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Bagger-Sørensen & Co. A/S

Lysholt Allé 10

7100 Vejle

Reg. no. 51 45 23 13

Annual report for 2018

The annual report was presented and approved at the company's General Meeting on 28 March 2019

Hans-Henrik Eriksen
Chairman

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Management endorsement

The board and the director have, on this day's date, discussed and approved the annual report for the financial year 1 January - 31 December 2018 for Bagger-Sørensen & Co. A/S.

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

In our opinion, the consolidated and annual financial statements are in accordance with the Financial Statements Act and provide an accurate representation of the company and group's assets, liabilities and financial position as of 31 December 2018, as well as the company and group's activities and the company's cash flow for the financial year 1 January - 31 December 2018.

In our opinion, the management report contains an accurate account of the conditions, reports and deals.

The annual report is submitted for approval at the General Meeting.

Vejle, 28 March 2019

Director

Hans-Henrik Eriksen

Board

Steen Bagger-Sørensen
formand
Steen Bagger-Sørensen
Chairman

Erik G. Hansen
Vice chairman

Claus Bagger-Sørensen

The independent auditor's audit endorsement

To the shareholders in Bagger-Sørensen & Co. A/S
Conclusion

We have audited the consolidated and annual financial statements for Bagger-Sørensen & Co. A/S for the financial year 1 January - 31 December 2018, which includes the utilised accounting policies, income statement, balance, equity statement and notes for the company as well as the group and the company's cash flow statement. The consolidated and annual financial statements are prepared in accordance with the Financial Statements Act.

In our opinion, the consolidated and annual financial statements are in accordance with the Financial Statements Act and provide an accurate representation of the company and group's assets, liabilities and financial position as of 31 December 2018, as well as the company and group's activities and the company's cash flow for the financial year 1 January - 31 December 2018.

Basis for conclusion

We have conducted an audit in line with the international standards for auditing and the additional requirements applicable in Denmark. Our responsibility regarding these standards and requirements is described in detail in the auditing endorsement section "Auditor's responsibility for auditing the consolidated and annual financial statement." In accordance with international ethical regulations for auditors (IESBA's ethical regulations) and the other applicable requirements in Denmark, we are independent of the company and we have also fulfilled our other ethical duties regarding these regulations and requirements. In our opinion, the final auditing evidence is sufficient and suitable as a basis for our conclusion.

Management's responsibility regarding the consolidated and annual financial statements

Management is responsible for the preparation of the consolidated and annual financial statements, which provide an accurate representation as set out in the Financial Statements Act. Management is further responsible for the internal checks, which management deems necessary for the preparation of the consolidated and annual financial statements in order to avoid significant errors, regardless of whether these errors are due to fraud or mistake.

During the preparation of the consolidated and annual financial statements, management is responsible for the evaluation of the company and group's ability to ensure continued operations; to inform of any conditions affecting operations where relevant, and to prepare the consolidated and annual financial statements on the basis of the accounting principle of continued operations, unless management intends to liquidate the company or the group, suspend operations or has no other realistic alternative other than to do so.

The independent auditor's audit endorsement

The auditor's responsibility for auditing the consolidated and annual financial statements

Our goal is to reach a high degree of certainty that the consolidated and annual financial statements, in their entirety, do not contain significant errors, regardless of whether these are due to fraud or mistakes and to provide an audit endorsement with a conclusion. A high degree of certainty is a high level of certainty, but it is not a guarantee that the audit, conducted in accordance with international auditing standards and the other requirements applicable in Denmark, will always uncover significant errors if these are found. Errors can occur as a result of fraud or by mistake and can be regarded as significant if it is reasonable to expect that they, individually or overall, could influence the economic decisions taken by account users based on the consolidated and annual financial statements.

As part of the auditing, conducted in accordance with international auditing standards and the other requirements applicable in Denmark, we conduct professional evaluations and retain professional scepticism when auditing. Moreover:

- We identify and evaluate the risk of significant errors in the consolidated and annual financial statements, regardless of whether these are due to fraud or mistakes, and we formulate and conduct auditing procedures in reaction to these risks, gathering sufficient and appropriate auditing evidence to form the basis of our conclusion. The risk of not discovering significant errors due to fraud is higher than not discovering those due to mistakes, as fraud can encompass conspiracy, false documentation, intentional omissions, misguidance or infringement of internal checks.

- We gain an understanding of the internal checks relevant for auditing and the formation of auditing procedures, which are appropriate to the circumstances, however this is not done so as to reach a conclusion regarding the effectiveness of the company and group's internal checks.

- We provide an opinion on whether we consider the accounting policies utilised by the management to be suitable and whether we consider the financial estimates and relevant information prepared by the management to be appropriate.

- We reach a conclusion as to whether the management's preparation of the consolidated and annual financial statements are suitable on the accounting principle of continued operation and whether there is, on the basis of the auditing evidence, significant uncertainty regarding events, or conditions, which could cast substantial doubt regarding the company and group's ability to continue operating. If we conclude that there is significant uncertainty, then we must draw attention to the relevant information in the consolidated and annual financial statements in our auditing endorsement, or, if such information is not sufficient, modify our conclusion. Our conclusions are based on the auditing evidence gathered up until the date of producing an auditing endorsement. Future events or conditions can, however, result in the company and group no longer being able to continue operations.

- We provide an opinion on the overall presentation, structure and content of the consolidated and annual financial statements, including information in the notes and on whether the consolidated and annual financial statements reflect the underlying transactions and events, in such a way as to provide an accurate representation of reality.

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The independent auditor's audit endorsement

- We obtain sufficient and appropriate auditing evidence of financial information for the company's commercial or business activities in order to reach a conclusion about the company's financial statement. We are responsible for leading, supervising and conducting the company audit. We are solely responsible for the auditing conclusion.

We communicate with upper management regarding issues such as the planned extent and timing of the audit, as well as regarding significant auditing observations, including any significant lack of internal checks, which we identify during the audit.

Statement regarding management's report

Management is responsible for management's report.

Our conclusion from the consolidated and annual financial statements does not cover management's report and we do not express any form of conclusion with certainty regarding management's report.

In addition to our audit of the consolidated and annual financial statements, it is our responsibility to read management's report and consider whether it could be significantly inconsistent with the consolidated or annual financial statements or whether the knowledge we obtained from the audit could be considered to contain significant errors.

It is furthermore our responsibility to consider whether management's report contains sufficient information in order to meet the requirements of the Financial Statements Act.

Based on the work conducted, it is our opinion that management's report is in accordance with the consolidated and annual financial statements and has been prepared in accordance with the Financial Statements Act. We have not found any significant errors in management's report.

Aarhus, 28 March 2019

Ernst & Young
Authorised auditing associates
Reg. no. 30 70 02 28

Jes Lauritzen
state-authorised auditor
MNE-no. mne10121

Tom B. Lassen
state-authorised auditor
MNE-no. mne24820

Company information

The company	Bagger-Sørensen & Co. A/S Lysholt Allé 10 7100 Vejle
	Telephone: 49288888
	Reg. no.: 51 45 23 13
	Accounting period: 1 January - 31 December 2018
	Location: Vejle
Board	Steen Bagger-Sørensen, Chairman *Erik G. Hansen, Vice chairman* Claus Bagger-Sørensen
Director	Hans-Henrik Eriksen
Auditors	Ernst & Young Authorised auditing associates Værkmestergade 25 8000 Aarhus C

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Main and key figures

Seen over a 5-year period, the company's development can be documented using the following main and key figures:

	Group				
	2018	2017	2016	2015	2014
Main figures	million kroner	million kroner	million kroner	million kroner	million kroner
Revenue	17	16	16	816	712
Earnings before depreciation and amortisation (EBITDA)	-37	32	-40	143	113
Earnings before financial items	-46	8	-89	13	-7
Earnings from financial items	-127	20	114	37	39
Earnings from discontinued operations after	0	1,377	106	0	0
End of year earnings	-143	1,388	130	35	18
Balance					
Balance sum	3,434	3,462	2,862	2,551	2,373
Investments in tangible assets	-186	-167	-263	-278	-83
Equity	2,921	3,066	1,680	1,651	1,607
Number of employees	26	19	18	658	602
Cash flow from:					
- operations	-42	1,318	190	201	56
- investment operations	-128	-1,111	-195	-324	-115
- financial operations	159	74	-142	91	-24
This year's offsets in liquidity	-11	281	-146	-32	-83
Key figures					
Solvency ratio	85.1%	88.6%	58.7%	64.7%	67.7%
Return on equity	-4.8%	58.5%	7.8%	2.1%	1,1%
Liquidity ratio	657.9%	991.0%	254.0%	211.8%	232.2%

Cash flows given include discontinued operations.

The key figures have been prepared in accordance with the Finance Association's recommendations and guidelines. Please refer to the definitions in the section on utilised accounting policies.

The subsidiary Fertin Pharma A/S was divested in 2017, which is why the earnings for discontinued activities after tax for 2017 and 2016 are shown in a separate line.

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Management's report

The Group's significant operations

As of 31 December 2018, Bagger-Sørensen & Co. A/S is the parent company for the following 100%-owned companies (subsidiaries):

- Gumlink A/S - Owns primary shares in associated businesses.
- Bagger-Sörensen AG – Is not involved in operations.
- Bagger-Sørensen Invest A/S – Real Estate Group, which, amongst other things, lets and manages property developments and sells land.
- Vecata Invest A/S – Operates and develops purchased businesses.

The parent group carries out, amongst other things, the administration of the group's liquid assets.

The development of activities and financial conditions

The Group

The year's net earnings were DKK -143 million, compared with DKK 1.388 million in 2017. Earnings in 2017 were significantly affected by the sale of the former subsidiary Fertin Pharma A/S. The deficit in 2018 is, to a large extent, attributable to the negative development in the financial markets in the fourth quarter of 2018 and losses in affiliated businesses.

Cash flows from operations this year amounted to DKK -42 million, compared with DKK 1.318 million in 2017. The used cash flows from investment operations amounted to DKK -128 million, as opposed to DKK -1.111 million in 2017. Finally, DKK 159 million was used for cash flows from financial operations, as opposed to DKK 74 million in 2017. At the end of the year, cash and cash equivalents less short-term bank loans amounted to DKK 58 million, as opposed to DKK 69 million at the end of 2017.

Below are comments regarding the development in the parent group and relevant subsidiaries.

Bagger-Sorensen & Co A/S (parent group)

The company's net financial expenses amounted to DKK 103 million as opposed to DKK 57 million in 2017, which is a negative difference between 2017 and 2018 of DKK 160 million. The net return for 2018 is estimated to be in line with the general market development for similar portfolios. After the end of the financial year, both markets and the losses in Q4 2018 have been recovered.

The parent company's investment horizon is long-term, which is reflected in the investment strategy. Although tactical portfolio allocations are made on an ongoing basis, the long-term strategy is maintained. In light of this, this year's returns are as expected.

Management's report

Gumlink A/S

Gumlink's most significant activity in 2018 was the ownership of equity interests in affiliated companies. After the end of the financial year, the Company sold the affiliated company TabLabs, and the Polish company Gumpole is in liquidation. Subsequently, the Company's most significant active receivables are from loans from previous company sales.

Bagger-Sörensen AG

Bagger-Sörensen has no significant operations.

Bagger-Sørensen Invest A/S

During the financial year, the real estate group increased its real estate investments, and further development and construction activities were initiated, which is why the activity level in the real estate group is increasing.

Vecata Invest A/S

During the financial year, Vecata Invest disposed of a single portfolio company with no significant gains on book value.

The company's expected development, including special assumptions and uncertain factors.

The company's 2019 statement will be significantly influenced by developments in the financial markets and the development of portfolio companies. The Group's profit is expected to be in the range of DK 50-100 million.

Knowledge resources

One of the company's most important resources is the expertise and knowledge possessed by its employees. A considerable investment is therefore made in developing employee qualifications.

Management's report

Particular risks, including commercial and financial risks

Operational risks

The company's management has conducted an evaluation of the group's risks, including cyber risks. It is the management's view that the necessary procedures for supervising and controlling these risks are in place.

Vecata Invest A/S's investments and interests, including in life science companies, are inherently associated with major risks, which require long development processes and large investments.

Bagger-Sørensen Invest A/S's opportunities and earnings are highly dependent on the general developments in the real estate market and developments in the local area.

The parent group's investments in listed securities, global private equity, property and infrastructure funds are included in the annual statement at market value. The company is therefore exposed to the global developments in market value for these activities.

Currency risks

The Group conducts currency hedging of corporate bonds in USD. Other assets in foreign currency are not hedged, which is why the Group has a foreign exchange risk on these assets.

Interest risks

As a result of the group owning securities and liquid assets, and as it has taken on external financing for operation and capital expenditures, the group is exposed to interest and exchange risks.

Credit risks

Where deemed necessary, credit assessments are conducted on an ongoing basis for customers and tenants where relevant.

Research and development operations in or for the company

The group has only limited research and development activities.

The year's earnings compared with the most recently published expectations

The Group's 2018 earnings were significantly affected by the negative development in the financial market, and earnings are therefore significantly lower than expected, cf. the annual report for 2017.

Management's report

Statutory statement on corporate social responsibility

At the beginning of 2017, the Group disposed of the majority of its operating activities and thus the parent company is currently an investment firm with limited independent operating activities. The group therefore has no set policies for corporate social responsibility, including human rights, climate and environmental impacts, social conditions, employee relations and anti-corruption. It remains the group's goal, however, to develop and operate the group in a socially responsible manner.

Following the divestment of the Group's primary operating activities in 2017, no new business model has been prepared for the Group in which the activity consists primarily of capital investment in properties and securities.

Environmental Policies

The Company does not have a written environmental policy, cf. above.

Social and Employee Relations Policies

The Company does not have a written social policy, cf. above, however, it does have an employee handbook.

Human Rights Policies

The Company does not have a written human rights policy, cf. above.

Anti-Corruption and Bribery Policies

The Company does not have an anti-corruption or bribery policy, cf. above.

Statutory statement on the under-represented sex

No changes were made to the composition of management in 2018, of which the under-represented sex is 0%.
The Board of Directors has a consisted for a number of years of three people, of which two are the company's main shareholders and an external member. All board members are men.

The goal previously is that the under-represented sex should amount to approximately 40 percent of the top leadership and that this should be accomplished by expanding the Board. Following the sale of the company's most significant operating company in early 2017, due to the company's future-oriented limited activities, it is no longer relevant to expand the Board, nor is it desirable to change the composition of the well-functioning Board. However, the target for the under-represented sex by 2021 remains approximately 40 percent of the Board members.

Management's report

Significant events, which occurred after the end of the financial year

After the end of the financial year, the company disposed of the affiliated company, TabLabs. The sale was made at a profit, which is recognised as revenue in 2019.

No other events occurred after the end of the financial year, which could significantly affect the Group's financial position.

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Utilised accounting policies

The 2018 annual financial statement for Bagger-Sørensen & Co. A/S is presented in accordance with the Financial Statements Act's provisions for large companies in accounting class C.

The accounting policies applied are unchanged in regards to last year, with the exception of a few reclassifications in the cash flow statement, cf. below.

Change in applied accounting policies

The company has reclassified securities and short-term banking facilities in the cash flow statement for the financial year due to a clarified interpretation. Previously, securities and short-term banking facilities were presented as part of the company's liquid assets, and in the future, they will be presented as part of investment and financing activity respectively. The comparison figures for 2017 have been adjusted accordingly. The Company's securities as of 31 December 2018 are DKK 1,962 million and DKK 2,204 million in 2017, while the Company's short-term banking facilities as of 31 December 2018 amount to DKK 235 million and DKK 109 million in 2017.

General notes regarding inclusion and valuations

As it generates revenue, income is included in the income statement. Moreover, value adjustments from financial assets and liabilities are included. All costs, including depreciations and amortisations are also included in the income statement.

Assets are included in the balance if it is likely that future economic benefits will flow over to the company and the parent group and if the asset's value can be valued reliably.

Liabilities are included in the balance if it is likely that future economic benefits will flow from the group and the parent group and if the liability's value can be valued reliably.

Upon initial inclusion, assets and liabilities are valued at cost price. Subsequently, assets and liabilities are valued as described in each individual section of the statement below.

Certain financial assets and liabilities are valued at amortised cost price, whereby a constant effective interest is included across the maturity period. The amortised cost price is calculated as the original cost price minus any instalments, as well as the addition/deduction of accumulated amortisation from the difference between the cost price and the nominal sum.

Upon inclusion and valuation, predictable losses and risks, which occur prior to the annual financial statement's presentation and which confirm or refute conditions existing on the balance day, are taken into account.

Utilised accounting policies

The consolidated financial statement

The consolidated financial statement includes the parent company Bagger-Sørensen & Co. A/S and its subsidiaries, for which Bagger-Sørensen & Co. A/S either directly or indirectly owns more than 50% of the voting rights or has decisive influence by other means. Companies for which the group owns between 20% and 50% of the voting rights and exercises significant but not decisive influence are regarded as associated companies.

Upon consolidation, company internal income and costs, shareholdings, internal intermediaries and dividends, as well as realised and unrealised gains and losses through transactions between consolidated companies are eliminated.

Equity shares in subsidiaries are compensated by the appropriate share of the subsidiary's fair value from net assets and liabilities at the point of acquisition.

Recently acquired or recently founded companies are included in the consolidated financial statement from the point of acquisition. Sold or liquidated companies are included in the consolidated income statement until the point of divestment. Comparative figures are not adjusted for recently acquired, sold or liquidated companies.

Utilised accounting policies

Company mergers

Recently acquired or recently founded companies are included in the consolidated statement from the point of acquisition. Sold or liquidated companies are included in the consolidated income statement until the point of divestment. Comparative figures are not adjusted for recently acquired, sold or liquidated companies.

Gains or losses from the divestment of subsidiaries and associated companies are calculated as the difference between the divestment sum and the accountable value of net assets at the point of sale, including depreciated goodwill and expected costs for sale and divestment.

Upon purchasing new companies, the take over method is used, whereby the recently purchased companies' identified assets and liabilities are valued at fair value at the point of take over. Costs for restructuring, which are included in the company taken over prior to the day of take over, and which are not agreed upon as a part of the company's transfer, are included in the take over balance and thereby also in the establishment of goodwill. Restructuring undertaken by the company taken over, is included in the income statement. The tax effect of the re-evaluations conducted is taken into account.

Positive differences (goodwill) between the cost price and the fair price of the identified assets and liabilities of the company taken over are included as intangible assets and are depreciated systematically in the income statement after individual evaluation of their economic lifespans.

Negative differences (negative goodwill) are included as income in the income statement from the point of takeover, provided that the general requirements for income inclusion are met. Historic badwill listed prior to 1 January 2016, is included in the long-term debt obligations and depreciated over their evaluated economic lifespan, although by a maximum of 20 years.

Goodwill and negative goodwill from acquired companies can be adjusted until 12 months after the takeover.

Group internal company mergers

When merging group internal companies, the book value method is used, whereby the divested company's identified assets and liabilities are valued using accounting values at the time of the decision to transfer.

Minority shareholders

Subsidiary company items are 100% included in the consolidated financial statement. Minority shareholders' proportional share of the subsidiaries' profits and equity are presented separately in the profit distribution and in a separate section under equity.

Utilised accounting policies

Income statement

Revenue

Income from the sale of commodities and finished products are included in the income statement if the risk transfer, normally upon the point of delivery to the buyer, has taken place and if the income can be calculated reliably and is expected to be received.

Revenue is valued at the fair value of the agreed renumeration ex. VAT and taxes levied on behalf of the third party. All forms of discount given are included in the revenue.

Work carried out at own expense and under assets

Work carried out at own expense and under assets covers internal hours relating to intangible and tangible fixed assets.

Expenses for raw and auxiliary materials

Expenses for raw and auxiliary materials include the consumption of raw materials and auxiliary materials, which are used to generate the annual revenue.

Other financial income

Other financial income includes sections of a secondary nature relating to company operations.

Other financial expenses

Other financial expenses includes sections of a secondary nature relating to company operations.

Other financial expenses

Other external expenses cover expenses for distribution, sale, advertising, administration, premises, losses to debtors, operational leasing costs, etc.

Other external expenses also covers research and development expenses, which do not meet the criteria for activation.

Personnel Expenses

Personnel expenses cover salary and wages, including holiday pay, pensions and other expenses for the company's employees' social security, etc. Personnel expenses given include allowances provided by public authorities.

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Utilised accounting policies

Amortisation and Depreciation

Amortisation and depreciation include the annual amortisation and depreciation of intangible and tangible fixed assets.

Financial Income and Expenses

Financial income and expenses are included in the financial statement with the sums, which are relevant for the financial year. Financial items include interest gains and expenses, financial expenses from leasing, realised and unrealised exchange rate gains and losses from securities, debt and transactions in foreign currency, amortisation of real credit loans, as well as supplements and allowances from the account tax schemes, etc.

Earnings from equity shares in subsidiary companies and associated companies

The appropriate share of the individual subsidiary companies' income is included in the parent company's income statement after tax and full elimination of internal gains/losses.

In both the consolidated and the parent company's income statements, the appropriate share of the associated companies' income after tax and elimination of the appropriate share of internal gains/losses is included.

Income tax expenses

The parent company is subject to the Danish rules regarding joint taxation of the group's Danish subsidiaries. Subsidiaries are included in the joint taxation from the point of consolidation in the consolidated financial statement up until the point that they are no longer consolidated.

The parent company is the administrative group responsible for joint taxation and as a result settles all of the group's payments to the tax authorities.

The relevant Danish company tax is divided between the jointly taxed companies in relation to their taxable incomes at the point of paying joint taxation contributions. In relation to this, companies with fiscal deficits receive joint taxation contributions from companies, which have been able to use this deficit to reduce their own fiscal surplus.

Annual tax, which consists of the current annual company tax and changes to postponed tax, is included in the income statement with the part, which can be attributed to the year's income and directly under equity with the part, which can be attributed to items directly under equity.

Utilised accounting policies

Balance

Intangible Fixed Assets

Goodwill

Positive differences (goodwill) between cost price and fair value of identified assets and liabilities taken over, including provisions for restructuring, are included under intangible assets and are depreciated throughout the income statement after individual evaluation of their economic lifespan. Goodwill from acquired businesses can be adjusted until the end of the year after acquisition.

The accountable value of goodwill is constantly evaluated and amortised at recovery value throughout the income statement, so long as the accountable value exceeds the expected future net income from the company or activity to which the goodwill is related.

Development projects, patents and licences

Development costs include expenses, wages and depreciations, which can be directly attributed to the group's development operations.

Development projects, which are clearly defined and identifiable, and where technical feasibility, sufficient resources and a potential future market or development potential in the business can be evidenced, and where there is intent to manufacture, promote or use the project, are included under intangible assets, if the cost price can be calculated reliably and if there is a sufficient guarantee that the future revenue from these can cover the costs for production, sales, administration and development. Further development costs are included in the income statement, after the costs have been incurred.

Development projects, which are included in the balance, are valued at cost price with the deduction of accumulated depreciations and amortisations.

After completing the development work, the development costs are depreciated equally over their evaluated economic lifespan. The depreciation period is normally 5 years.

Patents and licences are valued at cost price, with the deduction of accumulated depreciations and amortisations. Patents are depreciated equally over the remaining patent term and licences are depreciated over the agreement period, although by a maximum of 20 years.

Gains and losses through the sale of development projects, patents and licences are calculated as the difference between the sales price minus the sales costs and the accountable value at the time of sale. Gains or losses are included in the income statement under depreciations and amortisations.

Utilised accounting policies

Tangible Fixed Assets

Land, buildings, production facilities and machines, as well as other facilities, operation material and inventory are valued at cost price minus the accumulated depreciations and amortisations. Land is not depreciated.

The depreciation basis is calculated taking into account the asset's remaining value at the end of its lifespan and is reduced by further possible amortisations. The depreciation term and the remaining value are established at the point of acquisition and are re-evaluated annually. If the remaining value exceeds the asset's accountable value, then depreciation is discontinued.

Upon change of the depreciation term or the remaining value, the depreciations will be included with prospective effect as a change in the accounting estimates.

Cost price covers the acquisition price and other costs directly related to the acquisition until the point at which the asset is ready for use. For own-generated assets, the cost price covers direct and indirect costs for materials, components, sub-contractors and salaries.

Interest costs on loans taken out for the direct financing of the manufacture of tangible assets are included in the cost price over the manufacturing period. All indirectly attributable loan costs are included in the income statement.

The cost price of a whole asset is divided into separate components, which are depreciated individually if the lifespan of the individual components is different.

Equal depreciations are conducted based on the following evaluation of assets' expected lifespans and remaining values:

	Lifespan	
Buildings	7-70	years
Production facilities and machines	5-23	years
Other facilities, operation material and inventory	3-5	years
Furnishing of rented premises	6-30	years

Gains or losses from the sale of property, plants and equipment are included in the income statement under other operating income and other operating expenses, respectively.

Equity in subsidiaries and associated companies

Equity shares in the subsidiaries and associated companies are valued at the appropriate share of the companies' internal value, calculated based on the company's accounting policies with deductions or supplements for unrealised company internal gains and losses and with supplements or deductions for the remaining value from positive or negative goodwill, calculated using the takeover method.

Utilised accounting policies

Equity shares in the subsidiary and associated companies with accountable negative internal value are valued at DKK 0 and any outstanding credit in these companies is amortised in the event that the credit is irrecoverable. In the event that the parent company has a legal or actual liability to cover the deficit, which exceeds the credit, the remaining balance will be included under provisions.

Net revaluation of equity shares in subsidiary companies and associated companies are amalgamated as reserves for net revaluation using the internal value method under equity in cases where the accountable value exceeds the cost price. Dividends from the subsidiaries, which are expected to be adopted before the approval of the annual report for Bagger-Sørensen & Co. A/S are not amalgamated with the revaluation reserve.

When purchasing companies, the take over method is used in line with the above description under the goodwill statement.

Other securities and equity shares, fixed assets

Other securities consist of publicly traded and unlisted shares, which are regarded as long-term investments by management. Publicly traded and unlisted shares are valued at fair value. The fair value of unlisted shares is calculated on the basis of current market data and recognised valuation methods for unlisted shares (level 3 in the fair value hierarchy). Realised and unrealised exchange rate gains and losses are included in the income statement.

Impairment of fixed asset value

The carrying amount of intangible and tangible fixed assets, as well as equity shares in subsidiaries and associated companies, are assessed annually for indications of impairment, in addition to predicted depreciation.

Should there be any indications of impairment, then each individual asset and each group of assets will be subject to an amortisation test. Assets are amortised to recovery value if this is lower than the carrying amount.

The recovery value is the highest value of the net sale price and capital value. The capital value consists of the current value of the expected net cash flows from use of the asset or group of assets and the expected net cash flows from the sale of the asset or group of assets after its lifespan.

Inventories

Inventories are calculated at cost price using the FIFO method. If the net realised value is lower than the cost price, then the inventories are amortised to their lower value.

The cost price for trade goods, raw goods and auxiliary materials covers the purchase price plus any delivery costs.

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Utilised accounting policies

The cost price for manufactured final products, as well as goods being manufactured, covers the cost price for the raw goods, auxiliary materials, direct salary and indirect production costs.

Indirect production costs include intangible assets and salaries, as well as maintenance and depreciation of the machines used in the production process, factory buildings, equipment and costs for factory administration and management. Loan costs are not included in the cost price.

The net realised value of inventories is calculated at sale price minus the completion costs and the costs incurred to effectuate the sale. The value is obtained by taking into account the inventories' marketability, obsolescence and expected sale price developments.

Receivables

Receivables are calculated at amortised cost price.

Amortisation is carried out when tackling loss if there is believed to be an objective indication that a receivable or a portfolio of receivables has impaired value. If there is an objective indication that an individual receivable has impaired value, then individual amortisation will be conducted.

Amortisations are calculated as the difference between the accountable value of receivables and the current value of the expected cash flows, including the realisation value of any received collaterals. The effective interest of the individual receivable or portfolio is used as a discount rate.

Prepayments

Prepayments, included under current assets, includes the costs incurred, which affect the following financial year.

Securities and equity shares

Securities and equity shares, which consist of publicly traded assets and liabilities, are calculated at fair value on the balance day. Non-publicly traded securities are calculated at fair value, based on their calculated capitalisation.

Equity

Yield

Proposed dividends are shown as a separate item under equity. Dividends are recognised as a liability at the time of adoption at the general meeting.

Utilised accounting policies

Corporate and deferred tax

Bagger-Sørensen & Co. A/S is responsible as the administrative company for the subsidiaries' corporate tax due to the tax authorities.

Current tax obligations and current receivable tax are included in the balance as calculated tax from the year's taxable income, adjusted for the tax of previous years' taxable income and already paid account taxes.
Deferred tax is calculated using the balance-oriented debt method of temporary differences between the accountable and taxable value of assets and liabilities, based on their intended use or the liability's development.

Deferred tax assets, including the tax value of deferrable tax deficits, are calculated to the value at which the asset is expected to be realised, either by compensation in the taxation of future revenue or by offsetting deferred tax obligations within the same legal tax authority. Any deferred net tax assets are calculated to net realisation value.

Deferred tax is calculated on the basis of the tax regulations and rates for their respective countries, which become legally valid on the balance sheet day when the deferred tax is expected to become current tax. Changes in deferred tax from changes in tax rates are included in the income statement, apart from items, which are directly included under equity.

Short-term liabilities

Financial liabilities are included for borrowings at the received amount minus the costs incurred for the transaction. For future periods, the financial liabilities are to be calculated at amortised cost price, equating to the capitalised value using the effective rate, so that the difference between the received amount and the nominal value is included in the income statement over the borrowing period.

Prioritised debt is valued at the amortised cost price, which for cash loans equates to the loan's remaining debt. For debenture loans, the amortised cost price equates to the remaining debt, calculated as the loan's underlying cash value at the point of taking the loan, adjusted for the repayment period with an amortisation of the loan's price adjustment at the point of taking the loan.

Further debt liabilities, which include debt to contractors, affiliated companies and other debt, is calculated at amortised cost price, which normally equates to the nominal value.

Assets relating to discontinued operations

Assets relating to discontinued operations include assets, which are expected to be divested in relation to discontinued operations. Assets are divested together upon sale or through similar transactions. Liabilities from assets relating to discontinued operations are liabilities directly connected with these assets, which will be transferred through the transaction. Assets are classified as assets relating to discontinued operations if their accountable value will be primarily reclaimed through sale within 12 months as part of a formal plan and not through continued use.

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Utilised accounting policies

Assets relating to discontinued operations are valued at their lowest accountable value at the time of classification as discontinued operations and at fair value with the deduction of sales costs. Assets are not depreciated or amortised from the point of classification as discontinued operations.

Presentation of discontinued operations

Discontinued operations comprise activities which constitute a significant part of the business if operations, in which activities and cash flows can be operationally and accountably separated from the rest of the business, and when the unit has either been designated for sale and the sale is expected to be conducted within a year according to a formal plan. Discontinued operations also include companies, which are designated for sale in relation to the acquisition.

Income after tax from discontinued operations and value adjustments after tax from related assets and liabilities, as well as gains/losses from the sale, are presented in a separate line in the income statement without adjustment of the comparative figures. Net revenue, expenses and tax from discontinued operations are included in the notes. Assets and related liabilities from discontinued operations are separated into designated lines in the balance without adjustment of the comparative figures and the main items are specified in the notes.

Prepayments

Prepayments, recognised under current liabilities, include payments received on income from subsequent years.

Conversion of foreign currency

Upon initial inclusion, transactions in foreign currency are converted using the exchange rate on the day of the transaction. Exchange rate differences, which occur between the rate on the day of the transaction and the rate on the day of payment, are included in the income statement as a financial item. If the currency positions are considered security for future cash flows, then the value adjustments are included directly under equity.

Receivables, debt and other monetary items in foreign currency are converted using the exchange rate on the balance sheet date. The difference between the rate on the balance sheet date and the rate at the point of incurring the receivable or debt liability or its calculation in a recent year's financial statement, is included in the income statement under financial income and expenses.

Fixed assets, which are purchased in a foreign currency are calculated using the exchange rate on the day of the transaction.

Foreign subsidiaries and associated companies are regarded as independent entities. Income statements are converted to an average exchange rate for the month and balance items are converted to the exchange rate on the balance sheet day. Exchange differences incurred as a result of converting foreign subsidiaries' and affiliated companies' equity at the start of the year to the balance sheet day rate and differences incurred from converting the income statement of average rates to the balance sheet day rate are included directly under equity.

Utilised accounting policies

Exchange rate adjustments for outstanding balances to independent foreign subsidiaries and affiliated companies, which are considered as part of the combined investment in the subsidiary, are included directly under equity. Similarly, gains and losses from exchange rates on loans and secondary financial instruments used as security for the net investments in foreign subsidiaries and affiliated companies are included directly under equity.

Secondary financial instruments

Secondary financial instruments are initially included in the balance at cost price and thereafter calculated at fair value. Positive and negative fair values from secondary financial instruments are included in other receivables and debts.

Changes in the fair value of secondary financial instruments, which are classified as and meet the criteria for being security of the fair value of an included asset or liability, are included in the financial statement together with changes in the fair value of the secured asset or the secured liability.

Changes in the fair value of secondary financial instruments, which are classified as and meet the conditions for being securities for future cash flows, are included in other receivables or debts and under equity. Should the future transaction result in the inclusion of assets or liabilities, then the amount, which was previously included under equity, is transferred to the cost price of the asset or liability. Should the future transaction result in income or expenses, then the amount, which was previously included under equity, is transferred to the income statement for the period in which the security has an effect.

For secondary financial instruments, which do not meet the conditions for consideration as instruments of security, the changes will be continually included at fair value in the income statement.

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Utilised accounting policies

Cash flow statement

The cash flow statement shows the company's cash flows divided between operational, investment and financial activity for the year, the year's displacement in liquidities and the company's liquidities at the start and end of the year.

The cash flow effect from purchasing and selling companies is displayed separately under cash flows from investment activity. In the cash flow statement, cash flows from purchased companies are included from the point of acquisition and cash flows from sold companies are included up until the point of sale.

Cash flow from operations

Cash flows from operations are calculated as the company's share of the income, adjusted for non-cash operational items, changes in operational capital and paid corporate tax.

Cash flow from investment operations

Cash flows from investment operations include payments in connection with the purchase and sale of companies and operations, as well as the purchase and sale of intangible, tangible and financial fixed assets.

Cash flow from financial operations

Cash flows from financial operations include changes in the size of composition of the company's share capital and costs connected with this, as well as any loans taken, repayments on interest-bearing debts and payments of yield to subsidiaries.

Liquidities

Cash and cash equivalents include cash and short-term securities with a maturity of less than 3 months, which can be converted into cash and cash equivalents, and for which there are only insignificant risks of changes in value.

Main and key figures

Explanation of key figures

Solvency ratio $$\frac{\text{Final equity x 100}}{\text{Total final assets}}$$

Return on equity $$\frac{\text{Ordinary profit after tax x 100}}{\text{Average equity}}$$

Liquidity ratio $$\frac{\text{Current assets x 100}}{\text{Short-term debt}}$$

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Income statement 1 January - 31 December

	Note	Group 2018 thousand kroner	Group 2017 thousand kroner	Parent Company 2018 thousand kroner	Parent Company 2017 thousand kroner
Revenue	1	**16,526**	**15,507**	**3,645**	**98**
Work carried out at own expense and under assets		604	603	0	0
Other financial income		6,797	72,312	4	0
Expenses for raw and auxiliary materials		0	-779	0	0
Other financial expenses	2	-25,423	-29,826	-8,250	-11,393
Gross earnings		**-1,496**	**57,817**	**-4,601**	**-11,295**
Personnel Expenses	3	-35,089	-26,128	-25,418	**-14,818**
Earnings before depreciation and amortisation (EBITDA)		**-36,585**	**31,689**	**-30,019**	**-26,113**
Deprecations and amortisations of intangible and tangible fixed assets		-9,189	-23,409	-491	-541
Earnings before financial items		**-45,774**	**8,280**	**-30,510**	**-26,654**
Income from equity shares in affiliated companies		0	0	-5,604	13,682
Income from investments in associated companies		-29,168	-8,221	-31,160	-10,416
Financial Income	4	152,791	144,085	142,703	133,851
Financial Expenses	5	-250,288	-115,827	-245,031	-77,136
Earnings before tax		**-172,439**	**28,317**	**-169,602**	**33,327**
Income tax expenses	6	29,139	-17,754	26,467	-21,572
Earnings from discontinued operations		**-143,300**	**10,563**	**-143,135**	**11,755**
Year's earnings from discontinued operations		0	1,377,099	0	1,377,099
End of year earnings		**-143,300**	**1,387,662**	**-143,135**	**1,388,854**
Net Earnings	7				

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Balance 31 December

	Note	Group 2018 thousand kroner	Group 2017 thousand kroner	Parent Company 2018 thousand kroner	Parent Company 2017 thousand kroner
Assets					
Completed development projects		0	0	0	0
Patents and Licence Rights		124	202	0	0
Goodwill		3,301	4,229	0	0
Development projects under		40,641	39,881	0	0
Software		0	0	0	0
Intangible Fixed Assets	**8**	**44,066**	**44,312**	**0**	**0**
Land and buildings		489,865	451,755	30,866	31,086
Production facilities and machines		1,836	902	0	0
Other facilities, operation material and inventory		2,500	2,023	1,125	1,224
Tangible fixed assets under construction		176,067	40,418	0	0
Tangible Fixed Assets	9	**670,268**	**495,098**	**31,991**	**32,310**
Investments in affiliated companies	10	0	0	556,054	538,044
Investments in associated companies	11	397,308	400,812	369,511	374,692
Receivables from associated companies	12	10,809	6,058	0	0
Other securities and equity shares	12	15,384	0	15,384	0
Other receivables	12	177,824	172,284	6,446	0
Financial Fixed Assets		**601,325**	**579,154**	**947,395**	**912,736**
Fixed assets in total		**1,315,659**	**1,118,564**	**979,386**	**945,046**

Balance 31 December (Cont'd)

	Note	Group 2018 thousand kroner	Group 2017 thousand kroner	Parent Company 2018 thousand kroner	Parent Company 2017 thousand kroner
Assets					
Final products and trade goods		*123*	*125*	*0*	*0*
Inventories		**123**	**125**	**0**	**0**
Receivables from sales and services		3,597	3,686	2,915	43
Receivables from affiliated companies		0	0	173,743	56,337
Receivables from associated companies		4,688	2,757	0	0
Other receivables		58,277	58,601	47,071	37,047
Deferred tax assets	14	24,282	0	25,600	1,203
Corporate tax		5,448	4,315	4,863	0
Prepayments		1,493	114	673	89
Receivables		**97,790**	**69,473**	**256,866**	**94,719**
Securities		1,962,288	2,204,420	1,962,280	2,204,415
Securities		**1,962,288**	**2,204,420**	**1,962,280**	**2,204,415**
Liquid holdings		**58,573**	**69,826**	**19,382**	**31,299**
Current assets in total		**2,118,774**	**2,343,844**	**2,238,528**	**2,330,433**
Total assets		**3,434,433**	**3,462,408**	**3,217,914**	**3,275,479**

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Balance 31 December

	Note	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
		thousand kroner	thousand kroner	thousand kroner	thousand kroner
Liabilities					
Business Capital		57,205	57,205	57,205	57,205
Transferred earnings		2,861,244	3,004,611	2,861,244	3,004,611
Minority Shareholders		2,496	4,175	0	0
Equity	13	**2,920,945**	**3,065,991**	**2,918,449**	**3,061,816**
Provision for deferred tax	14	0	435	0	0
Other provisions		4,000	4,100	4,000	0
Total liabilities		**4,000**	**4,535**	**4,000**	**0**
Debt to mortgage companies		187,441	155,371	0	0
Long-term liabilities	15	**187,441**	**155,371**	**0**	
Short-term part of long-term liabilities	15	7,760	6,383	0	0
Banks		234,554	109,195	234,389	109,195
Suppliers of goods and services		10,392	3,542	1,589	0
Corporate tax		0	30,544	0	30,216
Other debt		67,254	85,805	59,487	74,252
Prepayments		170	758	0	0
Deposits		1,917	284	0	0
Short-term liabilities		**322,047**	**236,511**	**295,465**	**213,663**
Total debt liabilities		**509,488**	**391,882**	**295,465**	**213,663**
Total liabilities		**3,434,433**	**3,462,408**	**3,217,914**	**3,275,479**

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Equity statement

Group

	Business capital	Transferred earnings	Minority shareholders	In total
	thousand kroner	thousand kroner	thousand kroner	thousand
Equity 1 January	57,205	3,004,611	4,175	3,065,991
Exchange rate adjustments from foreign entities	0	35	0	35
Sale of minority shares	0	0	-1,514	-1,514
Adjustments of security instruments at fair value	0	-267	0	-267
End of year earnings	0	-143,135	-165	-143,300
Equity as of 31 December	**57,205**	**2,861,244**	**2,496**	**2,920,945**

Parent Company

	Business Capital	Reserve for net revaluation using the equity method	Transferred earnings	In total
	thousand kroner	thousand kroner	thousand kroner	thousand kroner
Equity 1 January	57,205	0	3,004,611	3,061,816
Exchange rate adjustments from foreign entities	0	35	0	35
Adjustments of security instruments at fair value	0	-267	0	-267
End of year earnings	0	232	-143,367	-143,135
Equity as of 31 December	**57,205**	**0**	**2,861,244**	**2,918,449**

Cash flow statement 1 January - 31 December

	Note	Group 2018	Group 2017
		thousand kroner	thousand kroner
End of year earnings		-143,300	1,387,662
Adjustments		99,713	-25,159
Change in operational capital		-13,912	-49,053
Cash flows from operation before financial items		**-57,499**	**1,313,450**
Interest accounts receivables and similar		64,988	37,076
Interest accounts payable and similar		-19,473	-30,293
Cash flow from ordinary operation		**-11,984**	**1,320,233**
Paid corporate tax		-30,079	-2,638
Cash flow from operations		**-42,063**	**1,317,595**
Purchase of intangible fixed assets		-2,890	-4,819
Purchase of tangible fixed assets		-186,410	-167,286
Purchase of financial fixed assets, etc.		-60,463	-386,569
Sale of tangible fixed assets		11,820	8,642
Sale of financial fixed assets, etc.		8,390	12,201
Assets for sale		0	1,008,500
Dividends received from associated businesses		200	400
Other adjustments		100,926	-1,581,921
Cash flow from investment operations		**-128,427**	**-1,110,852**
Raising of debt for mortgage companies, net		33,447	53,381
Minority Shareholders		0	2,026
Capital cash increase		0	300
Other adjustments		125,625	18,548
Cash flow from financial operations		**159,072**	**74,255**
This year's offsets in liquidity		**-11,418**	**280,998**
Liquidities 1 January		69,826	-211,172
Liquidity 31 December		**58,408**	**69,826**
Liquidities thus specified:			
Liquid holdings		58,408	69,826
Liquidity 31 December		**58,408**	**69,826**

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Notes from the annual report

1 Segment information

thousand kroner	Sale of Land and buildings	Rental Income	Other	Total Group
2018				
Revenue	0	10,484	6,042	16,526
2017				
Revenue	3,098	9,815	2,595	15,508

	Note	Group		Parent Company	
		2018	**2017**	**2018**	**2017**
		thousand kroner	thousand kroner	thousand kroner	thousand kroner
2 Fees for the auditor elected at the General Meeting					
Ernst & Young:					
Auditor's fees		284	534	166	200
Other services		284	739	191	469
		680	**1,273**	**357**	**669**
3 Personnel Expenses					
Salaries		32,545	24,659	23,814	14,217
Pensions		1,767	1,406	1,137	588
Other expenses for social security		149	42	63	13
Other personnel expenses		628	21	404	0
		35,089	**26,128**	**25,418**	**14,818**
Of which are remuneration to the Executive Board and the Board of Directors		**7,615**	**10,989**	**7,363**	**10,391**
Average number of persons employed		26	19	12	5

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Notes from the annual report

		Group		Parent Company	
		2018	2017	2018	2017
		thousand kroner	thousand kroner	thousand kroner	thousand kroner
4	**Financial Income**				
	Interest income from affiliated companies	0	0	1,904	519
	Interest income from associated companies	247	139	0	0
	Other financial income	152,544	143,946	140,799	133,332
		152,791	**144,085**	**142,703**	**133,851**
5	**Financial Expenses**				
	Deductions from financial assets	0	28,860	0	0
	Other financial expenses	250,236	86,966	244,980	77,136
	Interest income corporation tax	52	1	51	0
		250,288	**115,827**	**245,031**	**77,136**
6	**Income tax expenses**				
	Current year's deferred tax	-3	5,185	-1,231	4,912
	Current year's deferred tax	-28,290	12,647	-24,397	11,452
	Previous years tax adjustment	-846	-98	-839	-98
	Previous years deferred tax adjustment	0	20	0	0
	Tax contributions	0	0	0	5,306
		-29,139	**17,754**	**-26,467**	**21,572**

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Notes from the annual report

		Group		Parent Company	
		2018	2017	2018	2017
		thousand kroner	thousand kroner	thousand kroner	thousand kroner
7	**Net Earnings**				
	Reserve for net revaluation using the equity method	0	0	232	2,355
	Transferred earnings	-143,135	1,388,855	-143,367	1,386,499
		-143,135	1,388,855	-143,135	1,388,854
	Minority Shareholders	-165	-1,193	0	0
		-143,300	**1,387,662**	**-143,135**	**1,388,854**

8 Intangible Fixed Assets

Group

	Completed development *projects*	Patents and Licence *Rights*	Goodwill	Development projects under *construction*	*Software*	Group *badwill*
	thousand kroner	thousand	thousand	thousand	thousand	thousand
Cost price 1 January	44,929	3,858	304,737	95,922	35,839	-3,374
Asset gains during the year	0	0	0	2,890	0	0
Asset disposals during the year	0	0	-804	-12,737	-35,570	3,374
	44,929	3,858	303,933	86,075	269	0
Amortisation and Depreciation 1 January	44,929	3,656	300,508	56,041	35,839	-3,374
Annual amortisation	0	0	0	80	0	0
Annual depreciation	0	78	928	0	0	0
Reversed depreciation at year end	0	0	-804	-10,687	-35,570	3,374
	44,929	3,734	300,632	45,434	269	0
Carrying amount 31 December	**0**	**124**	**3,301**	**40,641**	**0**	**0**

Notes from the annual report

8 Intangible Fixed Assets (Cont'd.)

Group

Special assumptions regarding development projects and tax assets

LIPLASOME PHARMA APS: Development projects in progress include the Company's first drug candidate LiPlaCis, which was licensed to Oncology Venture in February 2016. Capitalised development costs consist essentially of patent costs, internal direct wages and external clinical development costs.

The carrying amount as of 31 December 2018 is a total of TDKK 37,570. With regards to licensing LiPlaCis to Oncology Venture, the company's internal development resources were transferred to Oncology Venture, which is why the Company's future costs will primarily include patenting and patent maintenance.

Future revenue from the license agreement is expected to exceed the carrying amount of the capitalised development projects under construction.

ANAPA BIOTECH A/S: Development projects in progress include development and patent protection of the MeltPlex technology. Capitalised development costs consist essentially of historical internal direct wages, patent costs and reagents.

The carrying amount as of 31 December 2018 is a total of TDKK 3,072.

Future revenue from commercialisation is expected to exceed the company's technologies beyond the carrying amount of the capitalised development projects in progress.
TAX ASSETS: As of 31 December 2018, the Group's tax assets totalling TDKK 23,893 were recognised. The tax assets consist of five tax-deductible tax losses of TDKK 37,034 and future tax profits in the form of temporal differences of TDKK 13,141.

Based on the 2019 budget, management has estimated that it is likely that future taxable income will become available in which unused tax losses can be utilised.

Notes from the annual report

8 Intangible Fixed Assets (Cont'd.)

Parent Company

	Goodwill	Software
	thousand kroner	thousand kroner
Cost price 1 January	252,520	70,534
Asset disposals during the year	0	-70,534
Cost price 31 December	252,520	0
Depreciation and amortisation 1 January	252,520	70,534
Reversed depreciation at year end	0	-70,534
Depreciation and amortisation 31 December	252,520	0
Carrying amount 31 December 9	**0**	**0**

9 Tangible Fixed Assets

Group

	Land and buildings	Production facilities and machines	Other facilities, operation material and inventory	Tangible fixed assets under construction
	thousand kroner	thousand kroner	thousand kroner	thousand kroner
Cost price 1 January	544,108	1,792	14,395	40,419
Exchange rate adjustments	0	-16	0	0
Asset gains during the year	550	1,477	1,329	187,123
Asset disposals during the year	-10,179	-464	-2,503	0
Transfers during the year	51,475	-200	200	-51,475
Cost price 31 December	585,954	2,589	13,421	176,067
Depreciation and amortisation 1 January	92,352	891	12,372	0
Exchange rate adjustments	0	-10	0	0
Annual depreciation	6,627	389	666	0
Annual depreciation and amortisation of divested assets	0	-8	0	0
Reversed depreciation and amortisation of divested assets	-2,890	-442	-2,184	0
Transfers during the year	0	-67	67	0
Depreciation and amortisation 31 December	96,089	753	10,921	0
Carrying amount 31 December	**489,865**	**1,836**	**2,500**	**176,067**

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Notes from the annual report

9 Tangible Fixed Assets (Cont'd.)

Parent Company

	Land and buildings	Other facilities, operation material and
	thousand kroner	thousand kroner
Cost price 1 January	31,812	10,388
Asset gains during the year	0	242
Asset disposals during the year	0	-100
Cost price 31 December	31,812	10,530
Depreciation and amortisation 1 January	**726**	**9,164**
Annual depreciation	220	341
Reversed depreciation and amortisation of divested assets	0	-100
Depreciation and amortisation 31 December	946	9,405
Carrying amount 31 December	**30,866**	**1,125**

Notes from the annual report

10 Investments in affiliated companies

	Parent Company	
	thousand kroner	thousand kroner
Cost price 1 January	1,082,289	997,289
Asset gains during the year	23,459	85,000
Cost price 31 December	1,105,748	1,082,289
Adjustments 1 January	-544,245	-555,745
Exchange rate adjustments	128	-975
End of year earnings	-5,603	11,975
The year's adjustments for security instruments at fair value	26	500
Adjustments 31 December	-549,694	-544,245
Carrying amount 31 December	**556,054**	**538,044**

Parent Company
Investments in affiliated companies are specified as such:

Name	Location	Owner shares
Gumlink A/S	Vejle	100%
Gumpole Sp.z.o.o. (under development)	Poland	100%
Bagger-Sörensen AG (without activity)	Switzerland	100%
Bagger-Sørensen Invest A/S	Vejle	100%
Vecata Ejendomme A/S	Vejle	100%
The Claonaig Farming Co. Ltd	Scotland	100%
Advice House A/S	Vejle	100%
Vejle Centrum ApS	Vejle	100%
Vecata Invest A/S	Vejle	100%
4 Best Invest ApS	Vejle	100%
TINA Holding ApS	Vejle	100%
Anapa Biotech A/S	Rudersdal	90%
LiPlasome Pharma ApS	Vejle	94%
Ovenvande Skanderborg ApS	Vejle	100%

Notes from the annual report

	Group		Parent Company	
	2018	2017	2018	2017
	thousand kroner	thousand kroner	thousand kroner	thousand kroner
11 Investments in associated companies				
Cost price 1 January	409,674	23,971	389,963	11,357
Net effect on mergers and business acquisitions	130	0	0	0
Asset gains during the year	26,367	378,606	26,367	378,606
Transfers during the year	0	7,097	0	0
Cost price 31 December	436,171	409,674	416,330	389,963
Adjustments 1 January	-8,862	8,990	-15,271	-2,975
Exchange rate adjustments	-208	-536	-93	-282
End of year earnings	-29,407	-8,221	-31,160	-10,416
Dividends received	-200	-400	0	0
Transfers during the year	0	-7,097	0	0
Other equity movements, net	-186	-1,598	-295	-1,598
Adjustments 31 December	-38,863	-8,862	-46,819	-15,271
Carrying amount 31 December	**397,308**	**400,812**	**369,511**	**374,692**

Group

Investments in associated companies are specified as such:

Name	Location	Owner shares
Owned by the parent company:		
Claudio Holdco A/S	Vejle	30%
J-Flight ApS	Billund	50%
K/S Joinflight	Billund	49%
Owned by subsidiaries:		
Tab Labs Inc (sold in 2019)	Canada	50%
Green Tech Group A/S	Vejle	33%
Food Innovation House ApS	Vejle	50%
Vivostat Holding ApS	Allerød	20%

Notes from the annual report

12 Financial Fixed Assets

Group

	Receivables from associated companies	Other securities and equity shares	Other receivables
	thousand kroner	thousand kroner	thousand kroner
Cost price 1 January	6,058	0	174,777
Exchange rate adjustments	0	0	109
Asset gains during the year	4,751	15,384	13,961
Asset disposals during the year	0	0	-8,390
Cost price 31 December	10,809	15,384	180,457
Adjustments 1 January	0	0	-2,493
Annual adjustments	0	0	-140
Adjustments 31 December	0	0	-2,633
Carrying amount 31 December	**10,809**	**15,384**	**177,824**

12 Financial Fixed Assets (Cont'd.)

Parent Company

	Other securities and equity shares	Other receivables
	thousand kroner	thousand kroner
Cost price 1 January	0	0
Asset gains during the year	15,384	6,446
Cost price 31 December	15,384	6,446
Carrying amount 31 December	**15,384**	**6,446**

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Notes from the annual report

13 Equity

The Company capital is specified as follows:

	Nominal value
10,800 A shares at DKK 1,000	10,800
46,405 B-shares at DKK 1,000	46,405
	57,205

In the last 5 years, the only movement in the company equity has been in 2016, in which 320 B-shares have been subscribed at DKK 1,000.

	Group		Parent Company	
	2018	2017	2018	2017
	thousand kroner	thousand kroner	thousand kroner	thousand kroner
14 Provision for deferred tax				
Provision for deferred tax 1 January	435	435	0	0
Transferred to assets	-435	0	0	0
Provision for deferred tax 31 December	**0**	**435**	**0**	**0**
	0	**435**	**0**	**0**
Deferred tax assets				
Calculated tax assets	24,287	0	25,600	1,203
Carrying amount	**24,287**	**0**	**25,600**	**1,203**

15 Long-term liabilities

Group	Debt 1 January	Debt 31 December	Debt next year	Outstanding debt after 5 years
	thousand kroner	thousand kroner	thousand kroner	thousand kroner
Debt to mortgage companies	161,754	195,201	7,760	150,964
	161,754	**195,201**	**7,760**	**150,964**

Notes from the annual report

16 Rent and leasing obligations

The Parent Company
The Parent Company entered into a lease agreement with an affiliated company. The rent at the time of termination amounts to DKK 571. The Group entered into operational lease contracts with maturity in 2019 and later with a total lease payment of DKK 5.9 million.

The Group
The Group entered into operational lease contracts with maturity in 2019 and later with a total lease payment of DKK 7.5 million.

17 Contingency items, etc.

The Parent Company

The Parent Company has entered into an agreement on capital injection in a number of global private equity, real estate and infrastructure funds. The total remaining commitment amounts to up to DKK 189.8 million.

The Parent Company, together with a previous joint venture partner, is jointly and severally liable for a previously affiliated company's bank loan totalling DKK 89.6 million.

The Parent Company has filed a self-claim for security for some of its subsidiaries' mortgage loans. The debt, as of 31 December 2018, amounts to DKK 87.0 million.

The parent company has provided a guarantee for a subsidiary's bank debt. The bank debt, as of 31 December 2018, amounts to DKK 0 million.

The Parent Company has provided a guarantee for the affiliated company's bank debt, for which the guarantee is maximised at DKK 10.0 million. The bank debt amounts to DKK 7.7 million as of 31 December 2018.

The parent company, together with other capital owners, has issued a joint guarantee for bank overdrafts for a total of DKK 8 million in a subsidiary's capital shares. The shareholders have internally agreed on liability, such that each party is liable for DKK 2 million.

The Parent Company has issued a self-warranty guarantee for a portion of the affiliated company's bank debt. The guarantee has been maximised to DKK 60 million. The debt as of 31 December 2018, amounts to DKK 1,380 million.

Group
The Group's Danish companies are jointly and severally liable for tax on the Group's jointly taxed income and for certain possible withholding tax, such as income tax and royalty tax.
Deferred tax on the Group's jointly taxed income, amounts to DKK 0.0 million as of 31 December 2018.

The Group is deemed not to be a party to legal acts that may affect the company's financial position, including the receivables and liabilities recognised in the balance sheet as of 31 December 2018.

The Parent Company has entered into an agreement on capital injection in a number of global private equity, real estate and infrastructure funds. The total remaining commitment amounts to up to DKK 189.8 million.

The Parent Company, together with a previous joint venture partner, is jointly and severally liable for a previously affiliated company's bank loan totalling DKK 89.6 million.

Notes from the annual report

17 Contingency items, etc. (Cont'd.)

The Parent Company has provided a guarantee for the affiliated company's bank debt. The guarantee is maximised at DKK 10.0 million. The bank debt amounts to DKK 7.7 million as of 31 December 2018.

The parent company, together with other capital owners, has issued a joint guarantee for bank overdrafts for a total of DKK 8 million in a subsidiary's capital shares. The shareholders have internally agreed on liability, such that each party is liable for DKK 2 million.

The Parent Company has issued a self-warranty guarantee for a portion of the affiliated company's bank debt. The guarantee has been maximised to DKK 60 million. The debt as of 31 December 2018, amounts to DKK 1,380 million.

A Group company, together with two collaborating partners, has provided limited self-liable guarantees to an associated company, in the amount of DKK 31.4 million each.

A Group company has provided a guarantor for the security of a subsidiary's mortgage loan. The debt, as of 31 December 2018, amounts to DKK 42.2 million.

A Group company has provided a guarantee for a subsidiary's bank debt. The bank debt, as of 31 December 2018, amounts to DKK 0 million.

A Group company has provided a guarantee for an affiliated company's bank debt. The bank debt, as of 31 December 2018, amounts to DKK 1.2 million.

A Group company, together with collaborating partners, has provided jointly and severally liable guarantors for the security of third party bank debt. The debt, as of 31 December 2018, amounts to DKK 0.8 million.

18 Mortgages and security options

The Parent Company

As collateral for debt to financial institutions, DKK 234.4 million has been given by the parent company in securities, for which the carrying amount, as of 31 December 2018, amounts to DKK 1,443.9 million.

Group

As collateral for debt to mortgage companies, DKK 195.2 million has been given by the Group in mortgages in land, buildings and machinery, for which the carrying amount, as of 31 December 2018, amounts to DKK 323.4 million.

A Group company has issued mortgage deeds for a total of DKK 3.9 million in the above land and buildings. Of this, deposited mortgage deeds in the amount of DKK 3.9 million are collateral for bank debt.

As collateral for debt to financial institutions, DKK 234.4 million has been given by the parent company in securities, for which the carrying amount, as of 31 December 2018, amounts to DKK 1,443.9 million.

Notes from the annual report

19 Related parties and ownership

Transactions

All transactions have been made on market terms.

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Appendix to the Annual Report and accounts of Bagger-Sorensen & Co AS

For the year ended 31 December 2018

Addition to Note 17

Claonaig Estate Limited (SC314612) is exempt from the requirements of preparing audited accounts under section 479A of the Companies Act 2006.