
Forsea Helsingør ApS

Færgevej 8, DK-3000 Helsingør

Annual Report for 1 January - 31 December 2018

CVR No 33 26 00 40

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
22/5 2019

Jens Ole Gravlund Hansen
Dirigent



pwc

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Management's Statement

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Forsea Helsingør ApS for the financial year 1 January - 31 December 2018.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and of the results of the Company operations for 2018.

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

Helsingør, 22 May 2019

Executive Board

Jens Ole Gravlund Hansen

Supervisory Board

Johan Axel Mogens Röstin
Chairman

Åsa Maria Linde Tornée

Peter Kesting

Susanne Elisabeth Kaarnimo-
Knight

Thomas Kasimir Flandrup
Staff Representative

Pia Gottschalksen
Staff Representative

Independent Auditor's Report

To the Shareholder of Forsea Helsingør ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Forsea Helsingør ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

Auditor's responsibilities for the audit of the Financial Statements

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

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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's Report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 22 May 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

René Otto Poulsen

statsautoriseret revisor

mne26718

Company Information

The Company

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DK-3000 Helsingør

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E-mail: Info@forsea.com
Website: www.forsea.dk

CVR No: 33 26 00 40
Financial period: 1 January - 31 December
Municipality of reg. office: Helsingør

Supervisory Board

Johan Axel Mogens Röstin, Chairman
Åsa Maria Linde Tornée
Peter Kesting
Susanne Elisabeth Kaarnimo-Knight
Thomas Kasimir Flandrup
Pia Gottschalksen

Executive Board

Jens Ole Gravlund Hansen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

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

	2018	2017	2016	2015	2014
	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK
Key figures					
Profit/loss					
Revenue	497	500	499	444	482
Gross profit/loss	256	238	236	152	139
Operating profit/loss	67	69	60	62	139
Profit/loss before financial income and expenses	127	120	107	131	119
Net financials	-7	-10	-4	-5	4
Net profit/loss for the year	117	105	97	126	121
Balance sheet					
Balance sheet total	651	550	470	498	372
Equity	452	350	308	336	204
Investment in property, plant and equipment	18	139	11	7	4
Number of employees	250	235	225	221	145
Ratios					
Gross margin	51,5%	47,6%	47,3%	34,2%	28,8%
Profit margin	25,6%	24,0%	21,4%	29,5%	24,7%
Return on assets	19,5%	21,8%	22,8%	26,3%	32,0%
Solvency ratio	69,4%	63,6%	65,5%	67,5%	54,8%
Return on equity	29,2%	31,9%	30,1%	46,7%	47,1%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

In connection with changes to accounting policies, the comparative figures back to 2014 have not been restated. See the description under accounting policies.

Management's Review

Financial Statements of Forsea Helsingør ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Annual Report has been prepared under the same accounting policies as last year.

Key activities

The company's activities are to operate Ro-Ro ferries on the route Helsingør – Helsingborg in cooperation with other Group Companies in Denmark and Sweden, owned by the parent company Forsea AB in Helsingborg.

In November 2018 the company changed its name to Forsea Helsingør ApS.

Development in the year

The income statement of the Company for 2018 shows a profit of TDKK 116,750, and at 31 December 2018 the balance sheet of the Company shows equity of TDKK 451,660.

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

During 2018 appr. 7 mill. passengers, 1.3 mill. passenger cars and 17 000 busses traveled the route. Compared to 2017 this is a small reduction of 1% in numbers of passengers and 3% for passenger cars. The number of freight units transported increased during 2018 by 6% adding up to appr. 453,000 units. The income statement of the Company for 2018 shows a profit before tax of MDKK 120.0 (2017 MDKK 110) and the balance sheet of the Company shows an equity of MDKK 451.7. The increase in earnings from 2017 to 2018 is satisfactory and in line with the management's expectations.

Operating risks

The most material financial risks are currency, oil, interest and credit risks, which only occur in relation to the operating activities. Management evaluates that no particular risks are related to recognition and measurement in connection with the presentation of the annual report.

Strategy and objectives

Targets and expectations for the year ahead

The company will continue its primary activities and management expects a result for 2019 to be in line with, or better than for 2018.

External environment

The business's impact on the external environment and the strategy and preventive actions to minimize this are presented in the sustainability report (<https://www.forsea.se/globalassets/forsea-hallbarhetsrapport-2018.pdf>).

Management's Review

Statement of corporate social responsibility

Forsea's overall business objective - which has been integrated into vision and business model - is to conduct a sustainable business with the least possible environmental impact. Since 2016, the business has been environmentally certified according to ISO-14001: 2015. The management system provides a systematic approach to work with continuous improvement. The sustainability and safety work is closely integrated and coordinated through the Department of Health, Environment and Security. Certain sustainability issues are handled by special working groups over the departmental boundaries, such as the ECO-driving group, the Energy saving group and the Chemicals Council. Within the framework of ISO-14001: 2015, two annual internal audits are done of the environmental work and an external environmental audit. The results of the audits are used in the improvement work.

The practical work focuses on the following essential sustainability aspects:

- The impact of ferry traffic on the environment, such as energy consumption, emissions, purchasing, on-board sales, waste and chemical handling.
- The safety of employees and passengers, where the requirements are extensive through legislation and directives from both national and EU and the UN agency IMO.
- The working environment for employees. Forsea has a zero vision regarding occupational injuries. Companies should offer workplaces where employees feel comfortable, feel that they can develop and where respect for the individual and for human rights is obvious.

Maintaining the connection between the Helsingborg and Helsingør region and related areas, which gives Forsea a broad, social responsibility for the development in this region.

- Business ethics, where the preventive work against corruption, fraud and bribery is at the center. The focus, goals and results of the sustainability work is presented in its entirety in the Sustainability report, which is available on Forsea's website (<https://www.forsea.se/globalassets/forsea-hallbarhetsrapport-2018.pdf>)

Statement on gender composition

The company has as a target to increase its share of women on the Board of Directors of Forsea Helsingør ApS to the 33/66 ratio from 2015 to 2020. In 2015 the company had zero women in the Board of Directors. The company's target to increase its share of women on the board of directors has been achieved during 2018, since 3 out of 7 boardmembers now are women. included in the board evolved further during 2017, as no candidate was identified in 2017. The company's policy is to increase the participation of the underrepresented gender on the management level to the 33/66 ratio before the end of 2020. The company seeks to always select the best qualified candidate for the job and to do this in a non-discriminatory manner with respect to gender, age, religion etc. A special effort is made to increase the number of applications from the underrepresented gender in the recruiting process.

Uncertainty relating to recognition and measurement

Management evaluates that no particular uncertainties or unusual circumstances are related to recognition and measurement with the presentation of the annual report.

Management's Review

Unusual events

The financial position at 31 December 2018 of the Company and the results of the activities of the Company for the financial year for 2018 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2018 TDKK	2017 TDKK
Revenue	2	496.950	499.739
Other operating income		60.187	51.366
Other external expenses		-301.055	-313.059
Gross profit/loss		256.082	238.046
Staff expenses	3	-98.235	-91.327
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-30.806	-26.605
Profit/loss before financial income and expenses		127.041	120.114
Financial income	5	-2.373	172
Financial expenses	6	-4.588	-10.313
Profit/loss before tax		120.080	109.973
Tax on profit/loss for the year	7	-3.330	-4.618
Net profit/loss for the year		116.750	105.355

Balance Sheet 31 December

Assets

	Note	2018 TDKK	2017 TDKK
Software		63	84
Intangible assets	8	63	84
Land and buildings		47.386	49.620
Harbour facilities and installations		95.504	81.746
Vessels		276.289	180.122
Property, plant and equipment in progress		5.016	125.341
Property, plant and equipment	9	424.195	436.829
Fixed assets		424.258	436.913
Trade receivables		21.971	21.578
Receivables from group enterprises		182.000	61.881
Other receivables		895	0
Prepayments	10	679	1.835
Receivables		205.545	85.294
Cash at bank and in hand		21.174	27.674
Currents assets		226.719	112.968
Assets		650.977	549.881

Balance Sheet 31 December

Liabilities and equity

	Note	2018 TDKK	2017 TDKK
Share capital		40.000	40.000
Retained earnings		396.660	294.910
Proposed dividend for the year		15.000	15.000
Equity	11	451.660	349.910
Provision for deferred tax	13	4.150	4.150
Provisions		4.150	4.150
Lease obligations		81.850	88.198
Payables to group enterprises		15.000	0
Long-term debt	14	96.850	88.198
Lease obligations	14	6.348	6.045
Trade payables		25.557	21.697
Payables to group enterprises	14	29.402	25.300
Corporation tax		2.297	1.149
Other payables		14.586	21.464
Deferred income		20.127	31.968
Short-term debt		98.317	107.623
Debt		195.167	195.821
Liabilities and equity		650.977	549.881
Subsequent events	1		
Distribution of profit	12		
Contingent assets, liabilities and other financial obligations	15		
Related parties	16		
Fee to auditors appointed at the general meeting	17		
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Statement of Changes in Equity

	Share capital TDKK	Retained earnings TDKK	Proposed dividend for the year TDKK	Total TDKK
2018				
Equity at 1 January	40.000	294.910	15.000	349.910
Ordinary dividend paid	0	0	-15.000	-15.000
Net profit/loss for the year	0	101.750	15.000	116.750
Equity at 31 December	40.000	396.660	15.000	451.660
2017				
Equity 1. januar	40.000	204.555	0	244.555
Net profit/loss for the year	0	90.355	15.000	105.355
Equity at 31 December	40.000	294.910	15.000	349.910

Notes to the Financial Statements

1 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

	2018 TDKK	2017 TDKK
2 Revenue		
Geographical segments		
Revenue, Denmark	496.950	499.739
	496.950	499.739
Business segments		
Ferry transport	378.907	387.661
Retail and catering on board	118.043	112.078
	496.950	499.739

The activity is solely related to the ferry activities till and from Helsingør in Denmark

3 Staff expenses

Wages and salaries	82.219	76.351
Pensions	10.334	8.951
Other social security expenses	1.588	1.327
Other staff expenses	4.094	4.698
	98.235	91.327
Average number of employees	250	235

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Depreciation of property, plant and equipment	30.806	26.605
	30.806	26.605

Notes to the Financial Statements

	2018 TDKK	2017 TDKK
5 Financial income		
Interest received from group enterprises	41	42
Exchange adjustments	-2.414	130
	-2.373	172
6 Financial expenses		
Other financial expenses	4.702	4.878
Exchange adjustments, expenses	-114	5.435
	4.588	10.313
7 Tax on profit/loss for the year		
Current tax for the year	3.449	0
Adjustment of tax concerning previous years	-119	4.618
	3.330	4.618
8 Intangible assets		Software TDKK
Cost at 1 January		4.226
Additions for the year		0
Cost at 31 December		4.226
Revaluations at 31 December		0
Impairment losses and amortisation at 1 January		4.142
Amortisation for the year		21
Impairment losses and amortisation at 31 December		4.163
Carrying amount at 31 December		63
Amortised over		3-5 years

Notes to the Financial Statements

9 Property, plant and equipment

	Land and buildings	Harbour facilities and installations	Vessels	Property, plant and equipment in progress	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	123.351	180.197	644.610	125.342	1.073.500
Additions for the year	0	0	0	18.123	18.123
Transfers for the year	0	17.599	120.850	-138.449	0
Cost at 31 December	<u>123.351</u>	<u>197.796</u>	<u>765.460</u>	<u>5.016</u>	<u>1.091.623</u>
Impairment losses and depreciation at 1 January	73.731	98.450	464.489	0	636.670
Depreciation for the year	<u>2.234</u>	<u>3.842</u>	<u>24.682</u>	<u>0</u>	<u>30.758</u>
Impairment losses and depreciation at 31 December	<u>75.965</u>	<u>102.292</u>	<u>489.171</u>	<u>0</u>	<u>667.428</u>
Carrying amount at 31 December	<u>47.386</u>	<u>95.504</u>	<u>276.289</u>	<u>5.016</u>	<u>424.195</u>
Depreciated over	<u>40 years</u>	<u>3-40 years</u>	<u>11-30 years</u>		
Including assets under finance leases amounting to	<u>0</u>	<u>0</u>	<u>65.132</u>	<u>0</u>	<u>65.132</u>

10 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

11 Equity

The share capital consists of 40,000 shares of a nominal value of TDKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

Notes to the Financial Statements

	2018 <u>TDKK</u>	2017 <u>TDKK</u>
12 Distribution of profit		
Proposed dividend for the year	15.000	15.000
Retained earnings	<u>101.750</u>	<u>90.355</u>
	<u>116.750</u>	<u>105.355</u>
13 Provision for deferred tax		
Provision for deferred tax at 1 January	4.150	1.540
Amounts recognised in equity for the year	<u>0</u>	<u>2.610</u>
Provision for deferred tax at 31 December	<u>4.150</u>	<u>4.150</u>
14 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:		
Lease obligations		
After 5 years	53.123	60.839
Between 1 and 5 years	<u>28.727</u>	<u>27.359</u>
Long-term part	81.850	88.198
Within 1 year	<u>6.348</u>	<u>6.045</u>
	<u>88.198</u>	<u>94.243</u>
Payables to group enterprises		
Between 1 and 5 years	<u>15.000</u>	<u>0</u>
Long-term part	15.000	0
Other short-term debt to group enterprises	<u>29.402</u>	<u>25.300</u>
	<u>44.402</u>	<u>25.300</u>

Notes to the Financial Statements

	2018 TDKK	2017 TDKK
15 Contingent assets, liabilities and other financial obligations		

Pledged securities

The following assets is provided as collateral for loans from credit institutions:

Vessel	211.157	108.883
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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 TDKK 3,540. 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.

A negativ pledged of TDKK 253.721 is issued on the vessel.

16 Related parties

	Basis
Controlling interest	
Commonwealth Bank of Australia	Parent
Colonial Holding Company Ltd.	Parent
Commonwealth Insurance Holdings Ltd.	Parent
Colonial First State Group Ltd.	Parent
Colonial First State Infrastructure Holdings Ltd.	Parent
CFSPAI Europe HoldCo Ltd	Parent
CFSPAI Europe Co. Ltd.	Parent
First State Investments Fund Management S.á.r.l.	Parent
First State European Diversified Infrastructure Fund	Parent
FCP-SIF	
First State Infrastructure S.á.r.l.	Parent
FS Ferries Holding S.á.r.l.	Parent
Forsea AB	Parent

Notes to the Financial Statements

16 Related parties (continued)

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.

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Forsea AB

Consolidated Financial Statements

Selskabet indgår i koncernrapporten for moderselskabet

<u>Name</u>	<u>Place of registered office</u>
Commonwealth Bank of Australia	Ground Floor Tower 1, Sydney, Australia
Forsea AB	Bredgatan 5, Helsingborg, Sweden

The Group Annual Report of Commonwealth Bank of Australia may be obtained at the following address:

<https://www.commbank.com.au/about-us/investors/annual-reports.html>

The Group Annual Report of Forsea AB may be obtained at the following address:

Bredgatan 5, Helsingborg, Sweden

17 Fee to auditors appointed at the general meeting

PricewaterhouseCoopers

	<u>2018</u> TDKK	<u>2017</u> TDKK
Audit fee	350	350
Other assurance engagements	0	69
Andre ydelser	20	20
	<u>370</u>	<u>439</u>

Notes to the Financial Statements

18 Accounting Policies

The Annual Report of Forsea Helsingør ApS for 2018 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 Financial Statements for 2018 are presented in TDKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Forsea AB, the Company has not prepared a cash flow statement.

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.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

Notes to the Financial Statements

18 Accounting Policies (continued)

All other 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.

Translation policies

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.

Revenue

Information on business segments based on the Company'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 Company.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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

Notes to the Financial Statements

18 Accounting Policies (continued)

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.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income and other external expenses.

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.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

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 wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

18 Accounting Policies (continued)

Balance Sheet

Intangible assets

Software acquired is measured at cost less accumulated amortisation. Software is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

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.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

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:

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,500 are expensed in the year of acquisition.

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.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Notes to the Financial Statements

18 Accounting Policies (continued)

Prepayments

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

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

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.

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 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.

Notes to the Financial Statements

18 Accounting Policies (continued)

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.

Financial Highlights

Explanation of financial ratios

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