

Finalto A/S

Dampfærgevej 8, 4., 2100 København Ø
CVR no. 31 36 45 23

Annual report for 2020

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 21.04.21

Matthew Maloney
Dirigent

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The company

Finalto A/S
Dampfærgevej 8, 4.
2100 København Ø
Registered office: København
CVR no.: 31 36 45 23
Financial year: 01.01 - 31.12

Executive Board

Matthew John Maloney

Board of Directors

Matthew John Maloney
Jeremy Samuel Schlachter

Auditors

BDO
Statsautoriseret revisionsaktieselskab

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 01.01.20 - 31.12.20 for Finalto A/S.

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

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.20 and of the results of the company's activities for the financial year 01.01.20 - 31.12.20.

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.

Copenhagen, April 21, 2021

Executive Board

Matthew John Maloney

Board of Directors

Matthew John Maloney

Jeremy Samuel Schlachter

To the Shareholder of Finalto A/S**Opinion**

We have audited the financial statements of Finalto A/S for the financial year 01.01.20 - 31.12.20, 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. The financial statements are prepared in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.12.20 and of the results of the company's operations for the financial year 01.01.20 - 31.12.20 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 financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these 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 financial statements

The Management is responsible for the preparation of 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement regarding the management's review

Management is responsible for management's review.

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

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

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

Based on the work we have performed, we conclude that management's review is in accordance with the 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.

Copenhagen, April 21, 2021

BDO

Statsautoriseret revisionsaktieselskab
CVR no. 20222670

Søren Søndergaard Jensen

State Authorized Public Accountant
MNE-no. mne32069

FINANCIAL HIGHLIGHTS**Key figures**

Figures in DKK '000	2020	2019	2018	2017	2016
<i>Profit/loss</i>					
Gross profit	61,105	55,217	46,718	38,066	29,700
Operating profit	22,015	16,373	18,964	7,859	6,219
Total net financials	30,910	29,265	29,925	0	0
Profit for the year	36,512	44,966	45,924	11,826	-16,436
<i>Balance</i>					
Total assets	293,796	243,059	197,049	160,114	63,010
Investments in property, plant and equipment	1,741	1,821	1,250	3,310	271
Equity	153,372	111,856	62,230	19,261	7,716

Ratios definitions

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

Consolidated Financial Holdings A/S is the parent entity of the CFH group of companies ("CFH Group") and provides investment and technology solutions to its subsidiaries.

The CFH Group is a global innovator in the area of online trading of financial products. We take ideas and concepts and make them global industry leaders in their own space.

Development in activities and financial affairs

The income statement for the period 01.01.20 - 31.12.20 shows a profit/loss of DKK'000 36,512 against DKK'000 44,966 for the period 01.01.19 - 31.12.19. The balance sheet shows equity of DKK'000 153,372.

During 2020, CFH Group ("CFH") performed well, with notable achievements in financial performance, system robustness and customer support. The key performance indicators monitored by the directors were gross profit, cash availability, the regulated subsidiary's solvency and regulatory capital for FCA purposes and the diversification of clients. Each of these KPIs improved over the course of 2020.

CFH's systems performed robustly in 2020 handling 20 million transactions during the year. We continue to make significant investments in the development of our technology to ensure it remains market beating and meets the ever increasing demand of our clients. During the year, we developed our liquidity offering by enhancing our analytic capabilities and designing bespoke liquidity solutions for our clients.

Our overall financial performance has been strong, with many key KPIs improving year on year. Our Group continued to onboard high quality clients throughout the year giving us a strong pipeline heading into 2021.

Outlook

The trading subsidiary increased the regulatory capital surplus 21% as a result of improved underlying financial performance. The directors are pleased to see this and seek to build on CFH's high quality technology solutions, services and access to diverse liquidity offering during the coming year. To conclude, the directors believe that 2021 will be a strong year for the business as we grow on the foundations laid in 2020.

Knowledge resources

During the year the CFH Group continued to invest in its customer support and Compliance functions. CFH maintains the highest standards of regulatory and legal compliance and seeks to adhere to all relevant requirements. The CFH Group continued to benefit from the strength of its parent, Playtech plc, and forms a key part of the Tradetech Group offering multi-asset cross-margined products to a growing global client base.

External environment

The regulatory landscape is uncertain and continuously evolving which requires the regulated subsidiary to remain up to date on any regulatory updates and changes.

Research and development activities

The companies' activities include the research and development of industry leading platforms and systems. Development costs are capitalised where appropriate.

Branches abroad

The company has a foreign branch in the United Kingdom which employs a number of Group functions that service the whole CFH Group.

The company has a wholly owned regulated subsidiary in Singapore which offers liquidity solutions to local clients in that jurisdiction.

Income statement

Note	2020 DKK '000	2019 DKK '000
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Balance sheet

ASSETS			
Note		31.12.20 DKK '000	31.12.19 DKK '000
	Completed development projects	16,880	17,048
6	Total intangible assets	16,880	17,048
	Land and buildings	3,801	4,652
	Leasehold improvements	110	178
	Other fixtures and fittings, tools and equipment	1,891	2,392
7	Total property, plant and equipment	5,802	7,222
8	Equity investments in group enterprises	267,979	217,483
9	Deposits	492	478
	Total investments	268,471	217,961
	Total non-current assets	291,153	242,231
	Trade receivables	10	36
	Other receivables	1,058	679
	Total receivables	1,068	715
	Cash	1,575	113
	Total current assets	2,643	828
	Total assets	293,796	243,059

Balance sheet

EQUITY AND LIABILITIES

Note		31.12.20 DKK '000	31.12.19 DKK '000
10	Share capital	2,477	2,477
	Share premium	9,096	9,096
	Reserve for net revaluation according to the equity method	174,679	124,183
	Reserve for development costs	13,166	13,297
	Foreign currency translation reserve	-2,501	0
	Retained earnings	-43,545	-37,197
	Total equity	153,372	111,856
11	Provisions for deferred tax	3,105	3,351
	Total provisions	3,105	3,351
12	Other payables	5,121	4,311
	Total long-term payables	5,121	4,311
12	Short-term part of long-term payables	1,145	1,252
	Payables to group enterprises	123,721	115,118
	Income taxes	1,816	453
	Other payables	5,516	6,718
	Total short-term payables	132,198	123,541
	Total payables	137,319	127,852
	Total equity and liabilities	293,796	243,059
13	Contingent liabilities		
14	Related parties		

Statement of changes in equity

Figures in DKK '000	Share capital	Share premium	Reserve for net revaluation according to the equity method	Reserve for development costs	Foreign currency translation reserve	Retained earnings	Total equity
Statement of changes in equity for 01.01.20 - 31.12.20							
Balance as at 01.01.20	2,477	9,096	124,183	13,297	0	-37,197	111,856
Foreign currency translation adjustment of foreign enterprises	0	0	5,336	0	-2,501	0	2,835
Other changes in equity	0	0	0	0	0	2,169	2,169
Transfers to/from other reserves	0	0	0	-131	0	131	0
Net profit/loss for the year	0	0	45,160	0	0	-8,648	36,512
Balance as at 31.12.20	2,477	9,096	174,679	13,166	-2,501	-43,545	153,372

	2020 DKK '000	2019 DKK '000
1. Staff costs		
Wages and salaries	23,750	26,229
Pensions	815	437
Other social security costs	131	-84
Other staff costs	819	1,087
Total	25,515	27,669
Average number of employees during the year	41	39

Remuneration for the management:

No remuneration has been paid to the Board of Directors. According to the Danish Financial Statements Act section 98b, remuneration to the Executive Board (one person) is not disclosed.

Two members of the Board of Directors are contractually employed by related parties within the Playtech group. Their remuneration does not relate to the work regarding Consolidated Financial Holdings A/S. No remuneration is recharged to Consolidated Financial Holdings A/S.

2. Financial income

Interest, group enterprises	893	0
Foreign exchange gains	0	180
Total	893	180

	2020 DKK '000	2019 DKK '000
3. Financial expenses		
Interest, group enterprises	5,764	5,875
Foreign exchange losses	9,117	7,482
Other financial expenses	261	295
Other financial expenses total	9,378	7,777
Total	15,142	13,652

4. Tax on profit or loss for the year

Tax on profit or loss for the year	1,888	247
Adjustment of deferred tax for the year	-246	425
Total	1,642	672

5. Distribution of net profit

Reserve for net revaluation according to the equity method	45,160	42,736
Retained earnings	-8,648	2,230
Total	36,512	44,966

6. Intangible assets

Figures in DKK '000	Completed development projects
Cost as at 01.01.20	41,815
Additions during the year	10,247
Cost as at 31.12.20	52,062
Amortisation and impairment losses as at 01.01.20	-24,767
Amortisation during the year	-10,415
Amortisation and impairment losses as at 31.12.20	-35,182
Carrying amount as at 31.12.20	16,880

Development costs are measured at cost. Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

We have researched and developed a number of new project initiatives during 2020. Two of which are due to be released early 2021 and will be available to any future clients in 2021. These are developments to our proprietary trading software used for the provision of liquidity of foreign exchange and will generate additional revenue in the subsequent years.

The research and development costs associated with these new software's have been recognised and capitalized at amortized cost and they are fully expected to continue to generate significant revenue in 2021 and future years.

7. Property, plant and equipment

Figures in DKK '000	Land and buildings	Leasehold improvements	Other fixtures and fittings, tools and equipment
Cost as at 01.01.20	7,883	305	10,724
Additions during the year	215	0	1,526
Cost as at 31.12.20	8,098	305	12,250
Depreciation and impairment losses as at 01.01.20	-3,231	-127	-8,332
Depreciation during the year	-1,066	-68	-2,027
Depreciation and impairment losses as at 31.12.20	-4,297	-195	-10,359
Carrying amount as at 31.12.20	3,801	110	1,891
Carrying amount of assets held under finance leases as at 31.12.20	3,801	0	0

8. Equity investments in group enterprises

Figures in DKK '000	Equity investments in group enterprises
Cost as at 01.01.20	93,300
Cost as at 31.12.20	93,300
Revaluations as at 01.01.20	124,183
Foreign currency translation adjustment of foreign enterprises	5,336
Net profit/loss from equity investments	45,160
Revaluations as at 31.12.20	174,679
Carrying amount as at 31.12.20	267,979

Name and registered office:	Ownership interest	Equity DKK '000	Net profit/loss for the year DKK '000	Recognised value DKK '000
Subsidiaries:				
CFH Clearing Ltd., London	100%	257,973	43,616	257,973
CFH Singapore PTE Ltd, Singapore	100%	10,006	1,544	10,006

9. Other non-current financial assets

Figures in DKK '000	Deposits
Cost as at 01.01.20	478
Additions during the year	14
Cost as at 31.12.20	492
Carrying amount as at 31.12.20	492

10. Share capital

The share capital consists of:

	Quantity	Total nominal value
Share capital	2,477,413	2,477,413
	31.12.20 DKK '000	31.12.19 DKK '000

11. Deferred tax

Deferred tax as at 01.01.20	3,352	2,926
Deferred tax recognised in the income statement	-247	425
Deferred tax as at 31.12.20	3,105	3,351

12. Long-term payables

Figures in DKK '000	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.20	Total payables at 31.12.19
Other payables	1,145	2,047	6,266	5,563
Total	1,145	2,047	6,266	5,563

13. Contingent liabilities

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on jointly taxed income etc. of the Group. The total amount of corporation tax payable is disclosed in the annual report of Consolidated Financial Holdings A/S, which is the management company of the joint taxation. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the company's liability.

The Company has affected an re-establishment obligation. The obligation is not yet possible to calculate for a reliable amount.

14. Related parties

Controlling influence	Basis of influence
PlayTech Plc, Ground Floor St. Georges Court, Upper Church Street Douglas Isle of Man IM1 1EE United Kingdom	Ultimate Parent Company
	31.12.20
Balances	DKK '000
Payables to group enterprises	-123,720

Receivables from group companies recognised under current assets and short-term payables to group enterprises consist of balances which are settled on an ongoing basis and in accordance with the company's standard terms of agreement and payment. No write-downs have been made on the receivables.

The company is included in the consolidated financial statements of the parent PlayTech Plc, Ground Floor St. Georges Court, Upper Church Street Douglas Isle of Man IM1 1EE United Kingdom.

15. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for medium-sized enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

In accordance with section 112 of the Danish Financial Statements Act, the company has not prepared consolidated financial statements. The company is a subsidiary of PlayTech Plc, Ground Floor St. Georges Court, Upper Church Street Douglas Isle of Man IM1 1EE United Kingdom, CVR no. , which prepares consolidated financial statements.

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.

LEASES

Leases relating to assets where the company has substantially all the risks and benefits incidental to the ownership of the asset (finance leases) are recognised in the balance sheet. On initial recognition, assets held under finance leases and related lease commitments are measured at the lower of the fair value of the leased asset and the present value of future lease payments. Subsequently, assets held under finance leases are treated like other similar assets.

15. Accounting policies - continued -

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as payables. Subsequent to initial recognition, lease commitments are measured at amortised cost according to which the interest element of the lease payment is recognised in the income statement over the lease term.

15. Accounting policies - continued -**INCOME STATEMENT****Gross profit**

Gross profit comprises revenue and raw materials and consumables and other external expenses.

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.

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.

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.

15. Accounting policies - continued -**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
Completed development projects	3	0
Buildings	8	0
Leasehold improvements	3-5	0
Other plant, fixtures and fittings, tools and equipment	3-5	0

Land is not depreciated.

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

For equity investments in equity investments in subsidiaries, 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.

Income from equity investments in equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

15. Accounting policies - continued -**Other net financials**

Interest income and interest expenses, the interest element of finance lease payments etc. are recognised in other net financials.

15. Accounting policies - continued -**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 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.

15. Accounting policies - continued -**BALANCE SHEET****Intangible assets***Completed development projects*

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Completed development projects are 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 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, leasehold improvements 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 separately if the useful lives of the individual components vary.

15. Accounting policies - continued -

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 enterprises

Equity investments in subsidiaries are recognised and measured according to the equity method. For equity investments in subsidiaries, the equity method is considered a measurement method.

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments.

Under subsequent recognition and measurement of equity investments according to the equity method, 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 goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

For equity investments measured according to the equity method, the proportionate share of the equity investments' equity value is determined according to the accounting policies of the parent, stated in the other sections. Equity value is also based on the following accounting policies:

[Indsæt redegørelse for anvendt regnskabspraksis for væsentlige områder i dattervirksomheder, associerede virksomheder og/eller kapitalinteresser, som ikke allerede fremgår af den regnskabsaflæggende virksomheds regnskabspraksis]

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

15. Accounting policies - continued -**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 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.

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.

Cash

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

Equity

The net revaluation of equity investments measured according to the equity method is recognized in the net revaluation reserve in equity according to the equity method to the

15. Accounting policies - continued -

extent that the carrying amount exceeds the cost.

An amount equivalent to internally generated development costs in the balance sheet is recognised in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

Unrealised foreign currency gains and losses from the translation of the net investment in independent foreign entities are recognised in equity under the foreign currency translation reserve. The reserve is dissolved when the independent foreign entities are disposed of.

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

Long-term payables are measured at cost at the time of contracting such liabilities (raising

15. Accounting policies - continued -

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 value of such payables.

CASH FLOW STATEMENT

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared as the enterprise is included in the consolidated cash flow statement.