BEIERHOLM
VI SKABER BALANCE

StandbyCo I ApS

Uggerhalnevej 80, 9310 Vodskov

CVR no. 39 69 07 48

Annual report
for the financial year 02.07.18 - 30.06.19

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 29.10.19

Niels Thomas Heering
Dirigent

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Group information etc.

The company

StandbyCo I ApS
Uggerhalnevej 80
9310 Vodskov
Registered office: Aalborg
CVR no.: 39 69 07 48
Financial year: 02.07 - 30.06

Executive Board

Marianne Fog Jørgensen
Lars Andreas Helgstrand

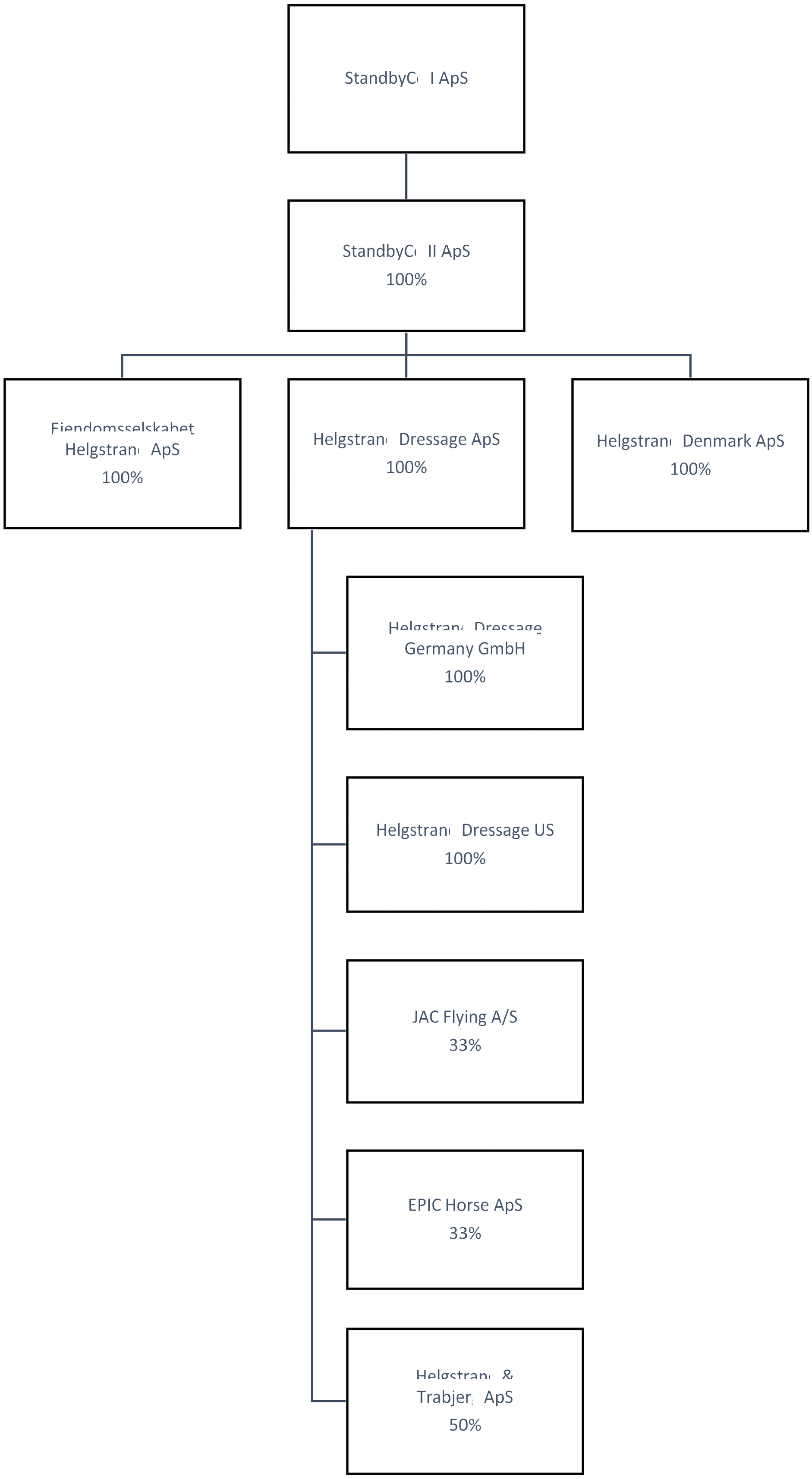
Board of Directors

Kaspar Ronald Kristiansen
Niels Thomas Heering
Kasper Tams Kitaj

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Group chart


StandbyC I ApS
StandbyC II ApS
100%
Ejendomsselskabet
Helgstran ApS
100%
Helgstran Dressage ApS
100%
Helgstran Denmark ApS
100%
Helgstran Dressage
Germany GmbH
100%
Helgstran Dressage US
100%
JAC Flying A/S
33%
EPIC Horse ApS
33%
Helgstran &
Trabjer ApS
50%

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 02.07.18 - 30.06.19 for StandbyCo I ApS.

The annual report is presented in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 30.06.19 and of the results of the group's and parent's activities and of the group's cash flows for the financial year 02.07.18 - 30.06.19.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Vodskov, October 29, 2019

Executive Board

Marianne Fog Jørgensen Lars Andreas Helgstrand

Board of Directors

Kaspar Ronald Kristiansen
Chairman

Niels Thomas Heering

Kasper Tams Kitaj

Independent auditor's report

To the capital owner of StandbyCo I ApS

Opinion

We have audited the consolidated financial statements and parent company financial statements of StandbyCo I ApS for the financial year 02.07.18 - 30.06.19, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies for the group as well as for the parent company as well as the consolidated cash flow statement. The consolidated financial statements and parent company financial statements are prepared in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 30.06.19 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year 02.07.18 - 30.06.19 in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

Basis for conclusion

We conducted our audit in accordance with International Standards on Auditing 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 parent company financial statements" section of our report. We are independent of the group and the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the consolidated financial statements and parent company financial statements

The 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. Furthermore the Management is responsible for the internal control as the Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and parent company financial statements, management is responsible for assessing the group's and the parent 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 consolidated financial statements and parent company financial statements unless management either intends to liquidate the group and the company 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 parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company 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 International Standards on Auditing 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 consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and parent company 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 parent company's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the consolidated financial statements and parent company 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 parent 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 consolidated financial statements and parent company 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 company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company 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 per-formance 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.

Statement regarding the management's review

Management is responsible for management's review.

Our opinion on the consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the consolidated financial statements or parent company 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 Financial Statements Act.

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

Soeborg, Copenhagen, October 29, 2019

Beierholm
Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Henrik Agner Hansen
State Authorized Public Accountant
MNE-no. mne28682

GROUPS FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	02.07.18 30.06.19
Profit/loss	
Revenue	437,250
Index	100
Operating profit/loss	47,180
Index	100
Total net financials	-29,029
Index	100
Loss for the year	-4,327
Index	100
Balance	
Total assets	1,004,294
Index	100
Investments in property, plant and equipment	49,951
Index	100
Equity	446,073
Index	100
Cashflow	
Net cash flow:	
Operating activities	-29,160
Investing activities	-761,880
Financing activities	615,948
Cash flows for the year	-175,092

Ratios

	02.07.18 30.06.19
Profitability	
Return on equity	-1,9%
Equity ratio	
Equity interest	44,4%
Others	
Number of employees (average)	75

Ratios definitions

Return on equity: $\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$

Equity interest: $\frac{\text{Equity, end of year x 100}}{\text{Total assets}}$

Primary activities

The Group's main activities are purchasing and selling dressage horses, stud farming, sale of stallion semen, lecturing, and other equestrian sports related activities. The business model is based on developing horses through training and selling them globally as dressage horses for competitions.

Uncertainty concerning recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Exceptional conditions

The financial position at 30 June 2019 of the Group, the results of the activities, and cash flow of the Group for the financial year of 2018/19 have been affected by costs regarding the sale of the Group to StandbyCo II ApS in august 2018. Beside that any unusual events have not occurred.

Development in activities and financial affairs

The income statement for the period 02.07.18 - 30.06.19 shows a profit/loss of DKK'000 -4,327. The balance sheet shows equity of DKK'000 446,073.

The earning expectations for the financial year 01.07.18 - 30.06.19 was a profit before tax and amortization in the range of DKK 60 - 90m, hence the realized result is deemed satisfying.

Outlook

For the coming fiscal year 01.07.19-30.06.20 the Group expects a profit before taxes and amortization in the range of DKK DKK 60 - 90m. The Group will continue to invest in the expanding the stallion station and acquiring younger horses, which in combination are expected drive growth and strengthen the foundation for further expansions in geographies over the coming years.

Knowledge resources

The Group's knowledge resources, to some extent, reside with employees handling the horses - riders etc. the Group continues to focus on the development of the employees and processes.

Special risks

Price risks

Given the uniqueness of horses no apparent price risks have been identified.

Currency risks

Revenue is primarily generated in EUR and to a smaller extend in USD, through the US operations. Costs are mainly in EUR and DKK with the exception of the US operations, which are in USD. Horses are almost solely purchased in EUR. In summary the currency risk is assessed as minimal given the close link between revenue and costs in same currency. The Group does not enter into speculative currency contracts.

Interest rate risks

The Group's debt financing is based on fixed interest rate and operational financing is based on a floating interest rate, but given the size of the financing, interest rate risk is deemed to be low.

Credit risks

Payments are received before the horses leaves the Group's stables, which ensures a low credit risk.

Research and development activities

The Group has no research and development activities.

Subsequent events

No important events have occurred after the end of the financial year.

Corporate social responsibility

The Group follows the Danish law. The Group's corporate social responsibility includes act responsibly, decency, good ethics, and morals, as well as respect for our Group, customers, employees, business partners, and other stakeholders.

External environment
The Group is working under the regulations of agricultural business, which regulate most of the external environment. Further, the Group works continuously on reducing its environmental footprint, i.e. the residual waste from the horses is collected and used as biofuel.

Social and employee relationships
As the Group is based in Denmark and therefore is subject to Danish Law, the management does not assess the need for specific policies and guidelines on this area.

Respects for human rights
As the Group is based in Denmark and therefore subject to Danish Law, the management does not assess the need for specific policies and guidelines on this area.

Anti-corruption and bribery
In the financial year 2018/19 there have been no incidents.

Future work on Corporate social responsibility
The Group will in the coming years launch an internal review of CSR policies.

Gender diversity

Target figures for the supreme management body

The Board of Directors has set a target figure of 40% for the underrepresented gender on the Board of Directors, corresponding to 1 out of 3 board members. The Board of Directors aims to achieve the target figure before the end of 2028.

Income statement

Note		Group 02.07.18 30.06.19 DKK '000	Parent 02.07.18 30.06.19 DKK '000
	Revenue	**437,250**	**0**
	Other operating income	172	0
	Costs of raw materials and consumables	-258,733	0
	Other external expenses	-40,429	-67
	Gross result	**138,260**	**-67**
2	Staff costs	-31,880	0
	Profit/loss before depreciation, amortisation, write-downs and impairment losses	**106,380**	**-67**
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-59,200	0
	Other operating expenses	-12	0
	Profit/loss before net financials	**47,168**	**-67**
	Income from equity investments in group enterprises	0	-4,275
	Financial income	1,246	0
	Financial expenses	-30,275	0
	Profit/loss before tax	**18,139**	**-4,342**
	Tax on profit or loss for the year	-22,466	15
	Loss for the year	**-4,327**	**-4,327**

4 Distribution of net profit

Balance sheet

ASSETS

Note		Group 30.06.19 DKK '000	Parent 30.06.19 DKK '000
	Acquired rights	236	0
	Goodwill	583,461	0
5	**Total intangible assets**	**583,697**	**0**
	Land and buildings	133,350	0
	Other fixtures and fittings, tools and equipment	10,347	0
6	**Total property, plant and equipment**	**143,697**	**0**
7	Equity investments in group enterprises	0	426,025
7	Equity investments in associates	414	0
8	Deposits	366	0
	Total investments	**780**	**426,025**
	Total non-current assets	**728,174**	**426,025**
	Manufactured goods and goods for resale	179,649	0
	Total inventories	**179,649**	**0**
	Trade receivables	52,648	0
	Receivables from associates	1,950	0
	Other receivables	22,871	42,151
9	Prepayments	30	0
	Total receivables	**77,499**	**42,151**
	Cash	**18,972**	**0**
	Total current assets	**276,120**	**42,151**
	Total assets	**1,004,294**	**468,176**

Balance sheet

EQUITY AND LIABILITIES

Note		Group 30.06.19 DKK '000	Parent 30.06.19 DKK '000
10	Share capital	1,046	1,046
	Retained earnings	445,027	445,027
	Total equity	**446,073**	**446,073**
11	Provisions for deferred tax	4,153	0
	Total provisions	**4,153**	**0**
12	Mortgage debt	57,738	0
12	Other payables	307,526	0
	Total long-term payables	**365,264**	**0**
12	Short-term part of long-term payables	1,091	0
	Payables to other credit institutions	111,268	0
	Trade payables	48,291	67
	Deposits	50	0
	Income taxes	22,485	22,036
	Other payables	5,619	0
	Total short-term payables	**188,804**	**22,103**
	Total payables	**554,068**	**22,103**
	Total equity and liabilities	**1,004,294**	**468,176**

13 Contingent liabilities
14 Charges and security
15 Related parties

Statement of changes in equity

Figures in DKK '000	Share capital	Share premium	Retained earnings	Total equity
Group:				
Statement of changes in equity for 02.07.18 - 30.06.19				
Capital contributed on establishment	50	0	0	50
Capital increase	996	449,354	0	450,350
Transfers to/from other reserves	0	-449,354	449,354	0
Net profit/loss for the year	0	0	-4,327	-4,327
Balance as at 30.06.19	1,046	0	445,027	446,073
Parent:				
Statement of changes in equity for 02.07.18 - 30.06.19				
Capital contributed on establishment	50	0	0	50
Capital increase	996	449,354	0	450,350
Transfers to/from other reserves	0	-449,354	449,354	0
Net profit/loss for the year	0	0	-4,327	-4,327
Balance as at 30.06.19	1,046	0	445,027	446,073

Consolidated cash flow statement

Note		Group
		02.07.18 30.06.19 DKK '000
	Loss for the year	**-4,327**
16	Adjustments	112,950
	Change in working capital:	
	Inventories	-58,945
	Receivables	-40,417
	Trade payables	20,947
	Cash flows from operating activities before net financials	**30,208**
	Interest income and similar income received	1,246
	Interest expenses and similar expenses paid	-30,275
	Income tax paid	-30,339
	Cash flows from operating activities	**-29,160**
	Purchase of intangible assets	-121
	Purchase of property, plant and equipment	-49,952
	Sale of property, plant and equipment	29
	Disposal of investments	-36
	Acquisition of enterprise	-711,800
	Cash flows from investing activities	**-761,880**
	Raising of additional capital	450,350
	Dividend paid	-163,200
	Arrangement of mortgage debt	21,272
	Arrangement of payables to associates	307,526
	Cash flows from financing activities	**615,948**
	Total cash flows for the year	**-175,092**
	Cash, beginning of year	82,796
	Cash, end of year	**-92,296**
	Cash, end of year, comprises:	
	Cash	18,972
	Short-term payables to credit institutions	-111,268
	Total	**-92,296**

1. Special items

Special items are income and expenses that are special due to their size and nature. The following special items were recorded in the financial year:

Special items:	Recognised in the income statement in:	Group 02.07.18 30.06.19 DKK '000	Parent 02.07.18 30.06.19 DKK '000
Cost concerning buying group	Other external expenses	22,569	0

	Group 02.07.18 30.06.19 DKK '000	Parent 02.07.18 30.06.19 DKK '000
2. Staff costs		
Wages and salaries	30,583	0
Other social security costs	954	0
Other staff costs	343	0
Total	31,880	0
Average number of employees during the year	75	0
Remuneration for the management:		
Salaries for the Executive Board	2,890	0
Total remuneration for the Executive Board	2,890	0

Notes

	Group	Parent
	02.07.18 30.06.19 DKK '000	02.07.18 30.06.19 DKK '000

3. Fees to auditors appointed by the general meeting

Statutory audit of the financial statements	163	25
Other assurance engagements	0	0
Tax advice	58	20
Other services	51	22
Total	272	67

4. Distribution of net profit

Retained earnings	-4,327	-4,327
Total	-4,327	-4,327

5. Intangible assets

Figures in DKK '000	Acquired rights	Goodwill
Group:		
Additions relating to mergers and acquisition of enterprises	129	639,389
Additions during the year	121	0
Cost as at 30.06.19	250	639,389
Amortisation during the year	-14	-55,928
Amortisation and impairment losses as at 30.06.19	-14	-55,928
Carrying amount as at 30.06.19	236	583,461

6. Property, plant and equipment

Figures in DKK '000	Land and buildings	Other fixtures and fittings, tools and equipment
Group:		
Additions relating to mergers and acquisition of enterprises	87,576	9,427
Additions during the year	46,817	3,135
Cost as at 30.06.19	134,393	12,562
Depreciation during the year	-1,043	-2,215
Depreciation and impairment losses as at 30.06.19	-1,043	-2,215
Carrying amount as at 30.06.19	133,350	10,347

7. Equity investments

Figures in DKK '000	Equity investments in group enterprises	Equity investments in associates
Group:		
Additions relating to mergers and acquisition of enterprises	0	414
Cost as at 30.06.19	0	414
Carrying amount as at 30.06.19	0	414

7. Equity investments - continued -

Figures in DKK '000	Equity investments in group enterprises	Equity investments in associates
Parent:		
Additions during the year	430,300	0
Cost as at 30.06.19	430,300	0
Net profit/loss from equity investments	-4,275	0
Depreciation and impairment losses as at 30.06.19	-4,275	0
Carrying amount as at 30.06.19	426,025	0

Name and registered office:	Ownership interest
Subsidiaries:	
StandbyCo II ApS, Aalborg	100%
Helgstrand Denmark ApS, Aalborg	100%
Ejendomsselskabet Helgstrand ApS, Aalborg	100%
Helgstrand Dressage ApS, Aalborg	100%
Helgstrand Germany GmbH, Tyskland	100%
Helgstrand Dressage USA, LLC, USA	100%
Associates:	
Helgstrand & Trabjerg ApS, Vejle	50%
Epic Horse A/S, Nibe	33%
JAC Flying A/S, Aars	33%

8. Other non-current financial assets

Figures in DKK '000	Deposits
Group:	
Additions relating to mergers and acquisition of enterprises	402
Disposals during the year	-36
Cost as at 30.06.19	366

9. Prepayments

Other prepayments	30	0
Total	30	0

10. Share capital

The share capital consists of:

	Quantity	Total nominal value
Share class A	510,000	510
Share class B	490,000	490
Share class C	46,206	46
Total		1,046
Capital increase during the financial year	0	996

	Group	Parent
	30.06.19 DKK '000	30.06.19 DKK '000

11. Deferred tax

	Group	Parent
Additions relating to mergers and acquisition of enterprises	3,723	0
Deferred tax recognised in the income statement	430	0
Deferred tax as at 30.06.19	4,153	0

Deferred tax is distributed as below:

	Group	Parent
Property, plant and equipment	3,790	0
Liabilities	363	0
Total	4,153	0

12. Long-term payables

	Repayment first year DKK '000	Outstanding debt after 5 years DKK '000	Total payables at 30.06.19 DKK '000	Total payables at 01.07.18 DKK
Group:				
Mortgage debt	1,091	53,907	58,829	58,828,714
Payables to associates	0	307,526	0	0
Other payables	0	0	307,526	307,525,597
Total	1,091	361,433	366,355	366,354,311

13. Contingent liabilities

Group:

Lease commitments

The group has concluded lease agreements with terms to maturity of 5-22 months and average lease payments of DKK 75k, a total of DKK 771k. .

Recourse guarantee commitments

The group has provided a guarantee whereby the guarantor assumes primary liability for group enterprises' debt to credit institutions. The guarantee aximised at DKK 169,500k. The group enterprises' debt to the credit institutions concerned amounts to DKK 111,266k at the balance sheet date.

Parent:

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes for the jointly taxed companies. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

14. Charges and security

Group:

Land and buildings with a carrying amount of DKK 133,326k have been provided as security for mortgage debt of DKK 59,464k.

The group has issued mortgage deeds registered to the mortgagor in the total amount of DKK 10,000k secured upon land and buildings with a carrying amount of DKK 133,326k.

The group has provided a company charge of DKK 75,000k as security for debt to credit institutions. As at 30.06.19, the company charge comprises the following assets with the following carrying amounts:

- Goodwill and intellectual property rights, DKK 584,290k
- Other plant, fixtures and fittings, tools and equipment, DKK 5,118k
- Inventories, DKK 178,960k
- Trade receivables, DKK 37,141k

14. Charges and security - continued -

Parent:

The company has not provided any security over assets.

15. Related parties

Controlling influence	Basis of influence
Standbyco 1 B.V., Holland	More than 50% of voting rights

16. Adjustments for the cash flow statement

	Group 02.07.18 30.06.19 DKK '000
Other operating income	-172
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	59,200
Other operating expenses	12
Financial income	-1,246
Financial expenses	30,275
Tax on profit or loss for the year	22,466
Other adjustments	2,415
Total	112,950

17. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for large groups and enterprises in reporting class C.

No comparative figures have been provided as this is the parents' and the group's first financial year.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control. Enterprises in which the group holds equity investments, between 20% and 50% of the voting rights and in which it has significant interest but not control, are considered associates.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

17. Accounting policies - continued -

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

LEASES

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

INCOME STATEMENT

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Income from the rental of properties is recognised in the income statement for the relevant period. Revenue is measured at fair value and determined exclusive of VAT and discounts.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise’s activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

17. Accounting policies - continued -

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Cost of sales

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Acquired rights	0	0
Goodwill	10	0
Buildings	15-50	0
Other plant, fixtures and fittings, tools and equipment	3-8	0

Goodwill is amortised over 10 years. The useful life has been determined in consideration of the expected future net earnings of the enterprise or activity to which the goodwill relates.

Land is not depreciated.

The basis of depreciation and amortisation is the cost of the asset less the expected residual

17. Accounting policies - continued -

value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other operating expenses

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

Income from equity investments in group entreprises and associates

For equity investments in associates and in the parent also equity investments in subsidiaries that are measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses. For associates, only the proportionate share of intercompany gains and losses is eliminated

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Amortisation of capital losses and borrowing costs relating to financial liabilities is recognised on an ongoing basis as financial expenses.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises. The parent is the administration company for the joint taxation and thus settles all income tax payments with the tax authorities.

In connection with the settlement of joint taxation contributions, the current Danish income

17. Accounting policies - continued -

tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Intangible assets

Acquired rights

Aquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the ‘Depreciation, amortisation and impairment losses’ section.

Goodwill

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Goodwill is amortised using the straight-line method based on useful lives, which are stated in the ‘Depreciation, amortisation and impairment losses’ section.

Gains and losses on the disposal of intangible assets

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise land and buildings as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

The total cost of an asset is decomposed into separate components that are depreciated

17. Accounting policies - continued -

separately if the useful lives of the individual components vary.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group entreprises and associates

Associates are recognised and measured in the consolidated balance sheet according to the equity method, meaning that equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the group's accounting policies, adjusted for the remaining value of positive or negative goodwill and the proportionate share of intercompany gains and losses.

Equity investments in subsidiaries and associates are measured in the balance sheet of the parent according to the equity method, meaning that these equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of positive or negative goodwill and gains and losses on transactions with the enterprises in question.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the

17. Accounting policies - continued -

asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost calculated according to the FIFO principle. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank accounts as well as operating cash.

17. Accounting policies - continued -

Equity

The net revaluation of equity investments in subsidiaries and associates is recognised in the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Deposits recognised under liabilities comprise deposits received from lessees under the company's leases.

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal

17. Accounting policies - continued -

value of such payables.

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the parent's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables.

Cash and cash equivalents at the beginning and end of the year comprise cash and short-term payables to credit institutions.