

# Eastern Europe Holding ApS

Lautrupsgade 7, 6th floor, 2100 Copenhagen Ø

CVR no. 33 37 82 54

## Annual report 2018

Approved at the Company's annual general meeting on 29 May 2019

Chairman:

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Chairman:

A handwritten signature in blue ink, reading "J. M. Foglberg", is written over a horizontal dotted line.





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**Statement by the Executive Board**

Today, the Executive Board has discussed and approved the annual report of Eastern Europe Holding ApS for the financial year 1 January - 31 December 2018.

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

In my 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.

Further, in my opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

I recommend that the annual report be approved at the annual general meeting.

Copenhagen, 29 May 2019  
Executive Board:

  
Olga Visnivecka

## Independent auditor's report

To the shareholders of Eastern Europe Holding ApS

### Opinion

We have audited the financial statements of Eastern Europe Holding ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are 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 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.

### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

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 rules and requirements.

### 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 as to 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 the 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.

## Independent auditor's report

- ▶ 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.
- ▶ 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 note 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.

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 29 May 2019  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Jens Thordahl Nøhr  
State Authorised Public Accountant  
mne32212



Thomas Bruun Kofoed  
State Authorised Public Accountant  
mne28677



## Management's review

### Company details

Name	Eastern Europe Holding ApS
Address, Postal code, City	Lautrupsgade 7, 6th floor, 2100 Copenhagen Ø
CVR no.	33 37 82 54
Registered office	Copenhagen
Financial year	1 January - 31 December
Telephone	+45 39 16 21 00
Telefax	+45 39 16 21 01
Executive Board	Olga Visnivecka
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

## Management commentary

### Business review

The Company's main activity is to conduct business by holding investments in subsidiaries and related companies.

### Financial review

The income statement for 2018 shows a profit of DKK 45,341 thousand against a profit of DKK 31,075 thousand last year, and the balance sheet at 31 December 2018 shows equity of DKK 92,993 thousand. The Executive Board considers the result satisfactory.

The Company's balance sheet at 31 December 2018 shows an equity of DKK 92,993 thousand after recognition of a negative exchange rate adjustment on investments in subsidiary of DKK 11,643 thousand, which relates to the falling exchange rate for rubles in 2018.

### Events after the balance sheet date

In 2019, the Company has sold its shares in MSC Rus LLC.

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK'000	2018	2017
	Other external expenses	-76	-44
	<b>Gross margin</b>	-76	-44
	Income from investments in group enterprises	49,152	33,862
	Financial income	0	521
	Other financial expenses	-1	0
	<b>Profit before tax</b>	49,075	34,339
2	Tax for the year	-3,734	-3,264
	<b>Profit for the year</b>	45,341	31,075
	<b>Recommended appropriation of profit</b>		
	Net revaluation reserve according to the equity method	49,152	33,862
	Retained earnings/accumulated loss	-3,811	-2,787
		45,341	31,075



## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2018	2017
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
3	<b>Investments</b>		
	Investments in group enterprises	102,447	64,938
		<u>102,447</u>	<u>64,938</u>
	<b>Total fixed assets</b>	<u>102,447</u>	<u>64,938</u>
	<b>Non-fixed assets</b>		
	<b>Receivables</b>		
	Receivables from group enterprises	823	1,245
		<u>823</u>	<u>1,245</u>
	<b>Cash</b>	<u>0</u>	<u>4</u>
	<b>Total non-fixed assets</b>	<u>823</u>	<u>1,249</u>
	<b>TOTAL ASSETS</b>	<u><u>103,270</u></u>	<u><u>66,187</u></u>
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
	Share capital	125	125
	Net revaluation reserve according to the equity method	78,765	41,256
	Retained earnings	14,103	17,914
	<b>Total equity</b>	<u>92,993</u>	<u>59,295</u>
	<b>Provisions</b>		
4	Deferred tax	10,242	6,491
	<b>Total provisions</b>	<u>10,242</u>	<u>6,491</u>
	<b>Liabilities other than provisions</b>		
	<b>Current liabilities other than provisions</b>		
	Trade payables	35	33
	Corporation tax payable	0	105
	Joint taxation contribution payable	0	263
		<u>35</u>	<u>401</u>
	<b>Total liabilities other than provisions</b>	<u>35</u>	<u>401</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>103,270</u></u>	<u><u>66,187</u></u>

- 1 Accounting policies
- 5 Contractual obligations and contingencies, etc.
- 6 Related parties

## Financial statements 1 January - 31 December

### Statement of changes in equity

DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
Equity at 1 January 2018	125	41,256	17,914	59,295
Transfer through appropriation of profit	0	49,152	-3,811	45,341
Adjustment of investments through foreign exchange adjustments	0	-11,643	0	-11,643
<b>Equity at 31 December 2018</b>	<b>125</b>	<b>78,765</b>	<b>14,103</b>	<b>92,993</b>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Eastern Europe Holding ApS for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

#### *Foreign group entities*

Foreign subsidiaries and associates are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

#### Income statement

##### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

##### Profit from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, declared dividends from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

##### Balance sheet

##### Investments in subsidiaries

On initial recognition, investments in subsidiaries are measured at cost and subsequently at the proportionate share of the entities' net asset values calculated in accordance with the parent company's accounting policies minus or plus any residual value of positive or negative goodwill calculated in accordance with the purchase method of accounting. Subsidiaries with a negative net asset value are measured at DKK 0 (nil), and any amounts owed by such entities are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the entity's deficit. Net revaluations of investments in subsidiaries are transferred to the net revaluation reserve according to the equity method where the carrying amount exceeds the acquisition cost.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

Corporate acquisitions are accounted for using the purchase method according to which the acquired entity's identifiable assets and liabilities are measured at fair value at the date of acquisition. In connection with the acquisition, a provision is made for expenses related to adopted plans to restructure the acquired entity. The tax effect of revaluations made is taken into account.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

Gains or losses on disposal of subsidiaries and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal including non-amortised goodwill and anticipated costs of disposal. Gains or losses are recognised in the income statement as financial income or financial expenses.

#### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

#### Equity

##### *Reserve for net revaluation according to the equity method*

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

##### *Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

#### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Other payables

Other payables are measured at net realisable value.

DKK'000	2018	2017
<b>2 Tax for the year</b>		
Estimated tax charge for the year	-17	105
Deferred tax adjustments in the year	3,751	3,159
	<u>3,734</u>	<u>3,264</u>

#### 3 Investments

DKK'000	Investments in group enterprises
Cost at 1 January 2018	23,682
Cost at 31 December 2018	23,682
Value adjustments at 1 January 2018	41,256
Foreign exchange adjustments	-11,643
Profit/loss for the year	49,152
Value adjustments at 31 December 2018	78,765
Carrying amount at 31 December 2018	<u>102,447</u>

Name	Legal form	Domicile	Interest
<b>Subsidiaries</b>			
MSC Rus LLC	LLC	Rusland	100.00%

DKK'000	2018	2017
<b>4 Deferred tax</b>		
Deferred tax at 1 January	6,491	7,023
Adjustments of deferred tax fo the year	3,751	-532
Deferred tax at 31 December	<u>10,242</u>	<u>6,491</u>

Deferred tax is incurred on investments in subsidiaries.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 5 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

The Company is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income onwards as well as withholding taxes on interest, royalties and dividends falling due for payment. The jointly taxed group entities' total known net liability to SKAT is stated in the administrative company's annual financial statements, MSC Scandinavia Holding A/S, CVR no. 19 95 08 75. Any subsequent corrections to the joint taxation and withholding tax, etc., may result in an increase in the Company's liability.

#### 6 Related parties

Eastern Europe Holding ApS' related parties comprise the following:

##### Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
MSC Scandinavia Holding A/S	Copenhagen, Denmark	Shareholding
United agencies Limited S.A	Geneva, Switzerland	Ultimate parent

##### Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>
MSC Scandinavia Holding A/S	Copenhagen, Denmark