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Cena Partnerskab Holding ApS

Fuglevænget 9
9000 Aalborg
Central Business Registration No 38929852

Annual report 2017/18

The Annual General Meeting adopted the annual report on 03.05.2019

Chairman of the General Meeting

Name: Gudmund Schlytter Killi

Contents

Entity details

Entity

Cena Partnerskab Holding ApS

Fuglevænget 9

9000 Aalborg

Central Business Registration No: 38929852

Registered in: Aalborg

Financial year: 11.09.2017 - 31.12.2018

Statutory reports on the entity's website

Statutory report on corporate social responsibility:http://www.geiafood.dk/media/78041/geia_csr-2018.pdf

Board of Directors

Gudmund Schlytter Killi

Wilhelm Mohn

Keld Gregersen

Jens Junge Mortensen

Executive Board

Stian Glendrange

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Østre Havnepromenade 26, 4. sal

9000 Aalborg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Cena Partnerskab Holding ApS for the financial year 11.09.2017 - 31.12.2018.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations and cash flows for the financial year 11.09.2017 - 31.12.2018.

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

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

Aalborg, 03.05.2019

Executive Board

Stian Glendrange

Board of Directors

Gudmund Schlytter Killi	Wilhelm Mohn	Keld Gregersen
Jens Junge Mortensen		

Independent auditor's report

To the shareholders of Cena Partnerskab Holding ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Cena Partnerskab Holding ApS for the financial year 11.09.2017 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2018, and of the results of their operations and the consolidated cash flows for the financial year 11.09.2017 - 31.12.2018 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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exits. Misstatements

Independent auditor's report

can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

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

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

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

Independent auditor's report

Statement on the management commentary
Management is responsible for the management commentary.

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

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

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

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

Aalborg, 03.05.2019

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Lars Birner Sørensen
State Authorised Public Accountant
Identification number (MNE) mne11671

Management commentary

	2017/18 DKK'000
Financial highlights	
Key figures	
Revenue	1.532.717
Gross profit/loss	119.502
Operating profit/loss	21.519
Net financials	(698)
Profit/loss for the year	8.545
Total assets	502.064
Investments in property, plant and equipment	10.363
Equity incl minority interests	202.249
Cash flows from (used in) operating activities	62.681
Cash flows from (used in) investing activities	(358.848)
Cash flows from (used in) financing activities	312.939
Ratios	
Gross margin (%)	7,8
Net margin (%)	0,6

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

Ratios	Calculation formula	Ratios
Gross margin (%)	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Revenue}}$	The entity's operating profitability.

Management commentary

Primary activities

Cena Partnerskab Holding ApS is acting as Holding company for the Geia Group, offering both customers and suppliers a one-point-of-entry platform into the Scandinavian market. Geia is specialized in supplying value-added conceptual category offerings and have strong partnerships with all well-known retailers in Scandinavia. The Group is active in more than 10 different product categories and have an extensive network of suppliers around the globe. With local offices in Denmark, Norway, Sweden and Finland we are close to our main customers and can respond to local needs and consumer tastes.

Development in activities and finances

The Group generated a net profit of t.DKK 8.545 in the financial year. The profit for the year is considered satisfactory by the Board of Directors.

Uncertainty relating to recognition and measurement

There are no uncertainties relating to recognition and measurement.

Unusual circumstances affecting recognition and measurement

There have been no unusual circumstances affecting recognition and measurement.

Outlook

The Group expects an increase in revenue and profit in the financial year 2019 as sales development in Denmark as well as on the foreign markets continues to be positive, with an expected profit for the year in the range of 10-15 m.DKK. Furthermore, the Group expects to develop its current business areas and to develop new ones.

Particular risks

Business risks

The Group's most significant business risk relates to the quality and food safety of the products distributed.

Financial risks

As a consequence of its operations, investments and financing, the Group is exposed to changes in the level of interest and exchange rates. The Group pursues a fiscal policy operating with a low risk profile so that currency risks, interest risks and credit risks only arise based on commercial matters.

Currency risks

Where possible, the Group's currency exposure is hedged through matching of payments received and made in the same currency and by using forward exchange contracts and currency options. At the end of the financial year 2018, the notional value of the Group's forward exchange contracts and currency options for meeting future currency risks amounted to positive t.DKK 2.345.

Forward exchange contracts and currency options consist of hedging of activities in EUR, USD, NOK and SEK with a term up to 24 months.

Management commentary

Research and development activities

The Group has not incurred any research and development expenses.

Foreign branches

The Group is represented in Sweden through the subsidiary Geia Food AB and Tilab International AB, in Norway through the subsidiary Geia Food Norge AS and Geia Food AS and in Finland through the subsidiary Geia Food OY.

Statutory report on corporate social responsibility

The 2018 Corporate Social Responsibility report contains The Group's policies regarding CSR, animal welfare and environmental performance.

The 2018 Corporate Social Responsibility report is available on the following link:
https://www.geiafood.dk/media/78041/geia_csr-2018.pdf

Statutory report on the underrepresented gender

The Board of Directors and the Executive Board have reflected the gender distribution prevailing in the business where The Group operates for which reason it is characterized by an under-representation of women.

The Board of Directors and the Executive Board consist of 4 males and 0 females, with the key reason being that the Board currently consists of the largest shareholder representatives – of which all are men. The target is that by the end of 2022, 1 female will be a part of the Board of Directors.

At other management levels, there is gender equality.

Moreover, The Group's policy is to fill in vacant positions in the management, administration and Board of Directors with the most competent employees regardless of gender.

Events after the balance sheet date

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

Consolidated income statement for 2017/18

	Notes	2017/18 DKK'000
Revenue	1	1.532.717
Cost of sales		(1.386.599)
Other external expenses	2	(26.616)
Gross profit/loss		**119.502**
Staff costs	3	(55.436)
Depreciation, amortisation and impairment losses	4	(42.426)
Other operating expenses		(121)
Operating profit/loss		**21.519**
Other financial income		1.380
Other financial expenses		(2.078)
Profit/loss before tax		**20.821**
Tax on profit/loss for the year		(12.276)
Profit/loss for the year	5	**8.545**

Consolidated balance sheet at 31.12.2018

	Notes	2017/18 DKK'000
Goodwill		312.966
Intangible assets	6	**312.966**
Other fixtures and fittings, tools and equipment		5.203
Property, plant and equipment	7	**5.203**
Deposits		1.126
Other receivables		167
Fixed asset investments	8	**1.293**
Fixed assets		**319.462**
Manufactured goods and goods for resale		51.911
Prepayments for goods		367
Inventories		**52.278**
Trade receivables		104.018
Other receivables		6.113
Income tax receivable		177
Prepayments	9	1.289
Receivables		**111.597**
Cash		**18.727**
Current assets		**182.602**
Assets		**502.064**

Consolidated balance sheet at 31.12.2018

	Notes	2017/18 DKK'000
Contributed capital		191.963
Retained earnings		7.199
Equity attributable to the Parent's owners		**199.162**
Share of equity attributable to minority interests		**3.087**
Equity		**202.249**
Deferred tax	10	527
Other provisions	11	183
Provisions		**710**
Bank loans		86.500
Finance lease liabilities		467
Other payables		1.393
Non-current liabilities other than provisions	12	**88.360**
Current portion of long-term liabilities other than provisions	12	28.032
Mortgage debts		8.090
Bank loans		1.955
Trade payables		130.159
Income tax payable		3.497
Other payables		37.323
Deferred income	13	1.689
Current liabilities other than provisions		**210.745**
Liabilities other than provisions		**299.105**
Equity and liabilities		**502.064**
Financial instruments	15	
Contingent liabilities	16	
Mortgages and securities	17	
Transactions with related parties	18	

Consolidated statement of changes in equity for 2017/18

	Contributed capital DKK'000	Retained earnings DKK'000	Share of equity attributable to minority interests DKK'000	Total DKK'000
Contributed upon formation	50	0	0	50
Effect of mergers and business combinations	0	0	3.247	3.247
Effect of divestments of entities etc	0	(1.069)	1.069	0
Increase of capital	191.913	0	0	191.913
Value adjustments	0	3.208	70	3.278
Other equity postings	0	(1.948)	0	(1.948)
Tax of equity postings	0	(707)	(16)	(723)
Dividends from group enterprises	0	0	(2.113)	(2.113)
Profit/loss for the year	0	7.715	830	8.545
Equity end of year	**191.963**	**7.199**	**3.087**	**202.249**

Value adjustments comprises of adjustments to foreign exchange forwards contracts.

Consolidated cash flow statement for 2017/18

	Notes	2017/18 DKK'000
Operating profit/loss		21.519
Amortisation, depreciation and impairment losses		42.426
Other provisions		183
Working capital changes	14	8.403
Cash flow from ordinary operating activities		**72.531**
Financial income received		1.380
Financial income paid		(2.078)
Income taxes refunded/(paid)		(9.152)
Cash flows from operating activities		**62.681**
Acquisition etc of intangible assets		(352.822)
Acquisition etc of property, plant and equipment		(10.520)
Sale of property, plant and equipment		2.507
Acquisition of fixed asset investments		(1.293)
Sale of fixed asset investments		1.013
Disposal of enterprises		2.267
Cash flows from investing activities		**(358.848)**
Loans raised		158.090
Instalments on loans etc		(37.500)
Incurrence of lease obligations		5.068
Reduction of lease commitments		(2.569)
Cash increase of capital		191.963
Dividend paid to minority interests		(2.113)
Cash flows from financing activities		**312.939**
Increase/decrease in cash and cash equivalents		**16.772**
Cash and cash equivalents end of year		**16.772**
Cash and cash equivalents at year-end are composed of:		
Cash		18.727
Short-term debt to banks		(1.955)
Cash and cash equivalents end of year		**16.772**

Notes to consolidated financial statements

	2017/18 DKK'000
1. Revenue	
Denmark	1.124.860
Other scandinavian countries	354.000
Other countries	53.857
	1.532.717

	2017/18 DKK'000
2. Fees to the auditor appointed by the Annual General Meeting	
Statutory audit services	208
Other services	116
	324

	2017/18 DKK'000
3. Staff costs	
Wages and salaries	46.338
Pension costs	5.309
Other social security costs	960
Other staff costs	2.829
	55.436
Average number of employees	**82**

Comparative figures regarding the Fee for the Board of Directors and Executive Board is not given according to the Danish Financial Statements Act § 98b, 3 no. 2.

	2017/18 DKK'000
4. Depreciation, amortisation and impairment losses	
Amortisation of intangible assets	39.743
Depreciation of property, plant and equipment	2.683
	42.426

	2017/18 DKK'000
5. Proposed distribution of profit/loss	
Retained earnings	7.715
Minority interests' share of profit/loss	830
	8.545

Notes to consolidated financial statements

	Goodwill DKK'000
6. Intangible assets	
Addition through business combinations etc	41.297
Exchange rate adjustments	(113)
Additions	311.525
Cost end of year	**352.709**
Amortisation for the year	(39.743)
Amortisation and impairment losses end of year	**(39.743)**
Carrying amount end of year	**312.966**

	Other fixtures and fittings, tools and equipment DKK'000
7. Property, plant and equipment	
Addition through business combinations etc	5.440
Additions	4.923
Disposals	(2.537)
Cost end of year	**7.826**
Depreciation for the year	(2.623)
Depreciation and impairment losses end of the year	**(2.623)**
Carrying amount end of year	**5.203**
Recognised assets not owned by entity	**2.559**

Depreciation for disposal property, plant and equipment is t.DKK 786.

	Deposits DKK'000	Other receivables DKK'000
8. Fixed asset investments		
Addition through business combinations etc	1.059	167
Additions	67	0
Cost end of year	**1.126**	**167**
Carrying amount end of year	**1.126**	**167**

Notes to consolidated financial statements

9. Prepayments

Prepayments consists of rent and insurance costs.

	2017/18 DKK'000
10. Deferred tax	
Property, plant and equipment	554
Fixed asset investments	434
Receivables	129
Provisions	(40)
Liabilities other than provisions	(550)
	527

Changes during the year	
Recognised in the income statement	(196)
Recognised directly in equity	723
End of year	**527**

11. Other provisions

Other provisions prior year concerns supplier compensation.

	Instalments within 12 months 2017/18 DKK'000	Instalments beyond 12 months 2017/18 DKK'000
12. Liabilities other than provisions		
Subordinate loan capital	0	0
Bank loans	26.000	86.500
Finance lease liabilities	2.032	467
Other payables	0	1.393
	28.032	**88.360**

13. Short-term deferred income

Deferred income consists of prepaid income e.g. freight charges.

	2017/18 DKK'000
14. Change in working capital	
Increase/decrease in inventories	(52.278)
Increase/decrease in receivables	(107.682)
Increase/decrease in trade payables etc	168.363
	8.403

Notes to consolidated financial statements

13. Financial instruments

The Company hedges currency risks on expected transactions in EUR, USD, NOK and SEK with forward exchange contracts.

Period	Value recognized in equity	Contractual value
0-6 months	t. DKK 1.778	t. DKK 985.673
6-12 months	t. DKK 699	t. DKK 248.206
12-24 months	t. DKK (132)	t. DKK 667.893
	2.345 t.DKK	**1.901.772 t.DKK**

Forward exchange contracts relates purchase of goods. Value adjustments are recognized in the equity and are expected to be carried out and recognized in the income statement after the balance sheet day.

Beyond 90% of the forward exchange contracts are hedging towards currency risks relating to DKK/EUR.

16. Contingent liabilities

The entity has entered agreements of rented premises. The Contracts are irredeemable for 8.5 years.

The annual rent is t. DKK 2,423.

The shares in Geia Food A/S have been pledged as collateral for the Company's and subsidiary's balances with a bank. The carrying amount of the shares amounts to t.DKK 311,155. The balances amounts at 31th December to t.DKK 0.

17. Mortgages and securities

Mortgage debt is secured by way of company charges. The Company charge compromises stocks, goodwill and receivables, limited to t.DKK 50,000.

18. Transactions with related parties

All transactions with related parties are made in marked conditions and therefore there is nothing to disclose in the annual report.

Parent income statement for 2017/18

	Notes	2017/18 DKK'000
Other external expenses		(49)
Operating profit/loss		**(49)**
Income from investments in group enterprises		9.976
Other financial expenses		(2.850)
Profit/loss before tax		**7.077**
Tax on profit/loss for the year		638
Profit/loss for the year	1	**7.715**

Parent balance sheet at 31.12.2018

	Notes	2017/18 DKK'000
Investments in group enterprises		311.097
Fixed asset investments	2	**311.097**
Fixed assets		**311.097**
Income tax receivable		9.638
Receivables		**9.638**
Cash		**327**
Current assets		**9.965**
Assets		**321.062**

Parent balance sheet at 31.12.2018

	Notes	2017/18 DKK'000
Contributed capital	3	191.963
Reserve for net revaluation according to the equity method		9.459
Retained earnings		(2.261)
Equity		**199.161**
Bank loans		86.500
Non-current liabilities other than provisions	4	**86.500**
Current portion of long-term liabilities other than provisions	4	26.000
Trade payables		424
Payables to group enterprises		8.977
Current liabilities other than provisions		**35.401**
Liabilities other than provisions		**121.901**
Equity and liabilities		**321.062**
Contingent liabilities	5	
Mortgages and securities	6	
Transactions with related parties	7	

Parent statement of changes in equity for 2017/18

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Contributed upon formation	50	0	0	50
Effect of divestments of entities etc	0	(1.070)	0	(1.070)
Increase of capital	191.913	0	0	191.913
Value adjustments	0	1.657	0	1.657
Other equity postings	0	(397)	0	(397)
Tax of equity postings	0	(707)	0	(707)
Profit/loss for the year	0	9.976	(2.261)	7.715
Equity end of year	**191.963**	**9.459**	**(2.261)**	**199.161**

Value adjustments comprises of adjustments to foreign exchange forwards contracts.

Notes to parent financial statements

	2017/18 DKK'000
1. Proposed distribution of profit/loss	
Retained earnings	7.715
	7.715

	Investments in group enterprises DKK'000
2. Fixed asset investments	
Additions	301.638
Cost end of year	**301.638**
Adjustments on equity	(517)
Amortisation of goodwill	(30.996)
Share of profit/loss for the year	40.972
Revaluations end of year	**9.459**
Carrying amount end of year	**311.097**

Goodwill recognized during the financial year is t.DKK 286,121.

	Registered in	Corporate form	Equity interest %
Investments in associates comprise:			
Geia Food A/S	Aalborg, Denmark	A/S	100,0
Geia Food OY	Vantaa, Finland	OY	100,0
Geia Food AB	Stockholm, Sweden	AB	95,0
Tilab International AB	Karlstad, Sweden	AB	100,0
Geia Food Norge AS	Oslo, Norway	AS	75,0
Geia Food AS	Oslo, Norway	AS	100,0

	Number	Par value DKK'000	Nominal value DKK'000
3. Contributed capital			
A-shares	14.397.260	100	143.973
B-shares	4.799.080	100	47.990
	19.196.340		**191.963**

Notes to parent financial statements

	Instalments within 12 months 2017/18 DKK'000	Instalments beyond 12 months 2017/18 DKK'000
4. Liabilities other than provisions		
Bank loans	26.000	86.500
	26.000	**86.500**

5. Contingent liabilities

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

6. Mortgages and securities

Mortgage debt is secured by way of company charges. The Company charge comprises stocks, goodwill and receivables, limited to 50,000 t.DKK.

The shares in Geia Food A / S have been pledged as collateral for the Company's and subsidiary's balances with a bank. The carrying amount of the shares amounts to t.DKK 311,155. The balances amounts at 31th December to t.DKK 0.

Furthermore, the Company guarantees bank debt in a daughter. Bank debt amounts at 31 December to t.DKK 1,952.

7. Transactions with related parties

All transactions with related parties are made on market conditions and are therefore there is nothing to disclose in the annual report.

Accounting policies

Reporting class

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

This is the company's first financial year and therefore without comparative figures.

The financial statements for Cena Partnerskab Holding ApS is for the period from 11th September 2017 – 31st December 2018. The acquisition of Geia Food A/S was finalized 30th November, therefore the Group financial statements are for the period 1st December 2017 – 31st December 2018.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation

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

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for

Accounting policies

distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

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

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate of the time of acquisition or the time of any subsequent revaluation or write-down. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Derivative financial instruments
On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Accounting policies

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Information regarding revenue is not given in segments due to competitive conditions.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

Depreciation relating to intangible assets and property, plant and equipment comprise depreciation for the financial year, calculated on the basis of the residual values and useful lives of the individual assets.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity’s primary activities such as losses from the sale of equipment.

Income from investments in group enterprises

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

Other financial income from group enterprises

Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

Accounting policies

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

Financial expenses from group enterprises
Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

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

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

Balance sheet
Goodwill
Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed on an annual basis. The amortisation periods used are 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets. The salvage value of the assets are 1.295 t.DKK:

Other fixtures and fittings, tools and equipment	3-5 years

Accounting policies

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

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

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

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value. Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

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

Cash
Cash comprises cash in hand and bank deposits.

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

Accounting policies

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

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

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

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Finance lease liabilities
Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

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

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

Deferred income
Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

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

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

Accounting policies

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

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

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