade Steinmetz
State Authorised Public Accountant
Identification No (MNE) mne34145

Management commentary

	2017 DKK'000	2016 DKK'000
Financial highlights		
Key figures		
Revenue	44.353	34.083
Gross profit/loss	47.403	36.708
Operating profit/loss	46.418	35.981
Net financials	(33.229)	(28.546)
Profit/loss for the year	7.462	4.673
Profit/loss for the year excl minority interests	7.462	4.673
Total assets	1.246.572	961.788
Investments in property, plant and equipment	224.211	378.494
Equity	(733)	(8.195)
Equity excl minority interests	(733)	(8.195)
Cash flows from (used in) operating activities	65.371	(62.327)
Cash flows from (used in) investing activities	(256.024)	(360.617)
Cash flows from (used in) financing activities	184.126	427.795
Ratios		
Gross margin (%)	106,9	107,7
Net margin (%)	16,8	13,7
Equity ratio (%)	(0,1)	(0,9)

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Equity ratio (%)	$\frac{\text{Equity excl minority interests} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The group's primary activities consists in investing in properties and owning equity interests in other companies, exercising ownership rights and asset management in connection with this.

Development in activities and finances

The group has realized a result of 7.5 mDKK. The result is assessed to be satisfactory, according to the circumstances. Results are significantly affected by results from subsidiaries corresponding to 18.5 mDKK.

The company has per. 31.12.2017 a negative equity of 733 tDKK. The Company has thus lost its entire capital. Management expects that the company's equity will be reestablished through future investments.

The company has thus obtained sufficient liquidity so that the obligations until the financial statements for 2018 can be met.

Accordingly, the annual report has been prepared subject to the company's continued operation.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Revenue		44.353	34.083
Fair value adjustments of investment property		28.433	17.882
Other operating income		0	(137)
Other external expenses		(25.383)	(15.120)
Gross profit/loss		47.403	36.708
Staff costs	1	(800)	(551)
Depreciation, amortisation and impairment losses	2	(185)	(176)
Operating profit/loss		46.418	35.981
Other financial income		506	182
Financial expenses from group enterprises		(21.537)	(19.274)
Other financial expenses		(12.198)	(9.454)
Profit/loss before tax		13.189	7.435
Tax on profit/loss for the year	3	(5.727)	(2.762)
Profit/loss for the year		7.462	4.673
Proposed distribution of profit/loss			
Retained earnings		7.462	4.673
		7.462	4.673

Consolidated balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Land and buildings		31.325	31.386
Investment property		1.143.103	856.298
Other fixtures and fittings, tools and equipment		32	0
Property, plant and equipment	4	<u>1.174.460</u>	<u>887.684</u>
Other receivables		0	2.500
Fixed asset investments	5	<u>0</u>	<u>2.500</u>
Fixed assets		<u>1.174.460</u>	<u>890.184</u>
Trade receivables		902	797
Deferred tax		5.870	4.619
Other receivables		52.909	47.879
Prepayments		3.599	4.369
Receivables		<u>63.280</u>	<u>57.664</u>
Cash		<u>8.832</u>	<u>13.940</u>
Current assets		<u>72.112</u>	<u>71.604</u>
Assets		<u>1.246.572</u>	<u>961.788</u>

Consolidated balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Contributed capital		125	125
Retained earnings		(858)	(8.320)
Equity		(733)	(8.195)
Deferred tax		39.564	23.946
Other provisions		200	0
Provisions		39.764	23.946
Mortgage debt		594.674	415.815
Deposits		5.406	5.163
Payables to group enterprises		573.415	496.082
Non-current liabilities other than provisions	6	1.173.495	917.060
Current portion of long-term liabilities other than provisions	6	14.117	11.980
Bank loans		1.672	254
Deposits		11.759	8.877
Prepayments received from customers		789	498
Trade payables		1.793	1.674
Income tax payable		1.393	3.445
Other payables		2.523	2.249
Current liabilities other than provisions		34.046	28.977
Liabilities other than provisions		1.207.541	946.037
Equity and liabilities		1.246.572	961.788
Assets charged and collateral	8		
Subsidiaries	9		

Consolidated statement of changes in equity for 2017

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	125	(8.320)	(8.195)
Profit/loss for the year	0	7.462	7.462
Equity end of year	125	(858)	(733)

Consolidated cash flow statement for 2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Operating profit/loss		46.418	35.981
Amortisation, depreciation and impairment losses		185	176
Working capital changes	7	72.606	(54.253)
Cash flow from ordinary operating activities		119.209	(18.096)
Financial income received		506	182
Financial income paid		(33.736)	(28.726)
Income taxes refunded/(paid)		7.825	2.195
Other cash flows from operating activities		(28.433)	(17.882)
Cash flows from operating activities		65.371	(62.327)
Acquisition etc of property, plant and equipment		(224.211)	(360.617)
Acquisition of fixed asset investments		(69.914)	0
Sale of fixed asset investments		38.101	0
Cash flows from investing activities		(256.024)	(360.617)
Loans raised		184.126	427.795
Cash flows from financing activities		184.126	427.795
Increase/decrease in cash and cash equivalents		(6.527)	4.851
Cash and cash equivalents beginning of year		13.686	8.835
Cash and cash equivalents end of year		7.159	13.686
Cash and cash equivalents at year-end are composed of:			
Cash		8.832	13.940
Short-term debt to banks		(1.673)	(254)
Cash and cash equivalents end of year		7.159	13.686

Notes to consolidated financial statements

	2017 DKK'000	2016 DKK'000
1. Staff costs		
Wages and salaries	755	481
Pension costs	37	65
Other social security costs	4	5
Other staff costs	4	0
	800	551
 Average number of employees	 1	 1
	2017 DKK'000	2016 DKK'000
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	185	176
	185	176
	2017 DKK'000	2016 DKK'000
3. Tax on profit/loss for the year		
Current tax	688	611
Change in deferred tax	5.077	2.829
Adjustment concerning previous years	(38)	(678)
	5.727	2.762

Notes to consolidated financial statements

	Land and buildings DKK'000	Investment property DKK'000	Other fixtures and fittings, tools and equipment DKK'000
4. Property, plant and equipment			
Cost beginning of year	32.033	755.774	0
Additions	119	224.055	37
Cost end of year	32.152	979.829	37
Depreciation and impairment losses beginning of year	(647)	0	0
Depreciation for the year	(180)	0	(5)
Depreciation and impairment losses end of year	(827)	0	(5)
Fair value adjustments beginning of year	0	134.842	0
Fair value adjustments for the year	0	28.432	0
Fair value adjustments end of year	0	163.274	0
Carrying amount end of year	31.325	1.143.103	32
Carrying amount if asset had not been revalued	-	979.829	-

Revaluations and impairment of investment properties are made on the basis of accounting estimates of market value calculations based on the net rent.

As described in accounting policies, investment properties are measured at fair value by using the yield-based model. The average required yield for the Group's properties amounts to 4.1% at 31.12.2017 against 3.5% last year. An increase of the required yield of 0.5 percentage points will reduce the total fair value by DKK 12.6m. A reduction of the required yield of 0.5 percentage points will increase the value by DKK 16.7m.

The actual rent per m² for the properties amounts to DKK 1,635. The size of the properties amounts to DKK 35,688 m². In the financial year, the Company has seen continued vacancy in the properties. At 31.12.2017, vacancy totalled 375 m². The Company has entered into rental contracts with tenants who can be terminated with a notice between 3 months and 10 years.

The following required yields are fixed for the individual types of property:

Residential and commercial properties situated in Copenhagen K 3.0-4.5%

Residential and commercial properties situated in Hvidovre 9.2%

Notes to consolidated financial statements

	Other receivables DKK'000
5. Fixed asset investments	
Cost beginning of year	2.500
Disposals	(2.500)
Cost end of year	0

Carrying amount end of year	0
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	Due within 12 months 2017 DKK'000	Due within 12 months 2016 DKK'000	Due after more than 12 months 2017 DKK'000	Outstanding after 5 years DKK'000
6. Liabilities other than provisions				
Mortgage debt	14.117	11.980	594.674	478.821
Deposits	0	0	5.406	5.316
Payables to group enterprises	0	0	573.415	573.415
	14.117	11.980	1.173.495	1.057.552

	2017 DKK'000	2016 DKK'000
7. Change in working capital		
Increase/decrease in receivables	(6.370)	(50.633)
Increase/decrease in trade payables etc	77.651	(1.081)
Other changes	1.325	(2.539)
	72.606	(54.253)

8. Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties.

The carrying amount of mortgaged properties is tDKK 1.143.103

Notes to consolidated financial statements

	Registered in	Corpo- rate form	Equity inte- rest %
9. Subsidiaries			
Euro Economics I ApS	København	ApS	100,0
Euro Economics II ApS	København	ApS	100,0
Euro Economics III ApS	København	ApS	100,0
Euro Economics III Holding ApS	København	ApS	100,0
Euro Economics IV ApS	København	ApS	100,0
Euro Economics V ApS	København	ApS	100,0
Euro Economics VI ApS	København	ApS	100,0
Euro Economics VII ApS	København	ApS	100,0
Euro Economics VII Holding ApS	København	ApS	100,0
Euro Economics VIII ApS	København	ApS	100,0
Euro Economics IX ApS	København	ApS	100,0
Euro Economics X ApS	København	ApS	100,0
Euro Economics X Holding ApS	København	ApS	100,0
EE ApS	København	ApS	100,0

Parent income statement for 2017

	Notes	2017 DKK'000	2016 DKK'000
Revenue		2.500	1.912
Other operating income		0	(138)
Other external expenses		(4.343)	(3.546)
Gross profit/loss		(1.843)	(1.772)
Staff costs	1	(800)	(552)
Depreciation, amortisation and impairment losses	2	(185)	(176)
Operating profit/loss		(2.828)	(2.500)
Income from investments in group enterprises		18.512	14.789
Other financial income from group enterprises		10.341	8.666
Financial expenses from group enterprises		(21.537)	(19.274)
Other financial expenses		(121)	(213)
Profit/loss before tax		4.367	1.468
Tax on profit/loss for the year	3	3.095	3.205
Profit/loss for the year		7.462	4.673
Proposed distribution of profit/loss			
Retained earnings		7.462	4.673
		7.462	4.673

Parent balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Land and buildings		31.324	31.385
Other fixtures and fittings, tools and equipment		32	0
Property, plant and equipment	4	31.356	31.385
Investments in group enterprises		257.960	219.532
Other receivables		0	2.500
Fixed asset investments	5	257.960	222.032
Fixed assets		289.316	253.417
Trade receivables		0	528
Receivables from group enterprises		260.924	193.774
Deferred tax		5.658	3.205
Other receivables		19.268	46.419
Receivables		285.850	243.926
Cash		5.434	854
Current assets		291.284	244.780
Assets		580.600	498.197

Parent balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Contributed capital		125	125
Reserve for net revaluation according to the equity method		11.745	7.233
Retained earnings		(12.603)	(15.553)
Equity		(733)	(8.195)
Mortgage debt		6.361	6.646
Payables to group enterprises		573.415	496.082
Non-current liabilities other than provisions	6	579.776	502.728
Current portion of long-term liabilities other than provisions	6	286	285
Deposits		0	5
Trade payables		220	382
Income tax payable		707	2.835
Other payables		344	157
Current liabilities other than provisions		1.557	3.664
Liabilities other than provisions		581.333	506.392
Equity and liabilities		580.600	498.197
Contingent liabilities	7		
Assets charged and collateral	8		

Parent statement of changes in equity for 2017

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	125	7.233	(15.553)	(8.195)
Dividends from group enterprises	0	(14.000)	14.000	0
Profit/loss for the year	0	18.512	(11.050)	7.462
Equity end of year	125	11.745	(12.603)	(733)

Notes to parent financial statements

	2017 DKK'000	2016 DKK'000
1. Staff costs		
Wages and salaries	755	481
Pension costs	37	65
Other social security costs	4	5
Other staff costs	4	1
	800	552
Average number of employees	1	1
	2017 DKK'000	2016 DKK'000
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	185	176
	185	176
	2017 DKK'000	2016 DKK'000
3. Tax on profit/loss for the year		
Change in deferred tax	(3.095)	(2.527)
Adjustment concerning previous years	0	(678)
	(3.095)	(3.205)
	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000
4. Property, plant and equipment		
Cost beginning of year	32.033	0
Additions	119	37
Cost end of year	32.152	37
Depreciation and impairment losses beginning of year	(648)	0
Depreciation for the year	(180)	(5)
Depreciation and impairment losses end of year	(828)	(5)
Carrying amount end of year	31.324	32

Notes to parent financial statements

	Invest- ments in group enterprises DKK'000	Other receivables DKK'000
5. Fixed asset investments		
Cost beginning of year	212.299	2.500
Additions	42.750	0
Disposals	(8.834)	(2.500)
Cost end of year	246.215	0
Revaluations beginning of year	7.233	0
Share of profit/loss for the year	31.313	0
Dividend	(14.000)	0
Other adjustments	(12.801)	0
Revaluations end of year	11.745	0
Carrying amount end of year	257.960	0

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

	Due within 12 months 2017 DKK'000	Due within 12 months 2016 DKK'000	Due after more than 12 months 2017 DKK'000	Outstanding after 5 years DKK'000
6. Liabilities other than provisions				
Mortgage debt	286	285	6.361	5.212
Payables to group enterprises	0	0	573.415	573.415
	286	285	579.776	578.627
Click here to enter text.				

7. Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

8. Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties.

The carrying amount of mortgaged properties is tDKK 31.324.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C (mellem).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year, but with some reclaiffickations.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Income statement

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Accounting policies

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Property, plant and equipment

Land and buildings are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings

15 years

Estimated useful lives and residual values are reassessed annually.

Accounting policies

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments,

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at

Accounting policies

amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Income tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.