
Cube Denmark ApS

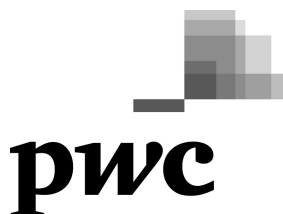
Farverland 7, DK-2600 Glostrup

Annual Report for 1 January - 31 December 2018

CVR No 38 17 57 93

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
16/5 2019

Ole Steensbro
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Cube Denmark 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 and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2018.

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

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

Albertslund, 16 May 2019

Executive Board

Ole Steensbro
Executive Officer

Board of Directors

Jérôme Maurice Olivier Emile
Joseph Jeauffroy
Chairman

Jérôme Robert Hervé Marie
Almeras

Stefan Konrad Weis

Independent Auditor's Report

To the Shareholder of Cube Denmark ApS

Opinion

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

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Cube Denmark 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, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

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

Independent Auditor's Report

Management's responsibilities for the Financial Statements

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

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial

Independent Auditor's Report

Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Hellerup, 16 May 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Thomas Wraae Holm
statsautoriseret revisor
mne30141

Kristian Pedersen
statsautoriseret revisor
mne35412

Company Information

The Company

Cube Denmark ApS
Farverland 7
DK-2600 Glostrup

CVR No: 38 17 57 93
Financial period: 1 January - 31 December
Incorporated: 1 November 2016
Financial year: 3rd financial year
Municipality of reg. office: Albertslund

Board of Directors

Jérôme Maurice Olivier Emile Joseph Jeauffroy, Chairman
Jérôme Robert Hervé Marie Almeras
Stefan Konrad Weis

Executive Board

Ole Steensbro

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

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

	Group		
	2018 TDKK	2017 TDKK	2016 TDKK
Key figures			
Profit/loss			
Revenue	580.799	385.536	0
Gross profit/loss	412.979	290.471	0
Operating profit/loss	3.354	13.173	0
Net financials	-8.883	-8.067	0
Net profit/loss for the year	-5.584	3.479	0
Balance sheet			
Balance sheet total	633.627	599.756	50
Equity	89.416	88.590	50
Cash flows			
Cash flows from:			
- operating activities	50.417	39.175	0
- investing activities	-65.216	-274.461	0
including investment in property, plant and equipment	-67.566	-181.111	0
- financing activities	37.762	258.350	50
Change in cash and cash equivalents for the year	22.963	23.064	50
Number of employees	890	874	0
Ratios			
Profit margin	1,0%	3,9%	0,0%
Solvency ratio	14,1%	14,8%	100,0%
Return on equity	-6,3%	7,8%	0,0%

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.

Management's Review

Parent Company Financial Statements of Cube Denmark ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C, whereas the Consolidated Financial Statements has been prepared in accordance with the provisions applying to large class C entities.

The group has changed the accounting policy for VAT provisions and the amortisation of the asset related to it. The asset was previously depreciated over a period of 5 years. This has been adjusted to 12 years in accordance with the accounting policy for depreciation of busses. The VAT liability is continuously paidout over a period of 5 years. The impact on equity in 2017 amounts to TDKK 3,768.

Key activities

Parent:

Cube Denmark ApS's primarily activity is to own shares in subsidiaries.

The Group:

The main activity of the Group is to provide public transport services for the Public Transport Authorities (PTA) of the Regions of Denmark.

Development in the year

The income statement of the Group for 2018 shows a loss of DKK 5,584,022, and at 31 December 2018 the balance sheet of the Group shows equity of DKK 89,416,259.

In 2018, CUBE has raised a capital increase of TDKK 17,600 in Cube Denmark ApS. CUBE is the right partner for Umove and the company has the financial strength to ensure Umove's continued development, and its public transport activities in Germany, Belgium, Norway and Sweden also ensure new opportunities for cross-border cooperation.

In 2018, Cube Denmark ApS acquired 2% of the shares in Umove A/S from a minorityshareholder bringing the total ownership to 91%.

Umove provides transport services for 4 out of 5 regional PTA's and 2018 was characterised by both successfully won contracts and the loss of one contract in Jutland.

2018 was the year where Umove became the first national operator to win a contract for operating public transport with a full fleet of electric vehicles. The busses deliver services for the total operations in the city of Roskilde and operations have started in April 2019. Furthermore, Umove complimented the existing operations in Northern Jutland with new vehicles fuel by carbon neutral HVO.

The increasing investments in a low emission fleet is furthermore a result of the increasing energy efficiency delivered by the renewed fleet of diesel vehicles and demonstrated by Umoves current participation in the tendering for Hydrogen vehicles in Jutland.

Management's Review

In 2018, Umove also participated in bidding for tenders for the O&M of the Light rail in the city of Odense and the regional rail operations for Jutland and Funen. The two contracts were granted to other bidders. The significant investments in preparing the rail tenders, which has had a negative effect on the 2018 results, are an investment that has prepared the company for participation in future rail tenders for the years to come.

Furthermore, 2018 became the year where Umove acquired all shares in the company Jens Jensen & Sønner (De Blaa Busser). The company operates 80 vehicles and represents an annual turnover of approx. 80 MDKK. Closing was executed in January 2019.

Special risks

Operating risks

The Group is not assessed to be exposed to any special risks. The Group's most important customers are the Danish Public Transport Authorities, and the service contracts are typically concluded for a long period of time with the possibility of extension; thus, the service contracts match the useful lives of newly acquired buses. In connection with the delivery of new buses, Umove ensures a repurchase guarantee on part of the manufacturer/supplier which matches the terms of the service contracts.

Price risks

The Group is not subject to any special price risks as the monthly indexation of contract payments from the Danish Public Transport Authorities includes general fluctuations in wage levels, interest rate levels and fuel prices.

Interest rate risks

The interest-bearing debt constitutes a material amount in the Group. Changes to the interest rate level are, however, included in the indexation of the service contracts with the Danish Public Transport Authorities and, therefore, increases in interest rates do not constitute any significant risk for the Group.

The Group's net interest-bearing debt/EBITDA amounts to 5.9, which is considered satisfactory.

Credit risks

The debtor risk is considered very limited as the Group's major customers are the Danish Public Transport Authorities.

Management's Review

Strategy

Targets and expectations for the year ahead

A positive development in profitability is expected to be realised for 2019 showing an improvement compared to 2018.

Management is currently considering expanding the Group's activities in public transport.

Statement of corporate social responsibility

It is Umove's policy to consider social and environmental issues as well as corporate governance when making decisions and in its day-to-day operations. We adhere to the UN Global Compact initiative and support a set of basic values within human rights, employee rights, environment and anti-corruption:

Human rights

- 1) Umove supports and respects the protection of internationally-proclaimed human rights; and
- 2) we ensure that we do not participate in the infringement of human rights.

Umove has moreover implemented the following diversity policy:

"We see diversity as a strength for our Company. We appreciate working together across differences in age, gender, religion, sexuality and ethnicity, etc. We believe that diversity inspires and builds strength, and we provide equal opportunities for everyone by being flexible and showing individual considerations. We have room for diversity, and any attempt at discrimination and bullying, etc. is prohibited and will result in dismissal. If you need special attention or special conditions, please talk to your manager. We will be pleased to accommodate your wishes if possible, taking into consideration the interests of the Company".

Actions in 2018

In order to secure the continued delivery of our policies 3 initiatives from 2018 are worth mentioning:
The establishment of our whistle blower process where all employees can report any inappropriate behavior and demand a proper response from management

Update of our purchase agreements with the main sub suppliers in order to secure that they meet our standards in terms of staff conditions and environmental protection

Visits to our main suppliers (i.e. Vehicle manufacturers to check relevant conditions are met.

Employee rights

Umove

- 1) ensures the freedom of association of its employees and recognises their right to and need for collective bargaining;
- 2) supports the elimination of any type of forced labour;
- 3) rejects child labour; and
- 4) eliminates any discrimination in conditions of work and employment.

Management's Review

Moreover, Umove has implemented the following occupational health and safety policy:

A good working environment is an important condition for being able to provide the right services to our passengers. Naturally, the physically environment and tools must be in working order, but we also look positively at our cooperation in our environmental organisation, with trade organisations and our external partners who help us map employee satisfaction. Such initiatives are always backed up by action plans that can contribute to improving our working environment.

Actions in 2018

In 2018, we have focussed on strengthening the relations with the local trade union representatives, through an extended meeting activity to ensure our shared perception of the current employee relations within the company.

At the same time, we have performed an extensive activity to understand the reasons behind employee absence, in order to reduce it. Various improvements in the day to day working conditions, planning etc. can contribute positively to this. We have set the target, that absence should be around 3% in average across all employees. In 2018 we did not reach that target but delivered just above 4% absence. Work to further improve is continued into 2019.

Our internal works and environmental council are continuously following the situation and are putting in place initiatives and campaigns whenever relevant

2018 was also the year where Umove systematically promised to deliver OHSAS 18001 certification whenever submitting tenders for operations.

Environment

Umove

- 1) supports a precautionary approach to environmental challenges;
- 2) takes initiatives to promote a high level of environmental responsibility; and
- 3) encourages the development and dissemination of environmentally sound technologies.

Moreover, Umove is ISO 14001 certified and has implemented the following environmental policy:

Even though public transport contributes to an overall reduction of transport emissions into the environment, we do have an impact on the environment. We use fossil fuel, chemicals and generate a lot of waste. We produce noise and have an overall impact on the surroundings. Both locally and globally. Therefore, it is a matter of the heart for us to minimize our impact on the environment by always being prepared to experiment with alternative technologies and energy sources when requested by the Public Transport Authorities. We are pleased to lead the way and to assume a calculated risk daily assisted by our environmental management system ISO 14001, which ensures that we work systematically with our environmental impact. We aim continuously at reducing our consumption of resources and our environmental impact through, for example, our systems and follow-up on fuel consumption. On locations where new buses operate, we have invested in technology that assist the drivers in "green driving". If we can reduce our fuel consumption, we reduce both the environmental impact and save money. We readily share this gain with our employees.

Management's Review

Actions in 2018

In 2016-2018, we invested in equipment which, through replacement of the equipment and the use of alternative and renewable propellants, reduces our environmentally harmful emissions. Most recently, the Company submitted a tender and won a service contract for electric buses in the municipality of Roskilde as the first company in Denmark.

We continued our intense focus on the energy consumption in our bus fleet. We did set a target of 2% reduction in fuel consumption from 2017 to 2020. This target was already met in 2018

Risks of not being able to uphold policies for Human rights, Anti-corruption and bribery:

The Company activities are continuously review by senior management, employee representatives and the various works counsel functions as described in Danish law. The company also has a whistle blower arrangement in place which gives all employees an opportunity to report any deviating behavior anonymously. Based on that, risk of breach of the human rights policies of the company are regarded as low.

In respect of the policies against corruption and bribery, the company is engaged with a significant low number of customers (4 public transport authorities and a limited number of municipalities) in a very regulated tendered marketplace with objective and transparent criteria for assignment of contracts. representatives of management are fully informed of the company's rules and policies in respect of gift's etc. All commercial activities towards our clients are managed by senior management. Commercial agreements are not agreed or signed by any employee, but senior management.

In respect of supplier agreements, the same rules apply.

It is part of the scope of the external auditors' activities to report any occurring or suspected occurrence to senior management and ultimately the company board of directors.

Statement on gender composition

Policies

The Group's policy is for a number of initiatives and guidelines to be set out on a current basis that are to ensure that everyone, irrespective of gender, is assessed based on a combination of professional qualifications and the competencies required for holding an executive position in the Group. The recruitment of employees in the Group is moreover to take place in accordance with this policy and target.

In the years ahead, specific initiatives will be designed with a view to complying with our policy, and each year a report will be prepared on the assessed effect of such initiatives.

Target figure for the underrepresented gender on the Board of Directors

The Board of Directors of Umove A/S comprises four members elected at the General Meeting none of whom are women. Our target is to have 25% women by 2020 corresponding to one woman on the Board of Directors.

Management's Review

Representation of men/women on the Company's Board of Directors: 4/0

Representation of men/women on the Company's Board of Directors (target figure for 2020): 3/1

We will follow up on the target figure and the prior year's efforts in relation to the target fulfilment on an annual basis.

Membership in the board has not changed since 2017, thus representation is unchanged.

No specific activities have been initiated in 2018.

Other Policies

Besides the above, Umove has laid down guidelines for the Company's day-to-day staff management (values for being a good colleague and rules for a good management style) and staff policy principles in staff manuals. Our staff policy includes, among other things, the following:

Umove's values in day-to-day cooperation:

- We do our best and take responsibility for our actions;
- We treat each other with respect and talk nicely to each another;
- We ask if there is something that we do not understand and expect a proper answer;
- We help each other as best we can;
- We stop rumours before they become a problem;
- We have humour but make sure that it is understood and is not hurtful;
- We appreciate our differences and see it as a strength;
- We do what we can to keep each other informed, and our working language is Danish.

Rules for good Umove management:

- Never cheat your employees;
- Tell your employees what you expect from them;
- Expect that your employees do their best and make it clear if that is not the case;
- Don't ask for suggestions when you have made a decision;
- Appreciate a good effort but don't praise fulsomely;
- Comply with your own rules;
- Be well-mannered;
- You are always the boss of your employees no matter what the situation;
- Recognise a good effort
- Play the ball never the man;
- Don't give privileges to some that others cannot have;
- Always state reasons for refusals;
- Give feedback often and in a clear language;
- Lead the way;
- If you cannot lead the way who else is to do it?
- Be consistent;

Management's Review

- Don't be a tough customer but show confidence based on care, control and consistence.

Moreover, the Company has policies for the following areas:

- Abuse and support from the Company;
- Violence and assault during work;
- Accidents and medical/psychological assistance;

We want to ensure the optimum support to our employees who everyday provide services to our customers and passengers.

ESG actions and target figures

The company keeps track of agreed targets on all relevant parameters, such as energy consumption, waste and emissions, staff related issues such as absence, work injuries etc. All targets and actual results for the company activities are constantly reported and publicised via the GRESB Assessment Portal.

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	Group		Parent Company	
		2018 DKK	2017 DKK	2018 DKK	2017 DKK
Revenue	1	580.798.745	385.536.484	0	0
Other operating income		2.349.470	1.931.880	0	0
Expenses for raw materials and consumables		-129.917.874	-81.317.181	0	0
Other external expenses		-40.251.404	-15.680.265	-350.485	-335.941
Gross profit/loss		412.978.937	290.470.918	-350.485	-335.941
Staff expenses	2	-348.135.209	-234.005.355	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-59.140.722	-41.361.173	0	0
Profit/loss before financial income and expenses		5.703.006	15.104.390	-350.485	-335.941
Income from investments in subsidiaries		0	0	7.571.277	0
Income from investments in associates		0	1.037.639	0	0
Financial income	3	53.522	102.733	0	0
Financial expenses	4	-8.936.723	-9.207.530	-2.102.443	-1.396.589
Profit/loss before tax		-3.180.195	7.037.232	5.118.349	-1.732.530
Tax on profit/loss for the year	5	-2.403.827	-3.558.630	539.644	381.157
Net profit/loss for the year		-5.584.022	3.478.602	5.657.993	-1.351.373

Balance Sheet 31 December

Assets

	Note	Group		Parent Company	
		2018 DKK	2017 DKK	2018 DKK	2017 DKK
Goodwill		107.607.566	120.827.305	0	0
Development projects in progress		0	700.574	0	0
Intangible assets	6	107.607.566	121.527.879	0	0
Land and buildings		55.144.334	30.960.165	0	0
Leased equipment		200.448.659	215.900.361	0	0
Other fixtures and fittings, tools and equipment		152.472.939	148.433.140	0	0
Leasehold improvements		3.093.413	3.203.886	0	0
Property, plant and equipment in progress		1.404.017	0	0	0
Property, plant and equipment	7	412.563.362	398.497.552	0	0
Investments in subsidiaries	8	0	0	159.161.099	156.488.820
Investments in associates	9	0	1.037.639	0	0
Receivables from group enterprises	10	0	0	33.988.044	0
Deposits	10	1.670.799	1.645.459	0	0
Fixed asset investments		1.670.799	2.683.098	193.149.143	156.488.820
Fixed assets		521.841.727	522.708.529	193.149.143	156.488.820

Balance Sheet 31 December *(continued)*

Assets

	Note	Group		Parent Company	
		2018 DKK	2017 DKK	2018 DKK	2017 DKK
Inventories	11	14.223.602	8.422.376	0	0
Trade receivables		23.983.239	23.337.514	0	0
Other receivables		15.631.373	11.219.981	0	0
Deferred tax asset	15	3.154.908	3.574.763	0	0
Corporation tax		840.183	381.157	840.183	381.157
Prepayments		7.768.742	6.941.740	0	0
Receivables		51.378.445	45.455.155	840.183	381.157
Værdipapirer	12	4.720.373	4.856.034	0	0
Cash at bank and in hand		41.463.091	18.313.870	34.573.005	50.000
Currents assets		111.785.511	77.047.435	35.413.188	431.157
Assets		633.627.238	599.755.964	228.562.331	156.919.977

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent Company	
		2018 DKK	2017 DKK	2018 DKK	2017 DKK
Share capital		9.459.842	7.711.250	9.459.842	7.711.250
Revaluation reserve		0	1.006.200	0	0
Reserve for development costs		0	546.448	0	0
Retained earnings		74.414.540	71.015.672	82.037.603	68.099.877
Equity attributable to shareholders of the Parent Company		83.874.382	80.279.570	91.497.445	75.811.127
Minority interests		5.541.877	8.310.902	0	0
Equity	13	89.416.259	88.590.472	91.497.445	75.811.127
Provision for deferred tax	15	14.976.007	12.446.432	0	0
Other provisions		14.748.135	20.146.613	0	0
Provisions		29.724.142	32.593.045	0	0
Subordinate loan capital		3.324.216	0	0	0
Mortgage loans		4.601.949	4.862.897	0	0
Credit institutions		204.718.708	233.773.389	0	0
Lease obligations		20.509.674	25.120.095	0	0
Payables to group enterprises		102.436.372	80.772.909	102.436.372	80.772.909
Long-term debt	16	335.590.919	344.529.290	102.436.372	80.772.909

Balance Sheet 31 December *(continued)*

Liabilities and equity

	Note	Group		Parent Company	
		2018 DKK	2017 DKK	2018 DKK	2017 DKK
Mortgage loans	16	311.881	429.343	0	0
Credit institutions	16	94.182.870	48.506.490	0	0
Lease obligations	16	7.635.480	13.092.081	0	0
Trade payables		25.779.435	19.763.421	173.487	325.476
Payables to group enterprises	16	0	0	34.455.027	10.465
Corporation tax		0	160.670	0	0
Other payables		50.962.022	52.091.152	0	0
Deferred income		24.230	0	0	0
Short-term debt		178.895.918	134.043.157	34.628.514	335.941
Debt		514.486.837	478.572.447	137.064.886	81.108.850
Liabilities and equity		633.627.238	599.755.964	228.562.331	156.919.977
Distribution of profit	14				
Contingent assets, liabilities and other financial obligations	19				
Related parties	20				
Fee to auditors appointed at the general meeting	21				
Accounting Policies	22				

Statement of Changes in Equity

Group

	Share capital	Reserve for development costs	Retained earnings	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	7.711.260	546.448	72.021.862	80.279.570	8.310.902	88.590.472
Cash capital increase	1.748.582	0	15.851.410	17.599.992	0	17.599.992
Ordinary dividend paid	0	0	0	0	-945.829	-945.829
Extraordinary dividend paid	0	0	-7.571.667	-7.571.667	0	-7.571.667
Other equity movements	0	0	0	0	-2.672.687	-2.672.687
Development costs for the year	0	-546.448	0	-546.448	0	-546.448
Net profit/loss for the year	0	0	-5.887.065	-5.887.065	849.491	-5.037.574
Equity at 31 December	9.459.842	0	74.414.540	83.874.382	5.541.877	89.416.259

Parent Company

	Share capital	Reserve for development costs	Retained earnings	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	7.711.260	0	68.099.867	75.811.127	0	75.811.127
Cash capital increase	1.748.582	0	15.851.410	17.599.992	0	17.599.992
Extraordinary dividend paid	0	0	-7.571.667	-7.571.667	0	-7.571.667
Net profit/loss for the year	0	0	5.657.993	5.657.993	0	5.657.993
Equity at 31 December	9.459.842	0	82.037.603	91.497.445	0	91.497.445

Cash Flow Statement 1 January - 31 December

	Note	Group	
		2018 DKK	2017 DKK
Net profit/loss for the year		-5.584.022	3.478.602
Adjustments	17	71.708.465	46.399.943
Change in working capital	18	-6.823.801	-2.886.312
Cash flows from operating activities before financial income and expenses		59.300.642	46.992.233
Financial income		53.522	86.483
Financial expenses		-8.936.723	-7.823.879
Cash flows from ordinary activities		50.417.441	39.254.837
Corporation tax paid		0	-79.674
Cash flows from operating activities		50.417.441	39.175.163
Purchase of property, plant and equipment		-67.565.827	-181.110.928
Sale of property, plant and equipment		2.349.470	8.163.145
Business acquisition		0	-101.513.676
Cash flows from investing activities		-65.216.357	-274.461.459
Repayment of mortgage loans		-378.111	-316.175
Repayment of loans from credit institutions		-36.144.451	-41.982.965
Reduction of lease obligations		-10.067.022	-3.620.129
Raising of loans from credit institutions		52.766.150	147.780.585
Raising of loans from group enterprises		21.663.463	79.376.320
Raising of subordinate loan capital		3.324.216	0
Minority interests		-2.672.687	0
Cash capital increase		17.599.992	77.112.500
Dividend paid		-8.329.727	0
Cash flows from financing activities		37.761.823	258.350.136

Cash Flow Statement 1 January - 31 December

Note	Group	
	2018 DKK	2017 DKK
Change in cash and cash equivalents	22.962.907	23.063.840
Cash and cash equivalents at 1 January	23.169.904	50.000
Exchange adjustment of current asset investments	50.653	56.064
Cash and cash equivalents at 31 December	46.183.464	23.169.904
Cash and cash equivalents are specified as follows:		
Cash at bank and in hand	41.463.091	18.313.870
Current asset investments	4.720.373	4.856.034
Cash and cash equivalents at 31 December	46.183.464	23.169.904

Notes to the Financial Statements

	Group		Parent Company	
	2018 DKK	2017 DKK	2018 DKK	2017 DKK
1 Revenue				
Geographical segments				
Busservices Sealand	189.900.149	117.520.333	0	0
Busservices Jutland	387.022.448	247.598.881	0	0
Other revenue	3.876.147	20.417.272	0	0
	580.798.744	385.536.486	0	0
2 Staff expenses				
Wages and salaries	303.910.160	203.272.571	0	0
Pensions	34.338.924	23.363.584	0	0
Other social security expenses	6.935.068	4.096.171	0	0
Other staff expenses	2.951.057	3.273.029	0	0
	348.135.209	234.005.355	0	0
Average number of employees	890	874	0	0

The Executive Board has not received any salary.

Notes to the Financial Statements

	Group		Parent Company	
	2018 DKK	2017 DKK	2018 DKK	2017 DKK
3 Financial income				
Other financial income	53.522	102.733	0	0
	53.522	102.733	0	0
4 Financial expenses				
Interest paid to group enterprises	2.094.560	1.599.801	2.094.560	1.396.589
Other financial expenses	6.842.163	7.607.729	7.883	0
	8.936.723	9.207.530	2.102.443	1.396.589

Notes to the Financial Statements

	Group		Parent Company	
	2018	2017	2018	2017
	DKK	DKK	DKK	DKK
5 Tax on profit/loss for the year				
Current tax for the year incl. adj. of previous year	-5.906.785	-5.215.689	-539.644	-381.157
Deferred tax for the year	8.310.612	8.774.319	0	0
	2.403.827	3.558.630	-539.644	-381.157

6 Intangible assets

Group

	Goodwill DKK	Development projects in progress DKK
Cost at 1 January	132.155.813	700.574
Cost at 31 December	132.155.813	700.574
Impairment losses and amortisation at 1 January	11.328.508	0
Impairment losses for the year	0	700.574
Amortisation for the year	13.219.739	0
Impairment losses and amortisation at 31 December	24.548.247	700.574
Carrying amount at 31 December	107.607.566	0

Notes to the Financial Statements

7 Property, plant and equipment

Group

	Land and buildings DKK	Leased equipment DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvement s DKK	Property, plant and equipment in progress DKK	Total DKK
Cost at 1 January	31.899.837	54.774.612	287.721.282	3.558.562	0	377.954.293
Net effect from change of accounting policy	0	169.852.000	-139.318.143	0	0	30.533.857
Additions for the year	25.083.579	9.357.265	31.301.906	418.700	1.404.017	67.565.467
Disposals for the year	0	0	-7.574.500	-47.122	0	-7.621.622
Cost at 31 December	<u>56.983.416</u>	<u>233.983.877</u>	<u>172.130.545</u>	<u>3.930.140</u>	<u>1.404.017</u>	<u>468.431.995</u>
Impairment losses and depreciation at 1 January	939.672	8.726.251	0	354.676	0	10.020.599
Depreciation for the year	899.410	24.808.967	19.657.606	529.173	0	45.895.156
Reversal of impairment and depreciation of sold assets	0	0	0	-47.122	0	-47.122
Impairment losses and depreciation at 31 December	<u>1.839.082</u>	<u>33.535.218</u>	<u>19.657.606</u>	<u>836.727</u>	<u>0</u>	<u>55.868.633</u>
Carrying amount at 31 December	<u>55.144.334</u>	<u>200.448.659</u>	<u>152.472.939</u>	<u>3.093.413</u>	<u>1.404.017</u>	<u>412.563.362</u>
Including assets under finance leases amounting to	0	200.448.659	0	0	0	200.448.659

Notes to the Financial Statements

	Parent Company	
	2018	2017
	DKK	DKK
8 Investments in subsidiaries		
Cost at 1 January	156.488.820	0
Net effect from acquisition	0	156.488.820
Additions for the year	<u>2.672.279</u>	<u>0</u>
Cost at 31 December	<u>159.161.099</u>	<u>156.488.820</u>
Value adjustments at 1 January	0	0
Net effect from change of accounting policy	0	0
Net profit/loss for the year	0	0
Amortisation of goodwill	0	0
Other adjustments	<u>0</u>	<u>0</u>
Value adjustments at 31 December	<u>0</u>	<u>0</u>
Carrying amount at 31 December	<u>159.161.099</u>	<u>156.488.820</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Umove A/S	Albertslund	4.559.181	91%	93.025.800	2.987.219

Notes to the Financial Statements

	Group		Parent Company	
	2018	2017	2018	2017
	DKK	DKK	DKK	DKK
9 Investments in associates				
Cost at 1 January	1.037.639	0	0	0
Net effect from acquisition	0	1.037.639	0	0
Disposals for the year	-1.037.639	0	0	0
Carrying amount at 31 December	0	1.037.639	0	0

10 Other fixed asset investments

	Group	Parent Company
	Deposits DKK	Receivables from group enterprises DKK
Cost at 1 January	1.647.459	0
Additions for the year	23.340	33.988.044
Cost at 31 December	1.670.799	33.988.044
Carrying amount at 31 December	1.670.799	33.988.044

	Group		Parent Company	
	2018	2017	2018	2017
	DKK	DKK	DKK	DKK
11 Inventories				
Raw materials and consumables	14.223.602	8.422.376	0	0
	14.223.602	8.422.376	0	0

	Group		Parent Company	
	2018	2017	2018	2017
	DKK	DKK	DKK	DKK
12 Current asset investments				
Unlisted securities	4.720.373	4.856.034	0	0
	4.720.373	4.856.034	0	0

Notes to the Financial Statements

13 Equity

The share capital consists of 9,459,832 shares of a nominal value of DKK 1. No shares carry any special rights.

The share capital has developed as follows:

	2018	2017	2016
	DKK	DKK	DKK
Share capital at 1 January	7.711.260	50.000	50.000
Capital increase	1.748.582	7.661.250	0
Capital decrease	0	0	0
Share capital at 31 December	9.459.842	7.711.250	50.000

14 Distribution of profit

	Parent Company	
	2018	2017
	DKK	DKK
Extraordinary dividend paid	7.571.667	0
Retained earnings	-1.913.674	-1.351.373
	5.657.993	-1.351.373

Notes to the Financial Statements

	Group		Parent Company	
	2018 DKK	2017 DKK	2018 DKK	2017 DKK
15 Provision for deferred tax				
Intangible assets	0	154.126	0	0
Property, plant and equipment	14.911.797	11.120.893	0	0
Current assets	1.709.123	1.527.183	0	0
Liabilities	-3.332	45.373	0	0
Tax loss carry-forward	-10.923.406	-10.107.628	0	0
Transferred to deferred tax asset	9.281.825	9.706.485	0	0
	14.976.007	12.446.432	0	0
Deferred tax asset				
Calculated tax asset	9.281.825	9.701.680	0	0
Write-down to assessed value	-6.126.917	-6.126.917	0	0
Carrying amount	3.154.908	3.574.763	0	0

Deferred tax is measured at net realisable value and is based on management's best estimate of the ability to utilize the carry forward losses within 5-7 years. When assessing the possibility of utilizing the tax-losses management has considered new operational contracts that were recently won in the group, and based on updated budgets management has a positive expectation for utilization of the tax asset. The value of non-recognised deferred tax asset related to tax loss carry forwards amounts to DKK 6,127 thousands.

16 Long-term debt

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

The debt falls due for payment as specified below:

	Group		Parent Company	
	2018 DKK	2017 DKK	2018 DKK	2017 DKK
Subordinate loan capital				
After 5 years	3.324.216	0	0	0
Long-term part	3.324.216	0	0	0
Within 1 year	0	0	0	0
	3.324.216	0	0	0

Notes to the Financial Statements

16 Long-term debt (continued)

	Group		Parent Company	
	2018 DKK	2017 DKK	2018 DKK	2017 DKK
Mortgage loans				
After 5 years	3.351.374	2.997.261	0	0
Between 1 and 5 years	1.250.575	1.865.636	0	0
Long-term part	4.601.949	4.862.897	0	0
Within 1 year	311.881	429.343	0	0
	4.913.830	5.292.240	0	0
Credit institutions				
After 5 years	75.413.579	102.797.623	0	0
Between 1 and 5 years	129.305.129	130.975.766	0	0
Long-term part	204.718.708	233.773.389	0	0
Within 1 year	36.218.153	36.357.454	0	0
Other short-term debt to credit institutions	57.964.717	12.149.036	0	0
Short-term part	94.182.870	48.506.490	0	0
	298.901.578	282.279.879	0	0
Lease obligations				
Between 1 and 5 years	20.509.674	25.120.095	0	0
Long-term part	20.509.674	25.120.095	0	0
Within 1 year	7.635.480	13.092.081	0	0
	28.145.154	38.212.176	0	0
Payables to group enterprises				
After 5 years	40.451.143	52.560.901	40.451.143	52.560.901
Between 1 and 5 years	61.985.229	28.212.008	61.985.229	28.212.008
Long-term part	102.436.372	80.772.909	102.436.372	80.772.909
Other short-term debt to group enterprises	0	0	34.455.027	10.465
	102.436.372	80.772.909	136.891.399	80.783.374

Notes to the Financial Statements

	Group	
	<u>2018</u>	<u>2017</u>
	DKK	DKK
17 Cash flow statement - adjustments		
Financial income	-53.522	-102.733
Financial expenses	8.936.723	9.207.530
Depreciation, amortisation and impairment losses, including losses and gains on sales	56.791.253	39.429.292
Income from investments in associates	0	-1.037.639
Tax on profit/loss for the year	2.403.827	3.558.630
Other adjustments	3.630.184	-4.655.137
	<u>71.708.465</u>	<u>46.399.943</u>
18 Cash flow statement - change in working capital		
Change in inventories	-5.801.226	-2.263.230
Change in receivables	-5.909.459	-2.858.337
Change in trade payables, etc	4.886.884	2.712.718
Other adjustments	0	-477.463
	<u>-6.823.801</u>	<u>-2.886.312</u>

Notes to the Financial Statements

	Group		Parent Company	
	2018	2017	2018	2017
	DKK	DKK	DKK	DKK
19 Contingent assets, liabilities and other financial obligations				
Charges and security				
The following assets have been placed as security with mortgage credit institutes:				
Land and buildings with a value of	55.144.334	30.960.165	0	0
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	8.848.553	9.477.276	0	0
Between 1 and 5 years	25.479.615	29.031.524	0	0
After 5 years	7.109.530	11.307.735	0	0
	41.437.698	49.816.535	0	0

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income. The total accrued corporation tax appears from the Annual Report of Cube Denmark ApS, which acts as administration company in the jointly taxed Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, royalty tax and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Mortgage deed with a nominal value of TDKK 9,450 in the group's leased machinery with a carrying amount of TDKK 23,205 has been deposited as security for engagement with credit institutions.

Company charges with a nominal value of TDKK 22,000 in the group's immaterial rights, operating equipment, inventory, and claims with a carrying amount of TDKK 53,190 has been deposited as security for engagement with credit institutions

As security towards traffic companies Tryg Garanti has provided guarantees of a total of TDKK 54,300.

Mortgage deed with a nominal value of TDKK 260,612 in the group's leased machinery with a carrying amount of TDKK 200,448 has been deposited as security for engagement with credit institutions.

Notes to the Financial Statements

20 Related parties

Basis

Controlling interest

Cube II Transport S.à.r.l

Moderselskab

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.

There is no disclosure of transactions with related parties, as it is the assessment that all transactions are done on arms-length terms.

	Group		Parent Company	
	2018 DKK	2017 DKK	2018 DKK	2017 DKK
21 Fee to auditors appointed at the general meeting				
PricewaterhouseCoopers				
Audit fee	398.900	368.500	20.600	25.000
Non-audit services	311.450	393.750	35.500	272.500
	710.350	762.250	56.100	297.500

Notes to the Financial Statements

22 Accounting Policies

The Annual Report of Cube Denmark 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 Consolidated and Parent Company Financial Statements for 2018 are presented in DKK.

Changes in accounting policies

The group has changed the accounting policy for VAT provisions and the amortisation of the asset related to it. The asset was previously depreciated over a period of 5 years. This has been adjusted to 12 years in accordance with the accounting policy for depreciation of busses. The VAT liability is continuously paid out over a period of 5 years. The impact on equity in 2017 amounts to TDKK 3,768.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

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

Notes to the Financial Statements

22 Accounting Policies (continued)

Basis of consolidation

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

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

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

Business combinations

Acquisitions

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). Cost comprises the fair value of the consideration paid as well as expenses for consultants etc directly related to the acquisition. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straightline basis over its estimated useful life. Any remaining negative differences are recognised as income in the income statement at the date of acquisition.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made. Moreover, any change in contingent consideration is adjusted in the value of goodwill or negative goodwill.

Amortisation of goodwill is recognised in "Amortisation, depreciation and impairment losses".

Minority interests

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

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consi-

Notes to the Financial Statements

22 Accounting Policies (continued)

deration is recognised directly in equity.

Leases

Leases in terms of which the Group 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 Group.

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.

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.

Notes to the Financial Statements

22 Accounting Policies (continued)

Income Statement

Revenue

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 Group. 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.

Expenses for raw materials and consumables

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

Other external expenses

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

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

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

Notes to the Financial Statements

22 Accounting Policies (continued)

Income from investments in subsidiaries and associates

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

The item “Income from investments in associates” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

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

Tax on profit/loss for the year

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

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

Balance Sheet

Intangible assets

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

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.

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:

Production buildings	25-50 years
Other fixtures and fittings, tools and equipment	5-12 years

Notes to the Financial Statements

22 Accounting Policies (continued)

Leasehold improvements 5-12 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

Investments in subsidiaries and associates

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

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

The item "Investments in associates" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

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

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

Inventories

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

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

22 Accounting Policies (continued)

Prepayments

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

Current asset investments

Current asset investments, which consist of unlisted investments.

Investments which are not traded in an active market are measured at fair value.

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

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

Notes to the Financial Statements

22 Accounting Policies (continued)

Cash Flow Statement

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

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

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

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

Notes to the Financial Statements

22 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

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