Annual report

2018

CO-RO

REFRESH AND DELIGHT

CO-RO A/S
CVR no. 63 54 87 15
Holmensvej 11, DK-3600 Frederikssund

Chair of the meeting,
May 15, 2019

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MANAGEMENT REVIEW

Letter from the CEO

In 2018, we continued our Shape for Growth strategy. Investments in new product launches, organisational capabilities, geographical footprint and production capacity were at an all-time high. As a result, we grew revenue in our three core regions and on our four strategic brands and delivered a satisfactory financial result in a challenging environment.

Growth in all regions

Towards the end of the year, we completed our first international acquisition as the Chinese distributor JKD became part of CO-RO - making us a clear no. 1 juice-drink provider in the Chinese on-premise segment. The acquisition marked the end of a successful year in Asia, where we amongst others grew Sunquick's market share in Malaysia and started construction of a new factory in Sri Lanka.

In our biggest region – the Middle East & Africa (MEA) – the juice and concentrate markets had a challenging year due to the difficult economic environment. Through new product innovations on Suntop, we gained market share in our biggest market, Saudi Arabia and we expanded our product portfolio across all markets in the Middle East. From our new factory in Nairobi, we established Suntop as a favourite brand amongst young adults in Kenya albeit still in the early days, and we launched into Uganda providing basis for future growth in the populous and growing East African market.

In Europe, we benefited from a hot summer in the North, which led to growth in our sales of Ambient Ice lollies of more than 25% with particularly strong growth in Germany. However, our business in Portugal was negatively affected by a new sugar tax.

During the year we welcomed many highly skilled colleagues across the Group, growing the number of employees to more than 1,200. This was partly through the acquisition of JKD and partly through strengthening the organisation in existing markets. We tracked people engagement quarterly as a new initiative, launched a global Leadership program and increased our focus and investment in our People agenda, which we will continue in 2019 with a new Talent program as well as health initiatives.

2019 outlook

The outlook for our key markets is challenging due to expected legislative changes and geopolitical uncertainty in the Middle East. However, we entered 2019 with good momentum in all our regions, and we have many exciting new product launches and new market entries planned for the year, so we expect 2019 to be another exciting year for the Group. In mid-2019, we will move into our new head office & innovation centre, the "CO-RO Oval", which will provide great basis for us to continue to *Refresh and Delight* people around the world!

Highlights 2018

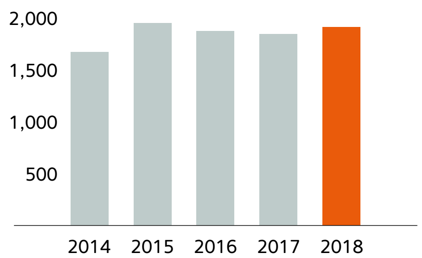
PRINCIPAL AND KEY FIGURES

(tDKK)	2018	2017	2016	2015	2014
Profit and loss statement					
Revenue	1,914,241	1,846,524	1,873,853	1,952,442	1,670,843
Gross profit	640,865	630,806	701,795	820,435	583,206
Operating profit	146,371	174,420	265,318	309,830	195,537
Profit before financial items, (EBIT)	150,480	180,792	270,686	312,563	208,196
Profit of financial items	5,296	6,409	9,683	-4,904	9,883
Profit for the year	111,279	153,916	231,592	246,158	175,312
Balance sheet					
Balance sheet total	1,769,588	1,546,767	1,497,632	1,394,697	1,183,483
Investments in tangible fixed assets	180,599	202,414	167,789	144,141	102,979
Equity capital	1,274,002	1,204,612	1,166,082	1,051,486	901,042
Employees					
Average number of full-time employees	1,280	1,143	1,109	1,107	997
Key figures (%) [1]					
Return on assets	9.1	11.9	18.7	24.2	35.2
Return on equity capital	8.4	12.6	20.7	25.3	20.8
Solvency ratio	54.5	58.1	57.8	58.0	57.9

[1] For key figure definitions see the section on applied accounting practice.

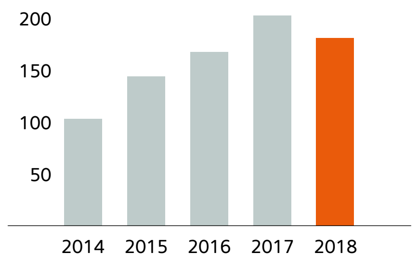
1,914

Revenue
mDKK



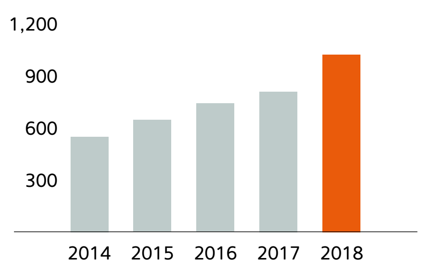
180.6

Investments in tangible fixed assets
mDKK



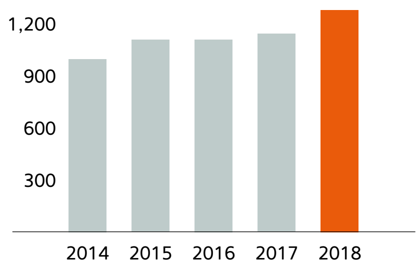
1,023

Total fixed assets
mDKK

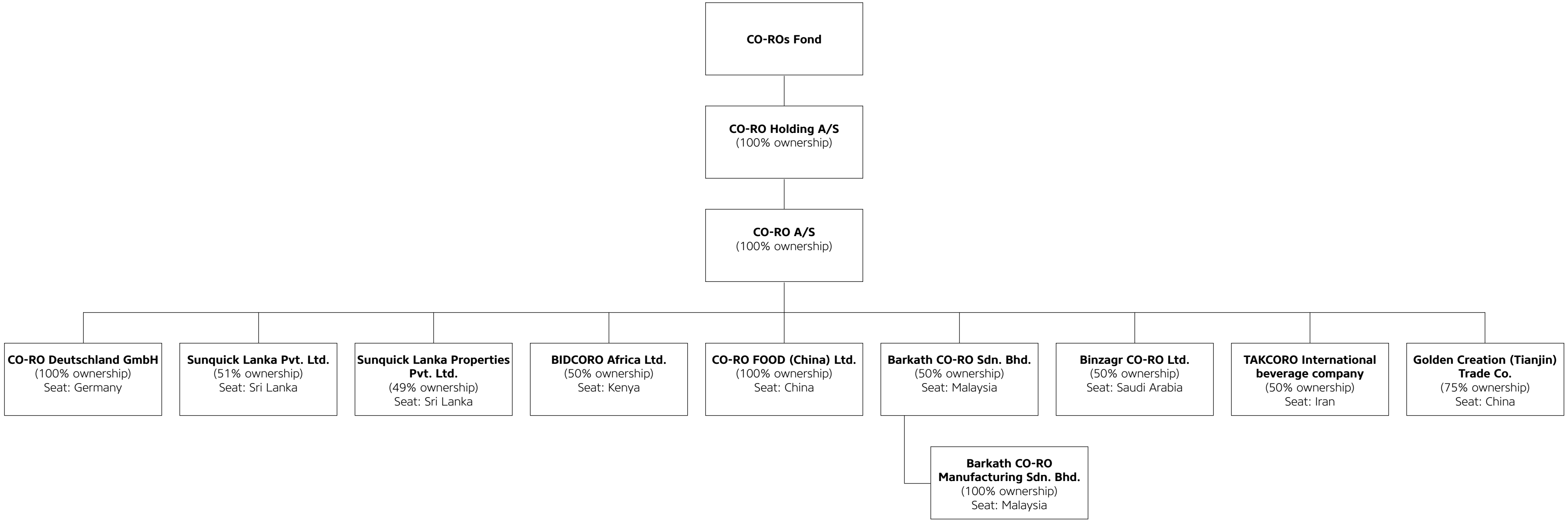


1,280

Average number of full-time employees



Company details



Board of directors CO-RO A/S:
Michael Ring (Chairman)
Jens Albert Harsaae (Vice chairman)
Torsten Steenholt Christensen
Sisse Fjelsted Rasmussen
Thomas Asger Lund
Vibeke Bak Solok

CO-RO A/S
Holmensvej 11
DK-3600 Frederikssund
Phone: +45 47 36 51 00
Fax: +45 47 38 38 88
Website: www.co-ro.com
CVR no.: 63 54 87 15
Established: 27 October 1958
Municipality of registred office: Frederikssund
Financial year: 1 January - 31 December

Management board:
Søren Holm Jensen

Auditors:
Ernst & Young
Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4
DK-2000 Frederiksberg

Ownership:
CO-RO HOLDING A/S
Holmensvej 11
DK-3600 Frederikssund

Management review

PRINCIPAL ACTIVITY OF THE COMPANY

CO-RO A/S manufactures, markets and sells still drinks, concentrates and home-freeze popsicles. The majority of the products are marketed outside of Denmark. Production of compound is done in Denmark – conversion to finished products happens in the various entities with the CO-RO Group.

6.2%

Organic Growth in Net Sales in line with management expectations

DEVELOPMENT IN THE FINANCIAL YEAR 2018

Financial result for the year
The CO-RO Group revenue ended at 1,914.2 mDKK in 2018 – an increase of 3.7% over 2017. The increase is primarily driven by launch of new products and market share gains, however lowered by unfavorable FX rates. Organic revenue growth excl. acquisition and measured in comparable FX ended at 6.2% in line with management expectations.

Growth in Organic EBITDA was 11.0% compared to 2017 driven by strong topline growth as well as efficiency initiatives giving benefits of 30 mDKK.

Due to one-off acquisition and integration costs in China as well as impact of lower currencies, profit before financial items ended at 150.5 mDKK compared to 180.8 mDKK the year before. The decrease is in line with expectations.

Net Financials ended at 5.3 mDKK against 6.4 mDKK last year, leading to a profit before tax of 155.8 mDKK in 2018.

It is the view of management that the group's activities and results in 2018 have been satisfactory in view of the above factors, and the group is in a financially and operationally strong position to take advantage of future growth opportunities.

Balance Sheet, Investments & Cash Flow

CO-RO Group total assets at December 31st, 2018 amounted to 1,770 mDKK against 1,547 mDKK in 2017. The acquisition in China drives up the total assets by 74 mDKK. Continued investment in increasing our capacity as well as upgrading equipment and buildings adds another 181 mDKK. Both of the above are funded internally.

Working capital increased to 374.8 mDKK corresponding to 19.6% of revenue, which are slightly above 2017.

Consolidated cash flow from operation, investment and financing activities amounted to a decrease of 50.3 mDKK in 2018 compared to an increase of 50.3 mDKK in 2017. The decrease was mainly driven by significant increased investment activity, incl. the acquisition in China.

CO-RO Groups solvency-rate remains high at 54.5% providing a strong base for future growth and investments.

Development in the parent company

The parent company has created a revenue in 2018 of 1,130.7 mDKK and a profit after tax of 78.3 mDKK – both in line with expectations.

2019 OUTLOOK

New taxes on sugar sweetened beverages will in 2019 be introduced in Malaysia, Sri Lanka and Portugal and are rumored to be imposed in several markets in the Middle East as well, among these Saudi Arabia. These markets make up a majority of CO-RO's revenue, and such new taxes could have significant impact on the development of the juice drink and concentrate categories, and hence on our sales volumes.

54.5%

Strong solvency for future growth and investments

Excl. impact from such legislative changes, the Management expects 2019 to be a year of continued portfolio and market expansion and full year effect of the acquisition in China done in 2018. Market development within our categories in most markets is expected to remain flat, but geopolitical unrest and legislative changes may affect the markets negatively.

For 2019 – without any potential impact of new sugar-taxes - a revenue is therefore expected in the interval 1,950 – 2,100 mDKK and an EBIT-margin of 8-10%. For the parent company, a revenue is expected in the interval 1,100 – 1,200 mDKK and an EBIT-margin of around 9%.

Events after the end of the financial year

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

RISKS

General risks

CO-RO uses raw materials that are affected by significant price fluctuations. This is a risk factor since there may be a time lag between the time where price fluctuations take place and the date when the changes can be included into the price of the finished products in the market.

Several of the group's main markets are in the Middle East that has relatively high geopolitical unrest. Furthermore, legislative changes on sugar-content are seen increasingly across our markets. The group is aware of these risks and has performed corrective measures but may nevertheless be affected by it.

Financial risks

The group's activities mean that the financial result, cash flows and equity capital are affected by the exchange rate and interest rate trends for a number of currencies. Transactions are mainly in EUR, USD, SAR, CNY and MYR. It is company policy not to hedge against currency risks. Exchange rate risks related to investments in affiliated enterprises abroad are not hedged.

KNOWLEDGE RESOURCES

CO-RO employs a large number of employees with specialist knowledge in the development, production and distribution of the group's products, who are essential for its ability to maintain market position. Through targeted recruitment, training and instruction of CO-RO employees, the group spends considerable resources to attract, retain and develop competent employees.

CSR

CO-RO have published the CSR report for 2018 on our website according to §99a and §99b of the Danish Financial Statements Act.

The CSR report as well as our Code of Conduct can be found at www.co-ro.com/csr

CO_2

In 2018 we optimized our compound and this alone reduced CO_2 emissions by more than 170 ton

FINANCIAL STATEMENTS

Statement by management

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of CO-RO A/S for the financial year 1 January – 31 December 2018.

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

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 the consolidated cash flows for the financial year 1 January – 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters and the results of the Group's and the Parent Company's operations and financial position.

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

Frederikssund, 15 May 2019

Executive Board

Søren Holm Jensen

Board of Directors

Michael Ring
(Chairman)

Jens Albert Harsaae
(Vice chairman)

Torsten Steenholt Christensen

Sisse Fjelsted Rasmussen

Thomas Ager Lund

Vibeke Bak Solok

Independent auditor's report

To the shareholders of CO-RO A/S

Opinion
We have audited the consolidated financial statements and the parent company financial statements of CO-RO A/S for the financial year 1 January – 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

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 as well as the consolidated cash flows for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements
Management is responsible for the preparation of 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 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 financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

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

As part of an audit conducted in accordance with ISAs and 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 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 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 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 Parent Company to cease to continue as a going concern.

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

- 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.

Statement on the Management's review
Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

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

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

Copenhagen, 15 May 2019

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jan C. Olsen
State Authorised Public Accountant
mne33717

Dennis Dupont
State Authorised Public Accountant
mne36192

The profit and loss statement
for 1 January to 31 December

		Parent company		Group	
(tDKK)	**Note**	**2018**	**2017**	**2018**	**2017**
Revenue	2	**1,130,683**	**1,101,686**	**1,914,241**	**1,846,524**
Production costs	3	-780,421	-798,843	-1,273,376	-1,215,718
Gross profit		**350,262**	**302,843**	**640,865**	**630,806**
Distribution costs	3	-187,762	-166,414	-346,280	-334,854
Administrative costs	3	-62,892	-60,312	-148,214	-121,532
Operating profit		**99,607**	**76,117**	**146,371**	**174,420**
Other operating income	4	273	405	4,544	6,905
Other operating costs	5	-435	-533	-435	-533
Profit before financial items		**99,445**	**75,989**	**150,480**	**180,792**
Income from equity investments in Group companies	6	-802	51,236	0	0
Financial income	7	13,923	6,122	15,218	20,134
Financial expenses	8	-8,515	-7,171	-9,922	-13,725
Profit before tax		**104,052**	**126,175**	**155,776**	**187,201**
Tax on ordinary profit	9	-25,747	-15,266	-44,497	-33,285
Profit for the year		**78,305**	**110,909**	**111,279**	**153,916**
The profit of the group is distributed as follows:					
Shareholders in CO-RO A/S				78,305	110,909
Minority interests				32,974	43,007
Profit for the year				**111,279**	**153,916**

Balance sheet of 31 December

Assets

		Parent company		Group	
(tDKK)	**Note**	**2018**	**2017**	**2018**	**2017**
Acquired software rights	10	1,379	3,029	2,772	4,117
Goodwill		0	0	67,990	0
Intangible assets		**1,379**	**3,029**	**70,762**	**4,117**
Land and buildings		87,504	96,539	314,835	313,924
Production facility and machinery		65,794	67,090	451,902	367,906
Other facilities, operating equipment and equipment		9,351	5,395	25,887	22,259
Tangible fixed assets under construction and advance payments for tangible fixed assets		132,852	48,270	150,522	91,891
Tangible assets	11	**295,501**	**217,294**	**943,146**	**795,980**
Investments in Group companies		399,798	344,297	0	0
Other Receivables		0	0	9,094	9,372
Financial fixed assets	12	**399,798**	**344,297**	**9,094**	**9,372**
Fixed assets		**696,678**	**564,620**	**1,023,002**	**809,469**
Raw materials and consumables		59,691	55,530	116,582	122,249
Work in progress		7,304	6,640	42,781	42,285
Finished goods		57,454	37,252	98,656	70,970
Advance payment for goods		1,709	3,720	25,940	19,059
Inventories		**126,158**	**103,142**	**283,959**	**254,563**
Receivables from sales and services		119,945	98,232	205,692	214,279
Receivables with Group companies		117,451	185,166	0	49,429
Company tax		0	0	7,051	7,684
Deferred tax asset	17	0	0	18,988	7,677
Other Receivables		20,535	10,965	73,531	18,588
Accruals and deferred expenses	13	3,268	0	11,338	12,710
Receivables		**261,198**	**294,363**	**316,600**	**310,367**
Cash and cash equivalents		**58,982**	**62,668**	**146,027**	**172,368**
Current assets		**446,338**	**460,173**	**746,586**	**737,298**
Assets		**1,143,016**	**1,024,793**	**1,769,588**	**1,546,767**

Balance sheet of 31 December

Liabilities

(tDKK)	Note	Parent company 2018	Parent company 2017	Group 2018	Group 2017
Share capital		23,000	23,000	23,000	23,000
Reserve for net revaluation in accordance with the equity method		160,354	217,399	0	0
Correction regarding change of accounting policies		0	0	0	11,769
Proposed dividend for the financial year		0	10,000	0	10,000
Transferred profit		780,750	647,789	941,104	853,419
Shareholders in CO-RO A/S' share of the equity capital		**964,104**	**898,188**	**964,104**	**898,188**
Minority interests	14	0	0	309,898	306,424
Equity capital total	15	**964,104**	**898,188**	**1,274,002**	**1,204,612**
Provision for pensions and similar	16	0	0	27,863	23,626
Provision for deferred tax	17	7,862	7,984	11,887	9,286
Provisions		**7,862**	**7,984**	**39,750**	**32,912**
Prepayments received from customers		0	0	4,415	2,704
Other Credit institutions		0	0	71,532	52,000
Suppliers of goods and services		73,200	50,144	124,444	134,862
Debts to Group companies		50,879	35,278	31,016	0
Company tax		0	0	4,792	0
Other debts		46,971	33,198	219,637	119,677
Short-term debt liabilities		**171,050**	**118,621**	**455,836**	**309,243**
Debt liabilities		**171,050**	**118,621**	**455,836**	**309,243**
Liabilities		**1,143,016**	**1,024,793**	**1,769,588**	**1,546,767**

	Note
Contingencies	18
Charged assets and pledged assets	19
Close standing parties	20
Allocation of the profit	21
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Statement of changes in equity
of 31 December

Group

(tDKK)	Share capital	Retained earnings	Proposed dividend	In all	Minority interests	Equity capital in total
Equity at 1 Januar 2017	**23,000**	**793,276**	**50,000**	**866,276**	**299,806**	**1,166,082**
New entries and disposals	0	0	0	0	39,219	39,219
Correction regarding change of accounting policies	0	11,769	0	11,769	0	11,769
Rate Adjustment etc., for Group companies	0	-40,766	0	-40,766	-35,749	-76,515
Retained earnings	0	100,909	10,000	110,909	43,007	153,916
Dividend paid	0	0	-50,000	-50,000	-39,859	-89,859
Equity at 1 Januar 2018	**23,000**	**865,188**	**10,000**	**898,188**	**306,424**	**1,204,612**
New entries and disposals	0	0	0	0	26,717	26,717
Rate Adjustment etc., for Group companies	0	-2,389	0	-2,389	11,516	9,127
Retained earnings	0	78,305	0	78,305	32,974	111,279
Dividend paid	0	0	-10,000	-10,000	-67,733	-77,733
Equity at 31 December 2018	**23,000**	**941,104**	**0**	**964,104**	**309,898**	**1,274,002**

Parent company

(tDKK)	Share capital	Reserve for net revaluation in accordance with the equity method	Reserve for revaluations	Proposed dividend	Transferred profit	Equity capital in total
Equity at 1 Januar 2017	**23,000**	**226,333**	**30,930**	**50,000**	**536,013**	**866,276**
Correction for the year	0	11,769	-30,930	0	30,930	11,769
Rate Adjustment etc., for Group companies	0	-40,766	0	0	0	-40,766
Retained earnings	0	20,063	0	10,000	80,846	110,909
Dividend paid	0	0	0	-50,000	0	-50,000
Equity at 1 Januar 2018	**23,000**	**217,399**	**0**	**10,000**	**647,789**	**898,188**
Correction for the year	0	0	0	0	0	0
Rate Adjustment etc., for Group companies	0	-2,389	0	0	0	-2,389
Retained earnings	0	-54,656	0	0	132,961	78,305
Dividend paid	0	0	0	-10,000	0	-10,000
Equity at 31 December 2018	**23,000**	**160,354**	**0**	**0**	**780,750**	**964,104**

Cash flow statement
for the Group of 1 January to 31 December

(tDKK)	Note	2018	2017
Profit before net financials		150,480	174,103
Amortisation/depreciation charges		110,476	89,121
Other adjustments of non-cash operating items		0	-2,498
Cash generated from operations before changes in working capital		260,956	260,726
Changes in working capital	23	-43,059	-7,105
Cash generated from operations		217,897	253,621
Interest received		15,218	20,134
Interest paid		-9,922	-13,725
Income taxes paid		-47,782	-37,931
Cash flows from operating activities		**175,411**	**222,099**
Acquisition of intangible assets		-1,334	-2,892
Acquisition of property, plant and equipment		-180,599	-189,683
Disposal of property, plant and equipment		1,403	1,714
Acquisition of subsidiaries	24	-74,585	0
Capital injection		26,717	39,219
Cash flows from investing activities		**-228,397**	**-190,861**
Loan financing:			
Repayment of non-current liabilities		80,445	69,675
Shareholders:			
Dividend distribution		-77,733	-89,859
Cash flows from financing activities		**2,712**	**-89,859**
Net cash flows			
Cash and cash equivalents, beginning of year	25	124,769	70,095
Cash and cash equivalents, year-end	25	**74,495**	**120,368**

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements.

Notes

1. Accounting policies

The annual report of CO-RO A/S for 2018 has been presented in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

Change of accounting practices
The accounting policies applied has been changed in the following accounting area. As a consequence of the acquisition of Golden Creation (Tianjin) Trade Co. as of 1 October 2018 Management has reconsidered the Group's accounting policies regarding juice dispensers. Juice dispensers have previously been expensed immediately in the income statement but as a consequence of increased use of Juice dispensers going forward in Golden Creation (Tianjin) Trade Co and improvement of internal controls regarding existence of dispensers in the existing CO-RO company in China management has chosen to apply the accounting policies used in Golden Creation (Tianjin) Trade Co. meaning that juice dispenses are now recognized as assets subject to a 5 year depreciation. It is management's opinion that the new accounting policy gives a more true and fair view of the Financial Statements in respect to this accounting area.

The effect of the change in accounting policy has the following effect for the Group and the Parent Company.

1. **Group Consolidated Financial Statements:**
   Dispensers are recognized – when certain criteria are met – under tangible fixed assets and are measured at cost less accumulated depreciation. Up until now, dispensers have been recognized in the income statement on an ongoing basis. The change has a positive effect on profit for the year for 2017 of 6,482 tDKK. Fixed assets are increased by 24,984 tDKK, deferred tax are decreased by -6,733 tDKK and Equity are increased by 18,251 tDKK as per 31. December 2017

2. **Parent Financial Statements:**
   Dispensers are recognized in subsidiaries – when certain criteria are met – under tangible fixed assets and are measured at cost less accumulated depreciation. Up until now, dispensers have been recognized in the income statement on an ongoing basis. The change has a positive effect on the company's investments in Group companies and therefore it has an effect on profit for the year for 2017 of 6,482 tDKK. Investment in Group companies and Equity are increased by 18,251 tDKK as per 31. December 2017.

The change to the Group and the parent company's financial statements on the respective accounting items is disclosed below.

(tDKK)	**Group** Regulation as a result of practice change	**Parent** Regulation as a result of practice change
Distribution costs	6,482	-
Income from equity investments in Group companies	-	6,482
Profit for the year	**6,482**	**6,482**
Balance		
Tangible fixed assets	24,984	-
Investments in Group companies	-	18,251
Deferred tax	-6,733	-
Assets	**18,251**	**18,251**
Equity	18,251	18,251
Liabilities	**18,251**	**18,251**

Comparative figures and statement of key figures has been adjusted to reflect the change in accounting policy. Management has decided not to change key figures for the period 2014 – 2016.

Apart from the above-mentioned areas, the consolidated and annual accounts have been prepared in accordance with the same accounting policies as last year.

General about recognition and measurement
Income is recognized in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortization, depreciation and impairment losses, are recognized in the income statement when the amounts related to the financial year.

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when the company as a result of a past event has a legal or actual obligation, and it is likely that future economic benefits will flow out of the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting.

In respect to recognition and measurement, consideration are given to predictable risks and losses that occur before the Financial Statements are presented, and which confirm or refute conditions that existed on the balance sheet date.

Notes

1. Accounting policies (continued)

Consolidated Financial Statements
The consolidated financial statements comprise CO-RO A/S (the parent company) and subsidiaries controlled by CO-RO A/S. Control means the power to exercise decisive influence over a subsidiary's financial and operating decisions. Moreover, the possibility of yielding a return from the investment is required.

In assessing if the Parent Company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity may become empowered to exercise decisive influence over another entity's financial and operating decisions.

Consolidation principles
The consolidated financial statements have been prepared as a consolidation of the Parent Company's and the individual subsidiaries' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realized and unrealized gains on intra-group transactions are eliminated.

In the consolidated financial statements, the items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the Group's profit/loss and equity, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognized directly in equity as a transaction between shareholders.

Foreign currency translation
Transactions in foreign currency are converted at first recognition at the exchange rate of the transaction day. Currency exchange rate differences that arise between the rate on the transaction day and the rate on the day of payment, shall be included in the profit and loss account as a financial item.

Outstanding amounts, debt and other monetary items in foreign currency shall be converted to the currency rate on balance day. The difference between the balance sheet date's rate and the rate at the time of the creation of the outstanding amount or debt obligation or their inclusion in the latest annual accounts are included in the profit and loss account under financial income and costs.

Foreign subsidiaries are considered to be independent units. The profit and loss statements shall be converted into an average exchange rate for the month, and the balance sheet items shall be converted into the currency rates of the balance day. Exchange rate differences that have arisen through the conversion of equity capital of foreign subsidiaries at the beginning of the year to the currency rates of the balance day and by the conversion of average rates to the currency rates of the balance day are included directly into the equity capital.

Currency rate adjustment of outstanding accounts with independent foreign subsidiary companies that are considered part of the total investment in the subsidiary company, are included directly in the equity capital. Equivalently, exchange rate gains and losses on loans and derived financial instruments that have been concluded in order to hedge foreign subsidiary companies, are included directly in the equity capital.

In the case of recognition of foreign subsidiaries that are integrated units, monetary items are converted at the exchange rate on the balance day. Non-monetary items are converted at the exchange rate at the time of purchase, or at the time of the subsequent appreciation or depreciation of the asset. Items on the profit and loss account are converted at the transaction day rate, since items derived from non-monetary items are however converted at historic rates for the non-monetary item.

Business combinations
Recently acquired entities are recognised in the consolidated financial statements from the date of acquisition. Entities sold or otherwise disposed of are recognised up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities. Discontinued operations are presented separately, see below.

The date of acquisition is the date when the Group actually obtains control of the acquiree.

The purchase method is applied to acquisitions of new businesses over which the Group obtains control. The acquired businesses' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill under "Intangible assets". Goodwill is amortised on a straight-line basis in the income statement based on an individual

Notes

1. Accounting policies (continued)

assessment of the economic life of the asset.

Negative differences (negative goodwill) are recognised in the income statement at the date of acquisition.

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the presentation currency used in the consolidated financial statements are accounted for as assets and liabilities belonging to the foreign entity and are, on initial recognition, translated into the foreign entity's functional currency using the exchange rate at the transaction date.

The consideration paid for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed terms, such part of the consideration is recognised at fair value at the date of acquisition. Subsequent adjustments of contingent considerations are recognised in the income statement.

Expenses incurred to acquire entities are recognised in the income statement in the year in which they are incurred.

Where, at the date of acquisition, the identification or measurement of acquired assets, liabilities, contingent liabilities or the determination of the consideration is Group with uncertainty, initial recognition will take place on the basis of provisional values. If it turns out subsequently that the identification or measurement of the purchase consideration, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement will be adjusted retrospectively, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Hereafter, any adjustments are recognised as misstatements.

Gains or losses from divestment or winding-up of subsidiaries which imply that control is no longer maintained are calculated as the difference between, on the one hand, the selling price less selling expenses and, on the other hand, the proportionate share of the carrying amount of net assets. If the entity still holds equity investments in the divested entity, the remaining proportionate share of the carrying amount forms the basis for the measurement of equity investments in Groups or securities and equity investments.

Non-controlling interests
On initial recognition, non-controlling interests are measured at the fair value of the non-controlling interests' ownership share or at the non-controlling interests' proportionate share of the fair value of the acquired entity's identifiable assets, liabilities and contingent liabilities.

In the former scenario, goodwill relating to the non-controlling interests' share in the acquired entity is thus recognised, while, in the latter scenario, goodwill relating to the non-controlling interests' share is not recognised. Measurement of non-controlling interests is chosen on a transaction-by-transaction basis.

Intra-group business combinations
The book value method is applied to business combinations such as acquisition and disposal of equity investments, mergers, demergers, additions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are taken directly to equity.

The profit and loss statement

Revenue
The company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Revenue from the sale of goods and finished goods is recognized in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. Revenue is measured net of all types of discounts/rebates, VAT and other indirect taxes in connection with the sale, and are measured at the current value of the remuneration.

Production costs
Production costs include direct and indirect costs borne to achieve the revenue. In the production costs are included costs of raw materials, consumables, production personnel, indirect production costs and depreciation on production facilities.

Distribution costs
Distribution costs include costs incurred for the distribution of sold products and for sales campaigns, including costs for sales and distribution staff, advertising costs and depreciation.

Administration costs
Administration costs include costs incurred for the management and administration of the company, including costs for the administrative staff and management, as well as office costs and depreciation.

Other operating income and operating costs
Other operating income and operating costs include revenue and costs of a secondary nature in relation to the company’s

Notes

1. Accounting policies (continued)

main activities, including public subsidies, rent and licensing income etc. as well as the profit or loss incurred by the sale of fixed assets.

Income from equity investments in Group companies
Income from equity investments in Group companies shall be included and measured according to the equity method, which implies that the capital shares are measured as the proportional share of the companies' internal accountable value.

In the profit and loss account, the company's share of the profit of the companies is included after elimination of internal profits.

Net revaluation of capital shares in Group companies is transferred in connection with the allocation of the results to reserve for net revaluation by the equity method under the equity capital.

Financial income and expenses
Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses on securities, payables and transactions denominated in foreign currencies as well as surcharge and refunds under the on-account tax scheme, etc.

Tax for the year
CO-RO A/S is subject to the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date when they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The Parent Company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

The tax expense for the year, which comprises the year's current tax charge, joint taxation contributions and changes in the deferred tax charge – including changes arising from changes in tax rates – is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

The balance sheet

Intangible assets

Goodwill
Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 10 years. The amortisation period is fixed on the basis of the expected repayment horizon, longest for strategically acquired business enterprises with strong market positions and long-term earnings profiles.

Intangible fixed assets
Intangible fixed assets include acquired intellectual property rights, such as software and licenses.

Acquired intangible property rights are depreciated over 5 years and are measured at cost price after deduction of accumulated depreciations and deductions. Licenses are depreciated over 3 years.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. Assets are written down to the lower of the carrying amount and the recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the net present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Tangible fixed assets
Land and buildings, production facilities and machinery and other facilities, operating equipment and equipment is measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchases price and any costs directly attributable to the acquisition until the date when the assets is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the

Notes

1. Accounting policies (continued)

assets. The expected useful lives are as follows:

	Expected service life	Scrap value
Buildings	20-40 years	DKK 0
Production plants and machinery	3-10 years	DKK 0
Other installations, operating equipment and inventory	3-10 years	DKK 0
Dispencers	5 years	DKK 0

The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of items of tangible assets are calculated as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. Assets are written down to the lower of the carrying amount and the recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the net present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Leases
The Group has only operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other leases are disclosed in contingencies, etc.

Investments in Group companies
Investments in Group companies are measured according to the equity method in the parent company financial statements. This implies that the equity ratios are measured at the proportionate share of the accounting equity value of the companies with the addition or deduction of unamortised positive and negative goodwill, respectively, with deduction or addition of unrealised intra-group profits and losses.

In the profit and loss statement, the company's share of the company's profit is included after elimination of unrealised intra-group profits and with the deduction or addition of depreciation of goodwill and negative goodwill, respectively.

Subsidiaries with negative accounting equity value are measured at zero, and any receivables from these companies are written down by the company's share of the negative equity value to the extent that it is assessed irrecoverable. If the accounting negative equity value exceeds the receivable, the remaining amount is included under provisions to the extent that the company has a legal or actual obligation to cover the liabilities of the company in question.

Net revaluation of investments in subsidiaries are transferred in connection with the allocation of results for reserves for net revaluation using the equity method under equity.

Impairment tests are conducted on investments in Group companies when there is evidence of impairment. Investments in Group companies are written down to the lower of the carrying amount and the recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the net present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Other assets
Receivables included under fixed assets include long-term leasing rights on land abroad. These shall be measured by the first inclusion at cost price and shall be amortised over the period of the lease.

Inventories
Inventories are measured at cost price, calculated in accordance with the FIFO or net realizable value where this is lower.

Notes

1. Accounting policies (continued)

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and production overheads. Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management.

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

Receivables
Receivables shall be measured at amortised cost, which usually corresponds to the nominal value less any impairment losses to meet expected depreciation.

Prepayments
Prepayments recognised under "Current assets" comprise expenses incurred concerning subsequent financial years.

Cash
Cash comprises cash balances and bank balances.

Equity capital

Reserve for net revaluation according to the equity method
Net revaluation of investment in Group companies is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve can be eliminated in case of losses, realisation of equity investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

Dividend
Dividend proposed for the year is recognised as a liability at the date when it is adopted at the general meeting (declaration date). Dividend expected to be distributed for the year is disclosed as a separate item under equity.

Income tax and deferred tax
Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and tax paid on account.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Income tax receivable" or "Income tax payable".

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes or on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting neither the profit/loss for the year nor the taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are measured at net realisable value or fair value.

Provisions include employee liabilities which must be paid upon termination in accordance with local legislation.

Other financial liabilities
Other financial liabilities shall be measured at amortised cost, which usually corresponds to the nominal value.

Other liabilities are measured at net realisable value.

Prepayments received from customers
Prepayments received from customers a recognized as a liability comprises payments received concerning income in subsequent financial reporting years.

Fair value
Fair value measurements are based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximizes the price of the asset or liability less transaction and/or transport costs.

Notes

1. Accounting policies (continued)

All assets and liabilities that are measured at fair value or where the fair values is disclosed are classified based on the fair value hierarchy, see below:

Level 1:
Value based on the fair value of corresponding assets/liabilities in a well-functioning market.

Level 2:
Value calculated on the basis of recognised valuation methods based on observable market information.

Level 3:
Value calculated on the basis of recognised valuation methods and reasonable estimates are made on the basis of non-observable market information.

Cash flow statement
The cash flow statement is presented according to the indirect method and shows cash flows relating to operations, investments and financing as well as the company's cash at the beginning and end of the year.

Cash flows concerning operating activities is calculated as operating income adjusted for non-cash operating items, changes in working capital as well as paid corporation tax.

Cash flows concerning investing activities include payments in connection with the acquisitions and sales of companies, activities and financial fixed assets as well as the purchase, development, improvement and sales, etc. of intangible fixed assets and fixed assets.

Cash flows concerning financing activities include changes in the size or composition of the company's share capital and expenses Group with this, as well as borrowing of loans, repayment of interest-bearing debt, purchase of own shares and payment of dividends.

Cash includes cash and cash equivalents and short-term securities with an insignificant exchange rate risk less short-term bank debt, with is related to operating funding.

Omission of a cash flow statement
With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the parent company, as its cash flow are reflected in the consolidated cash flow statement.

Segment information
Segment information is disclosed by geographic markets. Segment information follows the Group’s accounting policies, risks and internal financial management.

Organic Growth
Organic growth is calculated as realized numbers recalculated to last year currencies and adjusted for acquisitions done in the year.

Financial highlights
The key ratios presented under “Highlights 2018” have been calculated as follows:

Return on assets
$$\frac{\text{Profit before financial items, etc. x 100}}{\text{Average assets}}$$

Return on equity capital
$$\frac{\text{The financial profit for the year after tax excl. minority interests x 100}}{\text{Average equity capital excl. minority interests}}$$

Solvency ratio
$$\frac{\text{Equity capital excl. minority interests, year end x 100}}{\text{Total liabilities, year end}}$$

Notes

2. Segment information on Revenue

	Parent company		Group	
(tDKK)	**2018**	**2017**	**2018**	**2017**
Geographic markets				
Inside Europe	174,984	168,379	191,025	173,201
Outside Europe	955,699	933,307	1,723,216	1,673,323
	1,130,683	**1,101,686**	**1,914,241**	**1,846,524**

3 Staff expenses

	Parent company		Group	
(tDKK)	**2018**	**2017**	**2018**	**2017**
Wages and salaries	173,024	156,650	300,458	272,842
Pensions	13,310	12,736	25,482	23,011
Other expenses for social security	3,450	3,110	5,247	6,549
	189,784	**172,496**	**331,187**	**302,402**
The number of people employed on average	273	270	1,280	1,143

The staff expenses are included in the items production, distribution, and administration expenses.

Remuneration to the company's management and board of directors in 2018 is 6,011 tDKK. 2017 are not specified with reference to §98b, section 3(2) of the Danish Financial Statements Act.

4 Other operating income

	Parent company		Group	
(tDKK)	**2018**	**2017**	**2018**	**2017**
Profit on the sale of fixed assets	8	405	8	406
Compensation	0	0	0	19
Other operating income	265	0	4,536	6,480
	273	**405**	**4,544**	**6,905**

Other operating income consist among others of sales of octoboxes, plastic caps and pallets.

5 Other operating costs

	Parent company		Group	
(tDKK)	**2018**	**2017**	**2018**	**2017**
Property management, leasehold property	212	274	212	274
Depreciation, leasehold property	223	223	223	223
Other operating costs	0	35	0	35
	435	**533**	**435**	**533**

6 Income from investments in Group companies

	Parent company		Group	
(tDKK)	**2018**	**2017**	**2018**	**2017**
Share from profit in Group companies	25,165	42,700	0	0
Offset in internal profit after tax on inventories purchased within the group	-14,807	8,536	0	0
Goodwill depreciation	-2,010	0	0	0
Impairment of transition costs JKD	-9,150	0	0	0
	-802	**51,236**	**0**	**0**

Notes

7 Financial income

(tDKK)	Parent company 2018	Parent company 2017	Group 2018	Group 2017
Group companies	2,648	4,237	1,370	3,672
Other financial income	11,275	1,885	13,848	16,462
	13,923	**6,122**	**15,218**	**20,134**

8 Financial expenses

(tDKK)	Parent company 2018	Parent company 2017	Group 2018	Group 2017
Group companies	0	0	0	0
Other financial expenses	8,515	7,171	9,922	13,725
	8,515	**7,171**	**9,922**	**13,725**

9 Tax on ordinary profit

(tDKK)	Parent company 2018	Parent company 2017	Group 2018	Group 2017
Tax on profit for the year	25,868	16,428	46,010	36,275
Adjustment of deferred tax	-121	606	-229	-1,331
Adjustment to tax relating to previous years	0	-1,768	-1,284	-1,659
	25,747	**15,266**	**44,497**	**33,285**

10 Intangible assets

(tDKK)	Acquired rights	Goodwill
Group		
Cost price 1/1 2018	24,642	0
Rate adjustment at closing rate	-2,575	0
New entries for the year	1,334	0
Additions from business combinations	0	70,000
Cost price 31/12 2018	**23,401**	**70,000**
Depreciation and impairment losses 1/1 2018	-20,525	0
Rate adjustment at closing rate	2,553	0
The year's depreciation and impairment losses	-2,657	-2,010
Depreciation and impairment losses 31/12 2018	**-20,629**	**-2,010**
Accounting value 31/12 2018	**2,772**	**67,990**

(tDKK)	Acquired rights	Goodwill
Parent company		
Cost price 1/1 2018	20,981	0
Cost price 31/12 2018	**20,981**	**0**
Depreciation and impairment losses 1/1 2018	-17,952	0
The year's depreciation and impairment losses	-1,649	0
Depreciation and impairment losses 31/12 2018	**-19,601**	**0**
Accounting value 31/12 2018	**1,379**	**0**

Notes

11 Tangible assets

(tDKK)	Land and buildings	Production facility and machinery	Other installations, operating equipment and furniture	Non-current assets under construction and pre-payments	Tangible assets in total
Group					
Cost price 1/1 2018	592,365	852,778	85,901	91,891	1,622,935
Additions from business combinations	0	51,186	571	0	51,757
Rate adjustment at closing rate	9,475	28,443	1,820	945	40,683
New entries for the year	17,256	93,668	11,989	95,118	218,031
Disposals for the year	0	-2,018	-1,894	-37,432	-41,344
Cost price 31/12 2018	**619,096**	**1,024,057**	**98,387**	**150,522**	**1,892,062**
Depreciation and impairment losses 1/1 2018	-278,447	-484,411	-63,640	0	-826,498
Rate adjustment at closing rate	-3,715	-14,149	-1,254	0	-19,118
The year's depreciation and impairment losses	-22,099	-74,333	-9,377	0	-105,809
Accumulated depreciation, divested assets	0	738	1,771	0	2,509
Depreciation and impairment losses 31/12 2018	**-304,261**	**-572,155**	**-72,500**	**0**	**-948,916**
Accounting value 31/12 2018	**314,835**	**451,902**	**25,887**	**150,522**	**943,146**

Notes

11 Tangible assets (continued)

(tDKK)	Land and buildings	Production facility and machinery	Other installations, operating equipment and furniture	Non-current assets under construction and pre-payments	Tangible assets in total
Parent company					
Cost price 1/1 2018	285,442	264,012	31,279	48,270	629,003
New entries for the year	978	14,061	6,947	84,582	106,568
Cost price 31/12 2018	**286,420**	**278,073**	**38,226**	**132,852**	**735,571**
Depreciation and impairment losses 1/1 2018	-188,904	-196,922	-25,884	0	-411,710
The year's depreciation and impairment losses	-10,012	-15,357	-2,991	0	-28,360
Depreciation and impairment losses 31/12 2018	**-198,916**	**-212,279**	**-28,875**	**0**	**-440,070**
Accounting value 31/12 2018	**87,504**	**65,794**	**9,351**	**132,852**	**295,501**

Notes

12 Financial fixed assets

(tDKK)	Other receivables
Group	
Cost price 1/1 2018	9,372
Rate adjustment at closing rate	-59
Disposals for the year	-219
Cost price 31/12 2018	**9,094**

(tDKK)	Investments in Group companies
Parent company	
Cost price 1/1 2018	126,897
Additions for the year	112,545
Cost price 31/12 2018	**239,443**
Revaluation 1/1 2018	217,400
Received dividends	-55,298
Rate adjustment at closing rate, etc.	-2,389
Share of profit for the year	25,165
Offset in internal profit after tax on inventories	-14,807
Goodwill depreciation	-2,010
Offsetting receivables	1,443
Impairment of transition costs JKD	-9,150
Revaluation 31/12 2018	**160,354**
Accounting value 31/12 2018	**399,797**

Group companies:

Company name	Registered address	Ownership share
CO-RO Food (China) Ltd.	China	100%
CO-RO Deutschland GmbH	Germany	100%
Sunquick Lanka Pvt. Ltd.	Sri Lanka	51%
Binzagr CO-RO Ltd.	Saudi Arabia	50%
Barkath CO-RO SDN BHD	Malaysia	50%
Barkath CO-RO Manufactoring SDN BHD	Malaysia	50%
BIDCORO Africa Ltd.	Kenya	50%
Sunquick Lanka Properties Pvt. Ltd.	Sri Lanka	49%
TAKCORO	Iran	50%
Golden Creation (Tianjin) Trade Co., Limited	China	75%

All subsidiaries are independent entities.

Notes

13 Accruals and deferred expenses

	Parent company		Group	
(tDKK)	**2018**	**2017**	**2018**	**2017**
Prepaid lease	0	0	3,925	2,978
Prepaid insurances	0	0	2,590	810
Other	3,268	0	4,823	8,922
	3,268	**0**	**11,338**	**12,710**

14 Minority interests

	Group	
(tDKK)	**2018**	**2017**
Minority interests 1 January	306,424	299,806
Share of profit for the year	32,974	43,007
Distributed dividends	-67,733	-39,859
Capital contribution	26,717	39,219
Currency exchange adjustments	11,516	-35,749
	309,898	**306,424**

15 Equity capital

		Group	
(tDKK)		**2018**	**2017**
2 of TDKK	1	2	2
4 of TDKK	2	8	8
2 of TDKK	5	10	10
8 of TDKK	10	80	80
28 of TDKK	50	1,400	1,400
1 of TDKK	1,000	1,000	1,000
1 of TDKK	2,000	2,000	2,000
2 of TDKK	4,250	8,500	8,500
2 of TDKK	5,000	10,000	10,000
		23,000	**23,000**

There have not been any changes in the share capital the last 5 years.

16 Provision for pensions and similar

	Parent company		Group	
(tDKK)	**2018**	**2017**	**2018**	**2017**
Severance obligation opening balance	0	0	23,626	26,529
Rate adjustment at closing rate	0	0	3,966	-3,174
This year's adjustment	0	0	271	271
	0	**0**	**27,863**	**23,626**

Provisions relate to the severance obligation to employees of foreign group companies and will be paid as the employees in these companies leave the group.

Notes

17 Provision for deferred tax

	Parent company		Group	
(tDKK)	**2018**	**2017**	**2018**	**2017**
Intangible assets	303	666	303	666
Tangible assets	5,970	6,598	9,593	14,635
Inventories	1,589	719	1,589	719
Internal profit	0	0	-18,586	-14,411
	7,862	**7,984**	**-7,101**	**1,609**
Deferred tax 1 January	7,984	7,378	1,609	-9,169
This year's adjustment of deferred tax	-122	606	-8,710	10,778
Deferred tax 31 December	**7,862**	**7,984**	**-7,101**	**1,609**

The Group has on 31 December 2018 included a deferred tax asset totalling 18,988 tDKK. The tax asset consists of time differences on group eliminated internal profit.

Based on the budgets, management has assessed the probability that future taxable income will be available in which the tax asset can be utilised.

18 Contingencies

Contingent assets
The group has no contingent assets.

Contingent liabilities
The company is jointly and severally liable with jointly registered group companies for the total VAT liability. There are no liabilities as of 31 December 2018.

The company is jointly taxed with CO-RO Holding A/S. The company is liable unrestricted and jointly with other Danish jointly taxed companies in the Group for corporate taxes and withholding tax on dividends, interest and royalties within the joint taxation. The total liability is calculated at 0.0 mDKK as of 31 December 2018. Any subsequent corrections of the joint taxation income and withholding taxes, etc. could result in the company's liability amounting to a larger amount.

18 Contingencies (continued)

Rental and lease contracts
A facility management agreement has been concluded concerning tools and equipment in CO-RO A/S. An agreement has also been concluded with Tetra Pak on the leasing of production equipment. Total future liabilities comprise:

	Parent company		Group	
(tDKK)	**2018**	**2017**	**2018**	**2017**
Within one year	1,876	1,670	4,281	5,743
Between one and five years	2,678	1,130	2,678	4,523
After five years	0	0	0	0
	4,554	**2,800**	**6,959**	**10,266**

Binzagr CO-RO Company Ltd. has initiated appeals regarding the resumption of corporate tax cases for 2005 to 2007 and 2009 to 2011. The contingent liability is estimated to amount to 6.6 mDKK.

CO-RO Food (China) Ltd. has a dispute regarding a leased land. The dispute is not expected to cause future economic consequences.

19 Mortgages and collateral

The property in Barkath CO-RO Sdn. BHD. is provided as collateral for bank facilities in Barkath CO-RO Manufacturing Sdn. BHD. The property's book value per December 31, 2018 amounted to 18.3 mDKK. MYR equivalent to 28.7 mDKK. The bank debt is per December 31, 2018 at 11.7 mDKK.

CO-RO A/S has guaranteed bank debt in subsidiaries in China up to 7.6 mDKK. EUR - equivalent to 56.5 mDKK. The bank debt amounts to 29.2 mDKK as of 31. December 2018.

Notes

20 Connected parties

	Basis
Determining influence	
CO-RO´s Fond, Holmensvej 11, 3600 Frederikssund	Ultimate parent
CO-RO HOLDING A/S, Holmensvej 11, 3600 Frederikssund	Principal shareholder
Other connected parties	
Michael Ring (chairman)	Chairman of the Board
Jens Albert Harsaae (vice-chairman)	Member of the Board of Directors
Torsten Steenholt Christensen	Member of the Board of Directors
Thomas Lund	Member of the Board of Directors
Vibeke Bak Solok	Member of the Board of Directors
Sisse Fjelsted Rasmussen	Member of the Board of Directors

Transactions with connected parties

	Parent company		Group	
(tDKK)	2018	2017	2018	2017
The sale of goods to subsidiaries	472,530	438,130	0	0
The purchase of goods from subsidiaries	276,765	299,300	0	0
Interest income Group companies	2,648	4,237	1,370	3,672
Receivables Group companies	117,451	185,166	0	49,429
Debts Group companies	50,879	35,278	31,016	0
The purchase of legal services from a member of the Board of Directors			149	310

21 Allocation of the profit

	Parent company	
(tDKK)	2018	2017
Reserve for net revaluation in accordance with the equity method	-54,656	20,063
Proposal for dividend	0	10,000
Transferred profit	132,961	80,847
Total distribution	**78,305**	**110,909**

22 Remuneration to auditor elected at the general assembly

	Parent company		Group	
(tDKK)	2018	2017	2018	2017
Auditor's remuneration Ernst & Young	755	558	1,437	889
Other services	346	283	1,083	283
Tax consulting	193	335	511	444
	1,294	**1,176**	**3,031**	**1,616**

23 Changes in working capital

	Group	
(tDKK)	2018	2017
Change in inventories	-20,916	-4,537
Change in receivables	-30,134	3,227
Change in trade and other payables	7,990	-5,795
	-43,059	**-7,105**

Notes

24 Acquisition of subsidiaries and activities

(tDKK)	Group 2018
Intangible assets	
Property, plant and equipment	51,757
Inventories	4,800
Receivables	13,679
Cash	7,011
Bank debt	-32,611
Debt to mortgage credit institutions	
Deferred tax	
Trade payables	-3,168
Other payables	-49,681
	-8,212
Goodwill	70,000
Transaction costs	9,150
Cost	70,868
Hereof payables	-12,803
Cash cost	**48,985**

Differences on initial recognition of the subsidiary Golden creation (Tianjin) Trade Co., Limited total 70,868 tDKK, including goodwill of 70,000 tDKK.

In addition to the acquisition of Golden creation (Tianjin) Trade Co., a capital increase of 25,625 tDKK in BIDCORO and 16,052 tDKK in TAKCORO was made.

In 2017 a capital injection of 13,189 tDKK in Sunquick Lanka, 12,142 tDKK in Sunquick Lanka Properties and 13,213 tDKK in BIDCORO was made.

25 Cash and cash equivalents

(tDKK)	Group 2018	2017
Cash and cash equivalents at 1 January	120,368	70,095
Exchange rates cash and cash equivaltens	4,636	
Restatement of cash and cash equivalents at 1 January	**125,004**	**70,095**
Cash and cash equivalents at 31 December comprise:		
Securities with terms to maturity of less than three months	0	0
Cash	146,027	172,368
Debt	-71,532	-52,000
	74,495	**120,368**

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