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# ***KIRK KAPITAL A/S***

Havneøen 1, DK-7100 Vejle

## **Annual Report for 1 January - 31 December 2018**

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CVR No 31 15 98 57

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
9/4 2019

Torben Bang  
Chairman

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## **Company Information**

<b>Company</b>	KIRK KAPITAL A/S Havneøen 1 DK-7100 Vejle  Central Business Registration No 31 15 98 57 Registered in Vejle
<b>Board of Directors</b>	Casper Kirk Johansen, Chairman Leif Hasager Birgitte Nielsen Jens Jørgen Madsen Bjarne Graven Larsen
<b>Executive Board</b>	Kim Gulstad
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Nobelparken Jens Chr. Skous Vej 1 DK-8000 Aarhus

## Management's Review

### **2018; a year with high activity**

*2018 was a year where KIRK KAPITAL completed a number of larger transactions and simultaneously delivered initial positive results from the strategic direction implemented 1.5 years ago.*

In 2018, KIRK KAPITAL implemented the strategy laid out in 2017, which included a reorganization, a redeployment of a significant portion of our liquid portfolio as well as completing 6 larger direct transactions. Furthermore, there was a focus on strengthening our processes and procedures as well as automation of administrative tasks. These initiatives will enable better future investment decisions and support our mission of delivering robust long-term returns.

The equity markets generally had a challenging year in 2018, and OMX realized a price change of -13 % and MSCI World realized a price change of -6 %. While still being in a strategic transition period, we managed to deliver a satisfactory and positive financial result.

Within 'Strategic Investments', KIRK KAPITAL disposed our KIRK SHIPPING activities. This was in line with our communicated intention in the 2017 Annual Report. We further disposed of a 65% ownership stake in Exxit 59, a business park strategically located by highway exit 59 outside Vejle. We continue to own 25% of Exxit 59, in line with our strategy of being an active larger minority shareholder. In 2018, KIRK KAPITAL acquired a significant minority position in 3 new companies: Globeteam, a growing IT service consultancy firm, Beck Pack, the world leader in packaging for processing of frozen fish blocks, and TPS, a provider of end-to-end solutions of foldable IBC containers, Bag-In-Box liners / bags, container fittings, filling and emptying equipment. Furthermore, we provided additional equity capital in the form of a preference share to FMD, a provider of a haemostatic agent for surgery to control bleeding. We have owned a significant minority ownership interest in FMD since 2017. This brings our portfolio of companies in which we own larger minority positions up to 9. We continue to actively look for larger minority positions in medium and larger sized companies which have market leading positions in long-term growth industries.

Within 'Financial Investments' KIRK KAPITAL has a broad portfolio of quoted equities, fixed income investments, and other alternative investments. In addition to managing KIRK KAPITAL's own investments, it also provides investment advice on its shareholders' financial investments as well as to Edith & Godtfred Kirk Christiansens Foundation. In 2018, we carried out a larger redeployment of the liquid portion of our portfolio, executing on our investment strategy, asset allocation and risk review.

Within 'Vejle Investments', KIRK KAPITAL was pleased to see our new headquarter, Fjordenhus, completed. The building has been designed by the Danish-islandic artist Olafur Eliasson and presents pieces of art and new construction methods united into one building. Fjordenhus not only serves as the headquarter of KIRK KAPITAL, it has also very quickly become a landmark building and tourist attraction in the Vejle area. The ground floor is open to the public. Since the official opening in June, more than 180,000 have visited Fjordenhus. Fjordenhus is a testimony of our shareholders' veneration and continued support to the area. Financially, 'Vejle Investments' have contributed negatively to our result mainly as a function of cautious valuation of Fjordenhus.

The 2018 result is in its totality considered satisfactory. Our 'Strategic Investments' delivered sound double digit returns while our 'Financial Investments' delivered a low single digit negative return, broadly in line with the general market. The reported results are further negatively impacted mainly by the cautious valuation of Fjordenhus.

## Management's Review

### Key activities

In summation the key activities of the Group include investments in manufacturing and business service companies, real estate as well as investment activities of any kind, both directly and/or through other companies, in Denmark and abroad. In addition, the Company provides administrative services to several companies and entities on an arms lengths basis.

### Development in the year and expectations for the year ahead

The 2018 result for the Parent Company amount to DKK 163,814 and the Group to DKK 169,539 and at 31 December 2018 the balance sheet of the Parent Company and the Group shows equity of DKK 4,473,678k.

For the financial year 2019 a return in line with, or better than 2018, is expected. However, short-term movement in the financial markets can have a significant impact on the expected result.

### Adoption of IFRS

The consolidated and separate financial statements for KIRK KAPITAL A/S have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU ("IFRS"). The adoption affects the financial statements from 1 January 2017. Impact of adoption on equity and comprehensive income is shown in note 21.

### Special risks

The Company has not taken on any risks that could be referred to as special considering the nature and extent of the Group's activities as an investment company.

For further risk descriptions we refer to note 20 regarding Financial risk management.

### External environment

The Company has only a limited effect on the external environment, and consequently, no special measures have been implemented to prevent, reduce or rectify any damage.

### Intellectual capital resources

The intellectual capital resources represented by the Company's employees are maintained and improved through both internal and external development activities.

### Research and development activities risks

Due to the scope of business KIRK KAPITAL A/S as parent company does not engage in any research and development activities. Where relevant affiliates carry out these activities.

### Statement of corporate social responsibilities (CSR)

KIRK KAPITAL and its directly controlled subsidiaries conduct its operating activities in Denmark and under Danish legislation. The Company has only very limited risks of negatively impacting society. This includes the risks of impacts on the environment, climate change and human rights. Management do currently not see the need for formalised policies on HR and anti-corruption due to a very flat organisational structure and limited organizational size. Should such risks emerge, Management will deal with them on a case-by-case basis in line with the values of the company and its shareholders. In this connection we would like to point out that it is the Group's clearly defined intention to run a responsible business, with a high ethical standard, in every respect and at any time.

KIRK KAPITAL's vision is to be a respected and well esteemed family owned investment company. In order for KIRK KAPITAL to fulfil this vision CSR has historically been a core consideration when carrying out its investment strategy and due diligence processes.

During 2018, KIRK KAPITAL has provided administration and financial services to Edith & Godtfred Kirk Christiansens Foundation as a donation. Edith & Godtfred Kirk Christiansens Foundation donates to local, national and international purposes. SOS Børnebyerne has been one of the major beneficiaries from the Foundation regarding establishment and operations of an SOS Children's village in Jima, Ethiopie.

## **Management's Review**

### **Statement of corporate social responsibilities (CSR) (continued)**

In June 2018, KIRK KAPITAL anchored its strong local standing by completing its headquarter "Fjordenhus" where the ground floor and plaza in front of the building are open to the public to the benefit of the public.

### **Statement on gender composition**

KIRK KAPITAL always selects candidates based on qualifications and suitability. This will also be the case in the future. The distribution of female/male members on the Parent Company's Board of Directors is 20%/80%. This is below the definition of equal distribution of gender according to guidelines issued by the Danish Business Authority. The change in the distribution of genders in 2018 was due to an additional member of the Board of Directors being elected in 2018. It is Management's expectation that the Company will obtain equal distribution again in 2019.

Due to the fact that KIRK KAPITAL during the financial year has had less than 50 employees, the company has not prepared a policy on the gender distribution on other management levels, in accordance with the rules.

### **Uncertainty relating to recognition and measurement**

We refer to note 2 regarding Critical accounting estimates and judgements.

### **Unusual events**

There have been no unusual events during the year.

## **Management's Statement**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of KIRK KAPITAL A/S for the financial year 1 January - 31 December 2018.

The Annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and further requirements in the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the the Financial Statements of the Parent Company give a true and fair view of the financial position at 31 December 2018 of the Group and Parent Company and of the results of the Group and the Parent Company operations and cash flows for 2018.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Vejle, 9 April 2019

### **Executive Board**

Kim Gulstad

### **Board of Directors**

Casper Kirk Johansen  
Chairman

Leif Hasager

Birgitte Nielsen

Jens Jørgen Madsen

Bjarne Graven Larsen

# Independent Auditors Report

To the Shareholders of KIRK KAPITAL A/S

## Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2018 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of KIRK KAPITAL A/S for the financial year 1 January - 31 December 2018, which comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("financial statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and 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.

## Statement on 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 Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.



# **Independent Auditors Report**

## **Management's Responsibilities for the Financial Statements**

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance 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 ISAs 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 ISAs 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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

## **Independent Auditors Report**

### **Auditor's Responsibilities for the Audit of the Financial Statements** *(continue)*

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Vejle, 9 April 2019

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Henrik Kragh  
State Authorised Public Accountant  
mne26783

Claus Lyngsø Sørensen  
State Authorised Public Accountant  
mne34539

## Statement of profit and loss

### Parent Company

	Note	2018 DKK'000	2017 DKK'000
<b>Net investment result</b>	3	<b>197,863</b>	<b>(186,024)</b>
Other operating income		16,477	16,735
Expenses	4	(80,244)	(76,285)
Financial expenses	8	(5,601)	(2,381)
<b>Profit/loss before tax</b>		<b>128,495</b>	<b>(247,955)</b>
Income tax	9	30,659	(19,183)
<b>Profit/loss for the year</b>		<b>159,154</b>	<b>(267,138)</b>

## Statement of comprehensive income

### Parent Company

	2018 DKK'000	2017 DKK'000
Profit for the period	159,154	(267,138)
<b>Other comprehensive income</b>		
<i>Items that will be subsequently reclassified to profit or loss</i>		
Exchange rate adjustments of foreign entities	25,006	(90,617)
Fair value adjustment of hedging instruments	(26,013)	49,768
Income tax relating to hedging instruments	5,725	(10,222)
<b>Other comprehensive income for the period, net of tax</b>	<b>4,718</b>	<b>(51,071)</b>
<b>Total comprehensive income for the period</b>	<b>163,872</b>	<b>(318,209)</b>

## Balance sheet

### Parent Company

	Notes	31 December 2018 DKK'000	31 December 2017 DKK'000	1 January 2017 DKK'000
Property, plant and equipment	10	1,703	2,189	1,900
Investment properties	11	110,395	124,023	147,289
Investments in subsidiaries	12	1,155,653	1,400,124	1,608,567
Investments in associates and joint ventures at fair value	13	1,655,000	850,869	974,100
Investments in associates and joint ventures at equity method	14	147,868	82,575	77,282
Other equity investments	15	166,280	795,393	622,929
Non current receivables		37,814	67,019	58,309
Deferred tax asset	16	18,911	0	0
<b>Total non-current assets</b>		<b>3,293,624</b>	<b>3,322,192</b>	<b>3,490,376</b>
Trade receivables		936	47	70
Receivables from group enterprises		472	2,860	78
Tax receivables		4,963	20,000	0
Other receivables		17,748	33,727	29,127
Current Asset Investments		1,539,879	1,581,469	1,599,715
Cash and cash equivalents		24,335	10,528	73,867
<b>Total current assets</b>		<b>1,588,333</b>	<b>1,648,631</b>	<b>1,702,857</b>
<b>Total assets</b>		<b>4,881,957</b>	<b>4,970,823</b>	<b>5,193,233</b>
Share capital	17	100,000	100,000	100,000
Retained earnings		4,328,678	4,209,807	4,571,015
Proposed dividend for the year		45,000	43,000	45,000
<b>Total equity</b>		<b>4,473,678</b>	<b>4,352,807</b>	<b>4,716,015</b>
Credit institutions	20	300,000	400,000	400,000
Deferred tax liabilities	16	0	10,225	10,441
<b>Total non-current liabilities</b>		<b>300,000</b>	<b>410,225</b>	<b>410,441</b>
Credit institutions	20	0	164,836	0
Trade payables		1,216	2,447	551
Payables to group enterprises		61	175	221
Tax payables		0	0	4,224
Other payables		107,002	40,333	61,781
<b>Total current liabilities</b>		<b>108,279</b>	<b>207,791</b>	<b>66,777</b>
<b>Total liabilities</b>		<b>408,279</b>	<b>618,016</b>	<b>477,218</b>
<b>Total equity and liabilities</b>		<b>4,881,957</b>	<b>4,970,823</b>	<b>5,193,233</b>

## Statement of changes in equity

### Parent Company

	Share capital	Retained earnings	Proposed dividend	Total
	DKK'000	DKK'000	DKK'000	DKK'000
<b>Equity - according to the Danish Financial Statements Act at 31.12.2016</b>	<b>100,000</b>	<b>4,435,801</b>	<b>45,000</b>	<b>4,580,801</b>
Conversion to IFRS, refer to note 21	0	135,214	0	135,214
<b>Equity at 01.01.2017</b>	<b>100,000</b>	<b>4,571,015</b>	<b>45,000</b>	<b>4,716,015</b>
Ordinary dividend paid	0	0	(45,000)	(45,000)
Profit for the period	0	(267,138)	0	(267,138)
Other comprehensive income	0	(51,071)	0	(51,071)
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>(318,209)</b>	<b>(45,000)</b>	<b>(363,209)</b>
<i>Transactions with owners in their capacity as owners</i>				
Dividend	0	(43,000)	43,000	0
<b>Equity at 31.12.2017</b>	<b>100,000</b>	<b>4,209,806</b>	<b>43,000</b>	<b>4,352,806</b>
Ordinary dividend paid	0	0	(43,000)	(43,000)
Profit for the period	0	159,154	0	159,154
Other comprehensive income	0	4,718	0	4,718
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>163,872</b>	<b>(43,000)</b>	<b>120,872</b>
<i>Transactions with owners in their capacity as owners</i>				
Dividend	0	(45,000)	45,000	0
<b>Equity at 31.12.2018</b>	<b>100,000</b>	<b>4,328,678</b>	<b>45,000</b>	<b>4,473,678</b>

## Cash flow statement

### Parent Company

	2018	2017
	DKK'000	DKK'000
Profit/loss for the year	159,154	(267,138)
Adjustments	(149,747)	171,100
Changes in net working capital	158,375	18,146
Interests received	99,693	46,178
Interests paid	(61,176)	(53,399)
Income taxes paid	(38,412)	(21,224)
<b>Net cash flow from operating activities</b>	<b>167,887</b>	<b>(106,337)</b>
Purchase of property, plant and equipment	(7,851)	(557)
Proceeds from sale of property, plant and equipment	16,000	42,013
Purchase of non-current financial assets	(609,700)	(818,103)
Sale of non-current financial assets	657,726	630,893
Dividends received	372,095	68,962
Contribution subsidiaries	(274,400)	0
<b>Net cash flow from investing activities</b>	<b>153,870</b>	<b>(76,792)</b>
Proceeds from credit institutions	0	164,790
Repayment of credit institutions	(264,950)	0
Dividend paid	(43,000)	(45,000)
<b>Cash flow from financing activities</b>	<b>(307,950)</b>	<b>119,790</b>
<b>Net cash flow for the year</b>	<b>13,807</b>	<b>(63,339)</b>
Cash and cash equivalents, beginning of the year	10,528	73,867
<b>Cash and cash equivalents at end of the year</b>	<b>24,335</b>	<b>10,528</b>

## **Notes**

### **Parent Company**

- 1 Accounting policies
- 2 Critical accounting estimates and judgements
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# Notes

## Parent Company

### 1 Accounting policies

The financial statements are presented in Danish Kroner (DKK), as this is the Company's functional currency. The financial statements have been rounded to the nearest thousand.

The financial statements of the Parent Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements.

The accounting policies are the same as for the Consolidated Financial Statements, refer to note 1 for the Group.

### 2 Critical accounting estimates and judgements

Critical accounting estimates and judgements is specified in the Consolidated Financial Statements, refer to note 2 for the Group.

	Note	2018 DKK'000	2017 DKK'000
<b>3 Net investment result</b>			
Revenue		4,026	6,510
Value adjustments of investments		(5,793)	31,136
Expenses for raw materials and consumables		(3,310)	(4,933)
Amortisation, depreciation and impairment losses	6	(348)	(268)
Income from subsidiaries		34,427	(255,846)
Income from investments in associates and joint ventures at fair value		221,610	(145,973)
Income from investments in associates and joint ventures at equity method		9,239	13,693
Financial income	7	160,419	259,290
Financial expenses	8	(222,407)	(89,633)
		<b>197,863</b>	<b>(186,024)</b>
<b>4 Expenses</b>			
Staff expenses	5	50,553	51,547
Other external expenses and other operating expenses		29,691	24,738
		<b>80,244</b>	<b>76,285</b>
<b>5 Staff expenses</b>			
Wages and salaries		47,660	48,697
Pensions		1,542	1,053
Other social security expenses		198	113
Other staff expenses		1,153	1,684
		<b>50,553</b>	<b>51,547</b>
Average number of employees		26	24

### Key Management Compensation

Key Management Compensation is specified in the Consolidated Financial Statements, refer to note 4 for the Group.



## Notes

### Parent Company

	2018 DKK'000	2017 DKK'000
<b>6 Amortisation, depreciation and impairment losses</b>		
Depreciation	(348)	(268)
	<b>(348)</b>	<b>(268)</b>
<b>7 Financial income</b>		
Fair value adjustments of investments	92,779	157,727
Interest received from group enterprises	328	119
Interest income from financial assets held for cash management purposes	40,520	57,103
Foreign exchange rate gains	26,792	44,341
	<b>160,419</b>	<b>259,290</b>
<b>8 Financial expenses</b>		
Impairment losses on financial assets	153,654	20,241
Interest paid to group enterprises	106	75
Interest and finance charges paid/payable for financial liabilities	52,184	66,823
Exchange loss	22,064	4,875
	<b>228,008</b>	<b>92,014</b>
<i>Classified in statement of profit and loss as:</i>		
Financial expenses (Net investment result)	222,407	89,633
Financial expenses	5,601	2,381
	<b>228,008</b>	<b>92,014</b>
<b>9 Tax on profit for the year</b>		
Current tax on profits for the year	(10,688)	41,445
Current tax on profits for previous years	3,440	(11,825)
Deferred tax for the year and previous years	(29,136)	(215)
	<b>(36,384)</b>	<b>29,405</b>
which breaks down as follows:		
Tax on profit/loss for the year	(30,659)	19,183
Tax on changes in equity	(5,725)	10,222
	<b>(36,384)</b>	<b>29,405</b>
<b>Calculated 22.0% tax on profit for the year</b>	28,269	(54,550)
<b>Tax effects of:</b>		
Income from subsidiaries and associates	(56,694)	132,712
Adjustment from previous years	3,440	(11,825)
Income from other investments	2,513	(46,836)
Other	(8,187)	(318)
	<b>(30,659)</b>	<b>19,183</b>
<b>Effective tax rate</b>	-24%	-8%

## Notes

### Parent Company

	2018	2017
	DKK'000	DKK'000
<b>10 Property, plant and equipment</b>		
<i>Other fixtures and fittings, tools and equipment</i>		
Cost at 1 January	4,375	4,072
Additions during the year	656	557
Disposals during the year	(793)	(254)
Cost at 31 December	<b>4,238</b>	<b>4,375</b>
Depreciation and impairment at 1 January	2,187	2,172
Depreciation for the year	348	268
Impairment for the year	0	(254)
Depreciation and impairment at 31 December	<b>2,535</b>	<b>2,186</b>
<b>Carrying amount at 31 December</b>	<b>1,703</b>	<b>2,189</b>

### 11 Investment properties

Cost:		
At 1 January	140,059	182,072
Additions during the year	7,205	0
Disposals during the year	(21,915)	(42,013)
At 31 December	<b>125,349</b>	<b>140,059</b>
Value adjustments:		
At 1 January	(16,036)	(34,783)
Fair value adjustments during the year	(5,793)	1,820
Reversals regarding disposals	6,875	16,927
Value adjustments at 31 December	<b>(14,954)</b>	<b>(16,036)</b>
<b>Carrying amount 31 December</b>	<b>110,395</b>	<b>124,023</b>

Investment properties are measured at fair value. The fair value is calculated by using generally accepted valuation methods.

The average rate of return used for valuation of the company's investment properties is based on the investment properties' location and condition. The buildings are measured at an average return of 5.0% compared to 5.0% - 5.8% last year. The fair value of the forrest and agriculture land is estimated at DKK 115,000 per hectare compared to DKK 135,000 per hectare last year. A change of the rate of return of 0.5% will impact the value of investment property of approx DKK 5 million before tax and a change of the price per hectare of 1% will impact the value of the forrest and agriculture land of approx DKK 0,6 million before tax.

## Notes

### Parent Company

	2018	2017
	DKK'000	DKK'000
<b>12 Investments in subsidiaries</b>		
Cost at 1 January	2,676,067	2,492,067
Additions for the year	273,990	184,000
Disposals for the year	(141,617)	0
	<b>2,808,440</b>	<b>2,676,067</b>
Value adjustments at 1 January	(1,275,943)	(883,500)
Adjustment prior year	0	(87,309)
Exchange adjustment	25,006	
Disposals for the year	(100,110)	0
Net profit/loss for the year	34,427	(255,846)
Dividend to the Parent Company	(336,809)	(53,647)
Fair Value adjustment of hedging instruments for the year	642	4,359
	<b>(1,652,787)</b>	<b>(1,275,943)</b>
Equity investments with negative net asset value transferred to provisions	0	0
Carrying amount at 31 December	<b>1,155,653</b>	<b>1,400,124</b>
<b>Including goodwill</b>	<b>0</b>	<b>0</b>

Investments in subsidiaries are specified in the Consolidated Financial Statements, refer to note 24 for the Group.

### 13 Investment in associates and joint ventures at fair value

Name of entity	Place of registered office	Nature of relationship	Share capital	Votes	Ownership	Equity at last reporting date	Net profit/loss for the last reported year
			Currency'000			Currency'000	Currency'000
PNO Holding A/S	Copenhagen, Denmark	Associate	625 DKK	48%	48%	316,173 DKK	51,703 DKK
P-AP 2009 A/S	Brøndby, Denmark	Associate	20,309 DKK	40%	67%	860 DKK	-179,002 DKK
Kompan Holding A/S	Odense, Denmark	Associate	51,800 DKK	25%	25%	630,900 DKK	24,300 DKK
Act Holding ApS	Copenhagen, Denmark	Associate	100 DKK	50%	50%	N/A	N/A
ApS FMD 1	Søbrog, Denmark	Associate	5,016 DKK	30%	30%	832,391 DKK	9,570 DKK
Wingmilling ApS	Vejle, Denmark	Associate	518 DKK	67%	67%	18,127 DKK	5,900 DKK
Safewhere A/S	Virum, Denmark	Associate	1,351 DKK	42%	42%	1,163 DKK	-2,863 DKK
Globeteam A/S	Virum, Denmark	Associate	1,450 DKK	34%	34%	29,452 DKK	13,489 DKK
Virumgårdsvej 17	Virum, Denmark	Associate	500 DKK	50%	50%	5,296 DKK	-168 DKK
Changedriver A/S	Virum, Denmark	Associate	1,394 DKK	15%	15%	761 DKK	-775 DKK
Beck Pack Holding ApS	Rønne, Denmark	Associate	100 DKK	40%	40%	N/A	N/A
TPS Holding II A/S	Gentofte, Denmark	Associate	102 EUR	35%	35%	2,643 EUR	328 EUR
P-A2017 Holding 1 A/S	Brøndby, Denmark	Joint Venture	1,500 DKK	50%	50%	N/A	N/A

### 14 Investment in associates and joint ventures at equity method

Name of entity	Place of registered office	Nature of relationship	Share capital	Votes	Ownership	Equity at last reporting date	Net profit/loss for the last reported year
			Currency'000			Currency'000	Currency'000
Exit 59 A/S	Horsens, Denmark	Associate	100,000 DKK	25%	25%	337,241 DKK	24,613 DKK
K/S Høje-Taastrup ApS	Bredsten, Denmark	Associate	18,400 DKK	31%	31%	334,119 DKK	35,749 DKK
Høje-Taastrup ApS	Bredsten, Denmark	Associate	128 DKK	31%	31%	106 DKK	-11 DKK

## Notes

### Parent Company

#### 15 Other equity investments

Industry of investment	Geography	2018	2017
		DKK'000	DKK'000
Multisector	Global	12,586	203,274
Multisector	Nordic	19,716	59,494
Multisector	Denmark	274	2,732
Multisector	Pan Asia	90,389	90,383
Technology	Global	0	388,000
Real Estate	Global	43,314	51,509
<b>Total portfolio</b>		<b>166,280</b>	<b>795,393</b>

#### 16 Deferred tax

Deferred tax at 01.01	10,225	10,441
Deferred tax recognised in the income statement	(29,136)	(216)
<b>Deferred tax at 31.12</b>	<b>(18,911)</b>	<b>10,225</b>

##### Deferred tax relates to:

Property, plant and equipment	10,457	10,225
Tax loss carry forwards	(29,368)	0
	<b>(18,911)</b>	<b>10,225</b>

Of which presented as deferred tax assets	18,911	0
Of which presented as deferred tax liabilities	0	10,225

The Parent Company does not have any unrecognized tax loss carryforwards.

#### 17 Share capital

<i>The share capital comprise:</i>	Number of shares	Nominal value (TDKK)
A shares	57,709	57,709
B shares	42,291	42,291
<b>Share capital</b>	<b>100,000</b>	<b>100,000</b>

All shares have nominal value of DKK 1,000.

There have been no changes in the share capital during the last 5 years.

Each A share has 10 votes at the annual general meeting. Each B share has 1 vote at the annual general meeting.

# Notes

## Parent Company

### 18 Related parties

Related parties are specified in the Consolidated Financial Statements, refer to note 18 for the Group.

	<u>2018</u>	<u>2017</u>
	DKK'000	DKK'000
<i>Transactions with related parties:</i>		
<b>Subsidiaries</b>		
Administration and management Fee Income	3,563	3,719
Rental expenses	5,091	0
Intercompany interest income	309	119
Intercompany interest expenses	88	75
<b>Other related parties</b>		
Administration and management Fee Income	11,263	12,453
Salaries	1,377	1,003
Intercompany interest income	16	27
Intercompany interest expenses	26	56
<i>Year-end balances arising from transactions with related parties:</i>		
<b>Subsidiaries</b>		
Receivables	472	2,860
Payables	61	175
<b>Other related parties</b>		
Receivables	8,350	15,615
Payables	5,624	23,387

No other year-end balances or transactions have taken place during the year with the Board of Directors, the Executive Management, major shareholders or other related parties.

### 19 Commitments and contingent liabilities

#### Contingent liabilities

Contingent liabilities and remaining commitment regarding participation in investment projects amount to a maximum of DKK 43,312k.

As collateral for bank debt, DKK 300,000k the bank is given security in depositary with a carrying amount of DKK 656,126k at 31 December 2018.

The Parent Company has provided a guarantee of a maximum of DKK 213,572k to financial institutions in which the Company's subsidiaries and associates have loans and other engagements.

	<u>2018</u>	<u>2017</u>
	DKK'000	DKK'000
<b>Operating leases</b>		
Minimum lease payments on the Group's operating lease obligations amount to:		
Less than 1 year	13,035	1,533
1 to 5 years	273	0
<b>Total</b>	<b>13,308</b>	<b>1,533</b>

#### Joint taxation scheme

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc. of the Group. The total amount of corporation tax payable by the Group is disclosed in the Financial Statements for KIRK KAPITAL A/S, which is the management company of the joint taxation. The Danish companies are joint and several liable for the joint taxation liability. The joint taxation liability covers income taxes and withholding taxes on dividends, royalties and interest.

## Notes

### Parent Company

#### 20 Financial risk management

##### **Financial risk factors**

Financial risk factors, market risk, credit risks and liquidity risk are specified in the Consolidated Financial Statements, refer to note 20 for the Group.

##### **Maturity analysis**

The table below analyses the Parent Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year DKK'000	Between 1 and 5 year DKK'000	More than 5 years DKK'000	Total DKK'000
<b>Non-derivatives</b>				
<b>As at 31.12.2018</b>				
Credit institutions	0	300,000	0	300,000
Trade payables	1,216	0	0	1,216
Payables to group enterprises	61	0	0	61
Other payables	107,002	0	0	107,002
	<b>108,279</b>	<b>300,000</b>	<b>0</b>	<b>408,279</b>
<b>As at 31.12.2017</b>				
Credit institutions	164,836	400,000	0	564,836
Trade payables	2,447	0	0	2,447
Payables to group enterprises	175	0	0	175
Other payables	40,333	0	0	40,333
	<b>207,791</b>	<b>400,000</b>	<b>0</b>	<b>607,791</b>

##### **Financial assets and liabilities per measurement category**

	2018 DKK'000	2017 DKK'000
<b>Financial assets</b>		
<i>Financial assets at amortised costs:</i>		
Non current receivables	37,814	67,019
Trade receivables	936	47
Other loans and receivables	17,748	33,727
Cash and cash equivalents	24,335	10,528
<i>Financial assets at fair value through profit or loss (FVPL):</i>		
Investments in associates and joint venture	1,655,000	850,869
Current Asset Investments	1,539,879	1,581,469
Other investments	166,280	795,393
<b>Financial liabilities</b>		
<i>Liabilities at amortised cost:</i>		
Trade and other payables	1,216	2,447
Credit institutions	300,000	564,836
Other payables	107,002	40,333

##### **Measurement and fair value hierarchy**

Measurement and fair value hierarchy is specified in the Consolidated Financial Statements, refer to note 20 for the Group.

## Notes

### Parent Company

#### 21 First time adoption of IFRS

The Company has adopted IFRS for its financial accounts with effect from 1 January 2017. The comparative figures for 2017 have been restated.

Below is shown the impact on equity and comprehensive income.

##### First time adoption

The Annual Report is the first Annual Report that is presented in accordance with IFRS. The figures for 2017 and 2018 in the income statement and the balance sheet items as at 1 January 2017, 31 December 2017 and 31 December 2018 were prepared according to IFRS.

The disclosures required by IFRS 1, First-time Adoption of International Financial Reporting Standards, concerning the transition from Danish GAAP to IFRS are provided below.

##### Reconciliation of equity

	31 December 2017 DKK'000	1 January 2017 (date of transition to IFRS) DKK'000
Equity - according to the Danish Financial Statements Act	<b>4,296,631</b>	<b>4,580,801</b>
<i>Adjustments</i>		
Investments in associates	56,176	135,214
Equity 1 January 2017 - according to IFRS	<b>4,352,807</b>	<b>4,716,015</b>

##### Reconciliation of total comprehensive income for 2017

	2017 DKK'000
<b>Total comprehensive income Danish Financial Statements Act</b>	<b>(235,865)</b>
<i>Adjustments</i>	
Fair value adjustments of investments in associates	(82,344)
<b>Total comprehensive income - IFRS</b>	<b>(318,209)</b>

The comparative figures in the profit & loss statement and the balance sheet has been adjusted with the figures stated above.

##### Adjustments

Measurement of strategic investments in associates and joint ventures have changed from equity value to fair value with effect from 1 January 2017.

#### 22 Events after the balance sheet date

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

## Financial highlights of the Group

	<b>2018</b>	<b>2017</b>	<b>2016*</b>	<b>2015</b>	<b>2014**</b>
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Financial highlights</b>					
<b>Profit and loss accounts</b>					
Revenue	216,711	121,317	125,118	334,494	326,553
Gross profit/loss	110,154	119,043	132,324	203,787	97,318
Operating profit/loss	(35,386)	(43,168)	20,406	42,216	(57,708)
Net financials	(66,264)	372,364	179,028	140,640	46,624
Profit/loss from continuing activities	149,233	(40,948)	155,785	145,281	(25,965)
Profit/loss from discontinuing activities	14,581	(223,729)	(2,745)	0	0
Profit/loss for the year	163,814	(264,677)	153,040	145,281	(25,965)
Comprehensive income	168,532	(315,264)	169,890	176,315	105,407
<b>Balance sheet</b>					
Total assets	5,159,849	6,216,091	6,643,436	6,643,105	5,659,163
Investments in intangible and tangible fixed assets	110,971	142,150	127,655	533,652	232,456
Total equity attributable to owners of the parent company	4,473,678	4,386,530	4,611,580	4,486,891	4,251,235
<b>Key Ratios</b>					
Return on equity (%)	3.8%	-5.9%	3.4%	3.3%	-0.6%
Solvency ratio (%)	86.7%	70.6%	69.4%	67.5%	75.1%

\*) The company has implemented IFRS on 01.01.2017. The comparative figures for 2014, 2015 and 2016 are presented according to Danish GAAP.

\*\*\*) In connection with changes to accounting policies in 2016, the comparative figures in the period 2014 have not been restated. The changed accounting policies regards measurement of investments properties.

The comparative figures in the period 2015-2014 have not been restated with discontinuing activities.

The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts (2015).



## Consolidated statement of profit and loss

### Group

	Note	2018 DKK'000	2017 DKK'000
Revenue	3	216,711	121,317
Value adjustments of investments		27,925	1,714
Other operating income		25,334	45,860
Expenses for raw materials and consumables		(128,443)	(10,989)
Other external expenses		(31,373)	(38,859)
<b>Gross profit/loss</b>		<b>110,154</b>	<b>119,043</b>
Staff expenses	4	(53,590)	(55,087)
Amortisation, depreciation and impairment losses	5	(90,344)	(83,904)
Other operating expenses		(1,606)	(23,220)
<b>Operating profit/loss</b>		<b>(35,386)</b>	<b>(43,168)</b>
Income from investments in associates and joint ventures		235,866	(336,391)
Financial income	6	181,667	499,670
Financial expenses	7	(247,931)	(127,306)
<b>Profit/loss before tax</b>		<b>134,216</b>	<b>(7,195)</b>
Income tax	8	15,017	(33,753)
<b>Profit/loss for continuing operations</b>		<b>149,233</b>	<b>(40,948)</b>
Profit from discontinued operation	9	14,581	(223,729)
<b>Profit/loss for the year</b>		<b>163,814</b>	<b>(264,677)</b>
<b>Profit/loss for the year is attributable to:</b>			
Owners of KIRK KAPITAL A/S		159,154	(267,138)
Non-controlling interests		4,660	2,461
		<b>163,814</b>	<b>(264,677)</b>

## Consolidated statement of comprehensive income

Group

	<u>2018</u>	<u>2017</u>
	DKK'000	DKK'000
Profit for the period	163,814	(264,677)
<b><i>Other comprehensive income</i></b>		
<i>Items that will be subsequently reclassified to profit or loss</i>		
Exchange rate adjustments of foreign entities	25,006	(90,617)
Fair value adjustment of hedging instruments	(26,013)	50,252
Income tax relating to hedging instruments	5,725	(10,222)
<b>Other comprehensive income for the period, net of tax</b>	<b><u>4,718</u></b>	<b><u>(50,587)</u></b>
<b>Total comprehensive income for the period</b>	<b><u>168,532</u></b>	<b><u>(315,264)</u></b>
<b>Total comprehensive income for the period is attributable to:</b>		
Owners of KIRK KAPITAL A/S	163,872	(318,209)
Non-controlling interests	4,660	2,945
	<b><u>168,532</u></b>	<b><u>(315,264)</u></b>

## Consolidated balance sheet

### Group

	Notes	31 December 2018 DKK'000	31 December 2017 DKK'000	1 January 2017 DKK'000
Goodwill		2,554	3,757	5,613
Property, plant and equipment	10	769,388	730,510	844,674
Investment properties	11	120,395	985,875	987,761
Investments in associates and joint ventures at fair value	12	1,655,000	850,869	974,100
Investments in associates and joint ventures at equity method	13	193,480	259,220	178,442
Other equity investments	14	166,410	796,763	629,652
Non current receivables		251,278	408,503	520,553
Deferred tax asset	15	18,911	0	437
<b>Total non-current assets</b>		<b>3,177,416</b>	<b>4,035,497</b>	<b>4,141,232</b>
Inventories	16	230,113	0	0
Trade receivables		936	1,033	1,622
Receivables from associates		0	100	35
Tax receivables		11,563	20,688	7,149
Prepayments		0	1,954	2,303
Assets held for sale	9	11,846	472,027	801,308
Other receivables		41,987	49,944	31,737
Current Asset Investments		1,539,878	1,581,469	1,599,715
Cash and cash equivalents		146,110	53,379	193,549
<b>Total current assets</b>		<b>1,982,433</b>	<b>2,180,594</b>	<b>2,637,418</b>
<b>Total assets</b>		<b>5,159,849</b>	<b>6,216,091</b>	<b>6,778,650</b>

## Consolidated balance sheet

### Group

	Note	31 December 2018 DKK'000	31 December 2017 DKK'000	1 January 2017 DKK'000
Share capital	17	100,000	100,000	100,000
Retained earnings		4,328,678	4,209,806	4,571,015
Proposed dividend for the year		45,000	43,000	45,000
<b>Total equity attributable to owners of the parent company</b>		<b>4,473,678</b>	<b>4,352,806</b>	<b>4,716,015</b>
Non-controlling interests		0	33,724	30,779
<b>Total equity</b>		<b>4,473,678</b>	<b>4,386,530</b>	<b>4,746,794</b>
Credit institutions	20	354,328	950,434	1,104,811
Deferred tax liabilities	15	35,282	108,804	143,668
Deposits	20	0	10,356	9,833
Other payables		0	0	68,592
<b>Total non-current liabilities</b>		<b>389,610</b>	<b>1,069,594</b>	<b>1,326,904</b>
Credit institutions	20	108,657	296,057	141,905
Prepayments from customers		0	13,566	15,129
Trade payables	20	9,789	10,883	18,384
Tax payables		16,403	40,698	19,892
Liabilities related to assets held for sale	9	3,632	264,307	324,276
Deposits	20	1,304	0	0
Other payables	20	156,776	134,456	185,366
<b>Total current liabilities</b>		<b>296,561</b>	<b>759,967</b>	<b>704,952</b>
<b>Total liabilities</b>		<b>686,171</b>	<b>1,829,561</b>	<b>2,031,856</b>
<b>Total equity and liabilities</b>		<b>5,159,849</b>	<b>6,216,091</b>	<b>6,778,650</b>

## Consolidated statement of changes in equity

### Group

	Share capital	Retained earnings	Proposed dividend	Total equity attributable to owners of KIRK KAPITAL A/S	Non- controlling interests	Total
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Equity - according to the Danish Financial Statements Act at 31.12.2016</b>	<b>100,000</b>	<b>4,435,801</b>	<b>45,000</b>	<b>4,580,801</b>	<b>30,779</b>	<b>4,611,580</b>
Conversion to IFRS, refer to note 22	0	135,214	0	135,214	0	135,214
<b>Equity at 01.01.2017</b>	<b>100,000</b>	<b>4,571,015</b>	<b>45,000</b>	<b>4,716,015</b>	<b>30,779</b>	<b>4,746,794</b>
Ordinary dividend paid	0	0	(45,000)	(45,000)	0	(45,000)
Profit for the period	0	(267,138)	0	(267,138)	2,461	(264,677)
Other comprehensive income	0	(51,071)	0	(51,071)	484	(50,587)
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>(318,209)</b>	<b>(45,000)</b>	<b>(363,209)</b>	<b>2,945</b>	<b>(360,264)</b>
<i>Transactions with owners in their capacity as owners</i>						
Dividend	0	(43,000)	43,000	0	0	0
<b>Equity at 31.12.2017</b>	<b>100,000</b>	<b>4,209,806</b>	<b>43,000</b>	<b>4,352,806</b>	<b>33,724</b>	<b>4,386,530</b>
Ordinary dividend paid	0	0	(43,000)	(43,000)	0	(43,000)
Profit for the period	0	159,154	0	159,154	4,660	163,814
Other comprehensive income	0	4,718	0	4,718	0	4,718
Sale of subsidiaries	0	0	0	0	(38,384)	(38,384)
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>163,872</b>	<b>(43,000)</b>	<b>120,872</b>	<b>(33,724)</b>	<b>87,148</b>
<i>Transactions with owners in their capacity as owners</i>						
Dividend	0	(45,000)	45,000	0	0	0
<b>Equity at 31.12.2018</b>	<b>100,000</b>	<b>4,328,678</b>	<b>45,000</b>	<b>4,473,678</b>	<b>0</b>	<b>4,473,678</b>

## Consolidated cash flow statement

Group	2018 DKK'000	2017 DKK'000
Profit/loss for the year	163,814	(264,677)
Adjustments	(103,692)	424,119
Changes in net working capital	104,281	(27,972)
Interests received	129,025	122,143
Interests paid	(72,436)	(46,006)
Income taxes paid	(15,171)	(60,713)
<b>Net cash flow from operating activities</b>	<b>205,821</b>	<b>146,894</b>
Purchase of property, plant and equipment	(110,971)	(142,150)
Proceeds from sale of property, plant and equipment	16,000	145,137
Purchase of non-current financial assets	(609,700)	(818,106)
Sale of non-current financial assets	592,025	630,899
Business acquisitions	(176,488)	0
Business sales	178,200	0
Cash from business acquisitions and sales	211,412	0
Proceeds from sale of discontinued operations	440,967	0
Dividends received from associates	36,583	8,400
<b>Net cash flow from investing activities</b>	<b>578,028</b>	<b>(175,820)</b>
Repayment of credit institutions	(639,236)	(78,597)
Dividend paid	(43,000)	(45,000)
<b>Cash flow from financing activities</b>	<b>(682,236)</b>	<b>(123,597)</b>
<b>Net cash flow for the year</b>	<b>101,613</b>	<b>(152,523)</b>
Cash and cash equivalents, beginning of the year	45,723	198,246
<b>Cash and cash equivalents at end of the year</b>	<b>147,336</b>	<b>45,723</b>

## Notes

### Group

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## Notes

### Group

#### 1 Accounting policies

The Consolidated Financial Statements are presented in Danish Kroner (DKK), as this is the Group's functional currency. The Consolidated Financial Statements have been rounded to the nearest thousand.

The consolidated and separate financial statements for KIRK KAPITAL A/S have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union as well as additional Danish disclosure requirements applying to entities of reporting class C for large enterprises.

#### *First time adoption*

The Annual Report is the first Annual Report that is presented in accordance with IFRS. The figures for 2017 in the income statement and the balance sheet items as at 1 January 2017 and 31 December 2017 were restated according to IFRS. The accounting policies applied are based on the standards and interpretations effective for 2018. No standards or interpretations which are not yet effective have been adopted.

The disclosures required by IFRS 1, First-time Adoption of International Financial Reporting Standards, concerning the transition from Danish GAAP to IFRS are provided in note 22.

#### *Exemptions applied*

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Company has opted not to apply IFRS's requirements to business combinations that took place before the transition date. The Company has not applied any other exemptions.

#### *Adoption of new and amended standards*

The IASB has issued a number of new or amended standards and interpretations effective for financial years beginning after 31 December 2018. Some of these have not yet been endorsed by the EU. Most relevant to the Group is the following:

IFRS 16 "Leasing" was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The standard is effective for annual periods beginning on or after 1 January 2019. Management has not yet completed the assessment, but expects some impact as the company currently have operational leases, cf. note 19, with significant extension options.

There are no other IFRSs or IFRIC interpretations that are not yet effective which are expected to have a material impact on the Company.



## Notes

### Group

#### 1 Accounting policies (continued)

##### ***Basis of consolidation***

The Consolidated Financial Statements comprise the Parent Company, KIRK KAPITAL A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50 % of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

On consolidation, elimination is made of intra-group income and costs, shareholdings, intra-group balances and dividend and realized and unrealized profits or losses on transactions between the consolidated companies.

Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

##### ***Foreign currency translation***

###### ***Transactions and balances***

Transactions in currencies other than the entity's functional currency are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

##### ***Revenue***

Rental income under operating leases is recognised straight line over the term of the contract. Revenue from sale of apartments are recognised at a point in time when control of the apartment is transferred.

Revenue is measured as the fair value of the consideration received or receivable. Revenue is measured exclusive of VAT, taxes etc.

##### ***Value adjustments of investments***

The value adjustment of investments in associates and portfolio companies comprises value adjustment realized from sale and unrealised value adjustments from any revaluation or impairment of investments in portfolio companies at fair value. Dividend received from investments are included in value adjustments.

##### ***Expenses for raw materials and consumables***

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

##### ***Other external expenses***

Other external expenses comprise expenses for premises, office expenses, etc.

##### ***Staff expenses***

Staff expenses comprise wages and salaries as well as payroll expenses.

## Notes

### Group

#### 1 Accounting policies (continued)

##### ***Other operating income and expenses***

Other operating income and other expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

##### ***Special Items***

Special items comprise items which are unusual or expected to be non-recurring. They have in the Income statement been isolated in order to give a more true and fair reflection on underlying business activities. Such costs are typically restructuring, impairment losses, discontinuing operations and similar.

##### ***Financial income and expenses***

Financial income and expenses include interest, financial gains and expenses with respect to finance leases, debt, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as additional payments and repayment under the tax prepayment scheme.

##### ***Income tax and deferred tax***

The company is jointly taxed with Danish Group enterprises. The Danish income tax payable is allocated between the jointly taxed Danish companies based on their proportion of taxable income (full absorption including reimbursement of tax deficits). The jointly taxed companies are taxed under the Danish Tax Payment Scheme. Additions, deductions and allowances are recognised under financial income or financial costs.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilised.

## Notes

### Group

#### 1 Accounting policies (continued)

##### ***Income tax and deferred tax (continued)***

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

##### ***Intangibles***

###### ***Goodwill***

On initial recognition, goodwill is measured and recognised as the excess of the cost of the acquired company over the fair value of the acquired assets, liabilities and contingent liabilities, as described under Business Combinations.

On recognition of goodwill, the goodwill amount is allocated to those of the Group's activities that generate separate cash flows (cash-generating units). The determination of cash-generating units is based on the Group's management structure and internal financial management and reporting.

Goodwill is not amortised, but is tested for impairment at least once a year.

###### ***Property, plant and equipment***

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the time when the asset is available for use.

Borrowing costs that are attributable to the construction of property, plant and equipment are added to the costs of the assets during the period that is required to complete and prepare the asset for its intended use.

Expenditures for repairs and maintenance of property, plant and equipment is charged to the profit and loss of the year in which they were incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values over their estimated useful lives, as follows:

Buildings	10-50 years
Aircraft	10-20 years
Vessels	20 years
Other fixtures and fittings, tools and equipment	3-6 years

## Notes

### Group

#### 1 Accounting policies (continued)

##### ***Property, plant and equipment*** (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains and losses arising from disposal of property, plant and equipment are calculated as the difference between the sales price less sales costs and the carrying amount at the time of sale.

Gains and losses are recognised in the profit and loss as other income or operating expenses.

##### ***Investment properties***

Investment properties are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed investment properties comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components and subsuppliers up until the time when the asset is ready for use.

After the initial recognition the investment properties are measured at fair value.

##### ***Investments in subsidiaries***

Investments in subsidiaries are recognised and measured under the equity method, which is at the proportionate share of the net asset values in the subsidiaries.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

The carrying amount of equity-accounted investments is tested for impairment if indications of impairment exists.

##### ***Investments in portfolio companies etc.***

Investments in associates and joint venture at fair value and other equity investments comprise investments in portfolio companies and are measured at fair value on the balance sheet date. Value adjustments are recognised in the income statement.

##### ***Investments in associates and joint ventures at equity method***

Investments in associates and joint ventures at equity are recognised and measured under the equity method, which is at the proportionate share of the net asset values in the associates and joint ventures.

The total net revaluation of the investments is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the investments.

The carrying amount of equity-accounted investments is tested for impairment if indications of impairment exists.

## Notes

### Group

#### 1 Accounting policies (continued)

##### *Fair value estimation*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets traded in active markets (such as publicly traded derivatives and equity securities publicly traded on a stock exchange) are based on quoted market prices at the close of trading on the reporting date.

Investments in portfolio companies traded in an active market are measured on the basis of the last market price. Unlisted portfolio companies are valued either by way of a capital increase round or part sale based on the value of comparable companies as well as by applying traditional measurement methods.

Fair value for unlisted equity securities are determined by management using valuation techniques. Such valuation techniques may include earnings multiples and discounted cash flows. The valuation models are adjusted as deemed necessary for factors such as non-maintainable earnings, tax risk, growth stage and cash traps.

Fair value of certain financial investments are measured at values as communicated by fund management. In determining fair value for other financial investments, the management relies on the financial data of investee portfolio companies or on estimates by the management of the investee portfolio companies as to the effect of future developments. Although management uses its best judgement, and cross-references results of primary valuation models against secondary models in estimating the fair value of investments, there are inherent limitations in any estimation techniques.

The fair value estimates presented herein are not necessarily indicative of an amount the Group could realise in a current transaction. Future confirming events will also affect the estimates of fair value. The effect of such events on the estimates of fair value, including the ultimate liquidation of investments, could be material to the financial statements.

##### *Leases*

###### *Finance lease*

Leases in terms of which the Group assumes sub-substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

Leases in which more than an insignificant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the period of the lease.

Leases in which more than an insignificant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the period of the lease.

## Notes

### Group

#### 1 Accounting policies (continued)

##### *Operating lease*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the period of the lease.

##### *Impairment of non-current assets*

The carrying amounts of intangible assets and property, plant and equipment are written down immediately to the recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognised in the income statement when the impairment is identified. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level at which cash flows are separately identifiable (cash-generating units).

##### *Inventories*

Inventories comprise property held for sale in the ordinary course of business. They are measured at the lower of cost under the FIFO method and net realisable value. The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum. The cost of goods for resale, raw materials and consumables equals landed cost.

##### *Receivables*

On initial recognition, receivables are measured at fair value, and subsequently they are measured at amortised cost. Receivables are written down for expected credit losses.

##### *Prepayments*

Prepayments comprise prepaid expenses relating to rent, insurance premiums, subscriptions and interests.

##### *Current Asset Investments*

Current Asset Investments, which consists of listed bonds and other investments, are measured at fair value.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and in hand.

##### *Equity*

###### *Share capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deductions, net of tax, from the proceeds.

###### *Dividend distribution*

Proposed dividends are disclosed as a separate item under equity and recognised as a liability when declared

## Notes

### Group

#### 1 Accounting policies (continued)

##### **Financial liabilities**

Financial liabilities, including bank and financial loans, trade and other payables, are on initial recognition measured at fair value. The liabilities are subsequently measured at amortised cost.

##### **Cash flow statement**

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities comprise cash flows from the raising and repayment of long term debt as well as payments to and from shareholders.

##### **Financial Highlights**

Explanation of financial ratios:

Solvency ratio = 
$$\frac{\text{Equity at year-end} \times 100}{\text{Total assets at year-end}}$$

Return on equity = 
$$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$

The financial ratios have been computed in accordance with the latest Guidelines issued by the Danish Finance Society.

#### 2 Critical accounting estimates and judgements

In the preparation of the consolidated financial statements according to IFRS, Management is required to make certain estimates as some financial statement items cannot be reliably measured, but must be estimated as the value of assets and liabilities often depends on future events that are somewhat uncertain.

The judgments, estimates and assumptions made are based on historical experience and other factors that Management considers to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The most critical judgments, estimates and assumptions for the individual items are described below.

##### **Critical accounting estimates**

Most of the investments in associates and other investments are measured at fair value on the balance sheet date. When management does not have access to fair values from an active market or from portfolio managers the values are estimated by using multiple factors from similar investments. These investments amount to DKK 1.655 million in 2018 (DKK 851 million in 2017).

## Notes

Group	2018 DKK'000	2017 DKK'000
<b>3 Revenue</b>		
Revenue recognized over time	106,831	121,317
Revenue recognized at a point in time	109,880	0
	<b>216,711</b>	<b>121,317</b>

<b>Revenue - 2018</b>	Rental property DKK'000	Aircraft leasing DKK'000	Sale of property DKK'000	2018 DKK'000
Revenue	51,577	55,254	109,880	216,711
<b>Total</b>	<b>51,577</b>	<b>55,254</b>	<b>109,880</b>	<b>216,711</b>

<b>Revenue - 2017</b>	Rental property DKK'000	Aircraft leasing DKK'000	Sale of property DKK'000	2017 DKK'000
Revenue	58,739	62,578	0	121,317
<b>Total</b>	<b>58,739</b>	<b>62,578</b>	<b>0</b>	<b>121,317</b>

The entire revenue in 2017 and 2018 is earned in Denmark.

<b>4 Staff expenses</b>	2018 DKK'000	2017 DKK'000
Wages and salaries	50,526	52,018
Pensions	1,684	1,233
Other social security costs	220	142
Other staff costs	1,160	1,694
	<b>53,590</b>	<b>55,087</b>
Average number of employees	29	27

### Key Management Compensation

Key Management consists of Executive Board and Board of Directors. The compensation paid or payables to key management for employee services is shown below:

	2018 DKK'000	2017 DKK'000
Executive Board:		
Salaries and other remuneration	5,966	5,295
Short-term incentive plans	2,714	2,433
Long-term incentive plans	8,830	867
Severance payments and other one-offs	8,230	16,508
<b>Total</b>	<b>25,740</b>	<b>25,103</b>
Board of Directors:		
Board fee	1,312	1,250
<b>Total</b>	<b>1,312</b>	<b>1,250</b>
<b>Total compensation of key management personnel</b>	<b>27,052</b>	<b>26,353</b>

### 5 Amortisation, depreciation and impairment losses

Depreciation	37,110	37,904
Impairment loss	53,234	46,000
	<b>90,344</b>	<b>83,904</b>



## Notes

### Group

	2018 DKK'000	2017 DKK'000
<b>6 Financial income</b>		
Fair value adjustments of investments	90,691	363,105
Interest income from financial assets	62,355	91,715
Foreign exchange rate gains	28,621	44,850
	<u>181,667</u>	<u>499,670</u>
<b>7 Financial expenses</b>		
Impairment losses on financial assets	158,348	20,080
Interest and finance charges paid/payable for financial liabilities	66,017	100,367
Exchange loss	23,566	6,859
	<u>247,931</u>	<u>127,306</u>
<b>8 Tax on profit for the year</b>		
Current tax:		
Current tax on profits for the year	(751)	82,502
Current tax on profits for previous years	3,343	(11,801)
Deferred tax for the year and previous years	(23,334)	(26,726)
	<u>(20,742)</u>	<u>43,975</u>
which breaks down as follows:		
Tax on profit/loss for the year	(15,017)	33,753
Tax on changes in equity	(5,725)	10,222
	<u>(20,742)</u>	<u>43,975</u>
<b>Calculated 22.0% tax on profit for the year before income tax</b>	29,528	(1,583)
<b>Tax effects of:</b>		
Income from associates and joint venture	(51,891)	82,865
Non-deductible expenses	463	47
Adjustment of tax relating to previous years	3,343	(11,801)
Income from other investments	2,513	(46,836)
Exchange adjustment	(1,152)	7,416
Other	2,180	3,645
	<u>(15,017)</u>	<u>33,753</u>
<b>Effective tax rate</b>	<u>-11%</u>	<u>-469%</u>

## Notes

### Group

#### 9 Discontinued operations

Discontinued operations comprise the group's sale of its shipping activities in 2018. Following the strategic review from 2017, all vessels have been sold during 2018.

	2018	2017
	DKK'000	DKK'000
Revenue	154,306	232,278
Expenses for raw materials and consumables	(132,650)	(203,715)
Other operating income	3,252	0
Other external expenses	5,089	(1,335)
<b>Gross profit/loss</b>	<b>29,997</b>	<b>27,228</b>
Impairment, depreciation and amortisation	(6,886)	(243,513)
Other operating expenses	(1,652)	0
<b>Operating profit/loss</b>	<b>21,459</b>	<b>(216,285)</b>
Financial income	152	133
Financial expenses	(4,918)	(7,932)
<b>Profit/loss before tax</b>	<b>16,693</b>	<b>(224,084)</b>
Income tax	(2,112)	355
<b>Profit/loss for discontinued operations</b>	<b>14,581</b>	<b>(223,729)</b>
The carrying amounts of assets and liabilities:		
Other investments	7,922	22,348
Property, plant and equipment	0	416,610
Corporation tax	268	334
Trade receivables	2,430	21,791
Cash at bank and in hand	1,226	10,944
<b>Total assets</b>	<b>11,846</b>	<b>472,027</b>
Credit institutions	0	245,204
Trade payables	3,306	18,300
Other liabilities	326	803
<b>Total liabilities</b>	<b>3,632</b>	<b>264,307</b>
<b>Net assets</b>	<b>8,214</b>	<b>207,720</b>
<b>Cash flow from discontinued operations are included in the cash flow statement as follows:</b>		
Cash flow from operating activities	19,760	42,350
Cash flow from investing activities	440,967	0
Cash flow from financing activities	(245,204)	(75,571)

## Notes

### Group

#### 10 Property, plant and equipment

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Airplanes DKK'000	Property, plant and equipment in progress DKK'000	Total DKK'000
Cost:					
At 01.01.2018	0	5,830	533,862	627,255	1,166,947
Exchange adjustment	0	0	26,807	0	26,807
Additions during the year	0	656	0	102,454	103,110
Disposals during the year	0	(2,248)	0	0	(2,248)
Transfers	484,709	0	0	(729,709)	(245,000)
<b>At 31.12.2018</b>	<b>484,709</b>	<b>4,238</b>	<b>560,669</b>	<b>0</b>	<b>1,049,616</b>
Depreciation and impairment:					
At 01.01.2018	0	2,893	227,544	206,000	436,437
Exchange adjustment	0	0	11,425	0	11,425
Depreciation for the year	5,958	348	32,766	0	39,072
Impairment for the year	0	0	0	39,000	39,000
Reversals regarding disposals	0	(706)	0	0	(706)
Transfers	0	0	0	(245,000)	(245,000)
<b>At 31.12.2018</b>	<b>5,958</b>	<b>2,535</b>	<b>271,735</b>	<b>0</b>	<b>280,228</b>
<b>Carrying amount 31.12.2018</b>	<b>478,751</b>	<b>1,703</b>	<b>288,934</b>	<b>0</b>	<b>769,388</b>
Cost:					
At 01.01.2017	0	5,724	804,017	505,829	1,315,570
Exchange adjustment	0	0	(96,342)	0	(96,342)
Additions during the year	0	1,041	0	141,109	142,150
Disposals during the year	0	(935)	(173,813)	0	(174,748)
Transfers for the year	0	0	0	(19,683)	(19,683)
<b>At 31.12.2017</b>	<b>0</b>	<b>5,830</b>	<b>533,862</b>	<b>627,255</b>	<b>1,166,947</b>
Depreciation and impairment:					
At 01.01.2017	0	3,255	307,641	160,000	470,896
Exchange adjustment	0	0	(36,864)	0	(36,864)
Depreciation for the year	0	454	33,474	0	33,928
Impairment for the year	0	(254)	21,838	46,000	67,584
Reversals regarding disposals	0	(562)	(98,545)	0	(99,107)
<b>At 31.12.2017</b>	<b>0</b>	<b>2,893</b>	<b>227,544</b>	<b>206,000</b>	<b>436,437</b>
<b>Carrying amount 31.12.2017</b>	<b>0</b>	<b>2,937</b>	<b>306,318</b>	<b>421,255</b>	<b>730,510</b>

## Notes

### Group

#### 11 Investment properties

	2018	2017
	DKK'000	DKK'000
Cost:		
At 1 January	1,066,643	1,087,503
Additions during the year	7,205	1,546
Disposals during the year	(934,196)	(42,089)
Transfers during the year	0	19,683
At 31 December	<b>139,652</b>	<b>1,066,643</b>
Value adjustments:		
At 1 January	(80,768)	(99,742)
Fair value adjustments during the year	(4,747)	1,714
Reversals regarding disposals	66,258	17,260
Value adjustments at 31 December	<b>(19,257)</b>	<b>(80,768)</b>
<b>Carrying amount 31 December</b>	<b>120,395</b>	<b>985,875</b>

Investment properties are measured at fair value. The fair value is calculated by using generally accepted valuation methods.

The average rate of return used for valuation of the company's investment properties is based on the investment properties' location and condition. The buildings are measured at an average return of 5.0% compared to 5.0% - 5.8% last year. The fair value of the forest and agriculture land is estimated at DKK 115,000 per hectare compared to DKK 135,000 per hectare last year. A change of the rate of return of 0.5% will impact the value of investment property of approx DKK 5 million before tax and a change of the price per hectare of 1% will impact the value of the forest and agriculture land of approx DKK 0,6 million before tax.

#### 12 Investment in associates and joint ventures at fair value

Name of entity	Place of registered office	Nature of relationship	Share capital	Votes	Ownership	Equity at last reporting date	Net profit/loss
							for the last reported year
			Currency'000			Currency'000	Currency'000
PNO Holding A/S	Copenhagen, Denmark	Associate	625 DKK	48%	48%	316,173 DKK	51,703 DKK
P-AP 2009 A/S	Brøndby, Denmark	Associate	20,309 DKK	40%	67%	860 DKK	-179,002 DKK
Kompan Holding A/S	Odense, Denmark	Associate	51,800 DKK	25%	25%	630,900 DKK	24,300 DKK
Act Holding ApS	Copenhagen, Denmark	Associate	100 DKK	50%	50%	N/A	N/A
ApS FMD 1	Søbrog, Denmark	Associate	5,016 DKK	30%	30%	832,391 DKK	9,570 DKK
Wingmilling ApS	Vejle, Denmark	Associate	518 DKK	67%	67%	18,127 DKK	5,900 DKK
Safewhere A/S	Virum, Denmark	Associate	1,351 DKK	42%	42%	1,163 DKK	-2,863 DKK
Globeteam A/S	Virum, Denmark	Associate	1,450 DKK	34%	34%	29,452 DKK	13,489 DKK
Virumgårdsvej 17	Virum, Denmark	Associate	500 DKK	50%	50%	5,296 DKK	-168 DKK
Changedriver A/S	Virum, Denmark	Associate	1,394 DKK	15%	15%	761 DKK	-775 DKK
Beck Pack Holding ApS	Rønne, Denmark	Associate	100 DKK	40%	40%	N/A	N/A
TPS Holding II A/S	Gentofte, Denmark	Associate	102 EUR	35%	35%	2,643 EUR	328 EUR
P-A2017 Holding 1 A/S	Brøndby, Denmark	Joint Venture	1,500 DKK	50%	50%	N/A	N/A

#### 13 Investment in associates and joint ventures at equity method

Name of entity	Place of registered office	Nature of relationship	Share capital	Votes	Ownership	Equity at last reporting date	Net profit/loss
							for the last reported year
			Currency'000			Currency'000	Currency'000
Exit 59 A/S	Horsens, Denmark	Associate	100,000 DKK	25%	25%	337,241 DKK	24,613 DKK
K/S Høje-Taastrup ApS	Bredsten, Denmark	Associate	18,400 DKK	31%	31%	334,119 DKK	35,749 DKK
Høje-Taastrup ApS	Bredsten, Denmark	Associate	128 DKK	31%	31%	106 DKK	-11 DKK
Hafnia Management A/S	Hellerup, Denmark	Associate	500 DKK	20%	20%	19,034 DKK	-92 DKK
Havneøen E+G A/S	Vejle, Denmark	Joint Venture	2,000 DKK	50%	50%	N/A	N/A
K/S Joinflight IV	Billund, Denmark	Joint Venture	40,000 DKK	49%	49%	37,572 DKK	-2,428 DKK
JF IV ApS	Billund, Denmark	Joint Venture	800 DKK	50%	50%	753 DKK	-47 DKK
KN Operating Ltd	Limerick, Ireland	Joint Venture	100 USD	50%	50%	18,271 USD	14,485 USD

## Notes

### Group

#### 14 Other equity investments

Industry of investment	Geography	2018	2017
		DKK'000	DKK'000
Multisector	Global	12,586	203,272
Multisector	Nordic	19,716	59,494
Multisector	Denmark	274	2,732
Multisector	Pan Asia	90,389	90,383
Technology	Global	-	388,000
Real Estate	Global	43,314	51,509
Real Estate	Denmark	131	126
Shipping	Global	-	1,246
<b>Total portfolio</b>		<b>166,410</b>	<b>796,763</b>

#### 15 Deferred tax

Deferred tax at 01.01	108,804	143,231
Deferred tax recognised in the income statement	(23,334)	(34,427)
Derecognised as part of sale of subsidiary	(69,099)	0
<b>Deferred tax at 31.12</b>	<b>16,371</b>	<b>108,804</b>
<b>Deferred tax relates to:</b>		
Property, plant and equipment	(1,223)	34,115
Financial contracts	46,962	74,689
Tax loss carry forwards	(29,368)	0
	<b>16,371</b>	<b>108,804</b>
Of which presented as deferred tax assets	18,911	0
Of which presented as deferred tax liabilities	35,282	108,804

The Group does not have any unrecognized tax loss carryforwards.

#### 16 Inventories

Work in progress	47,945	0
Finished goods and goods for resale	182,168	0
<b>Total inventories</b>	<b>230,113</b>	<b>0</b>

#### 17 Share capital

<i>The share capital comprise:</i>	<b>Number of shares</b>	<b>Nominal value (TDKK)</b>
A shares	57,709	57,709
B shares	42,291	42,291
<b>Share capital</b>	<b>100,000</b>	<b>100,000</b>

All shares have nominal value of DKK 1,000.

There have been no changes in the share capital during the last 5 years.

Each A share has 10 votes at the annual general meeting. Each B share has 1 vote at the annual general meeting.

## Notes

### Group

#### 18 Related parties

KIRK KAPITAL A/S' related parties comprise Gunhild Kirk Johansen, Casper Kirk Johansen, Morten Kirk Johansen, Anders Kirk Johansen and close family members and the Board of Directors and the Executive Management of KIRK KAPITAL. Related parties also comprise subsidiaries and associates. Related parties further comprise companies where the mentioned shareholders have significant influence: Selmont A/S, M. KIRK A/S, A. KIRK A/S, C2 A/S, CKKJ Cosmo ApS, JKJ Cosmo ApS, BM Billund ApS, Edith & Godtfred Kirk Christiansens Fond and subsidiaries.

Gunhild Kirk Johansen, Casper Kirk Johansen, Morten Kirk Johansen, Anders Kirk Johansen have as shareholders significant influence in KIRK KAPITAL A/S.

In the financial year, a limited number of transactions related to services took place between the owners of KIRK KAPITAL A/S and the KIRK KAPITAL Group. These services were paid on normal market terms.

There were no transactions with the Board of Directors or the Executive Management besides transactions related to the employment.

For information about remuneration to the Board of Directors and the Executive Management, see note 4.

*Transactions with related parties:*

	2018	2017
	DKK'000	DKK'000
<b>Other related parties</b>		
Administration and management Fee Income	11,263	12,453
Salaries	1,377	1,003
Intercompany interest income	16	27
Intercompany interest expenses	26	56

*Year-end balances arising from transactions with related parties:*

<b>Other related parties</b>		
Receivables	8,350	15,615
Payables	5,624	23,387

No other year-end balances or transactions have taken place during the year with the Board of Directors, the Executive Management, major shareholders or other related parties.

#### 19 Commitments and contingent liabilities

##### Contingent liabilities

Contingent liabilities and remaining commitment regarding participation in investment projects amount to a maximum of DKK 43,312k.

As collateral for bank debt, DKK 300,000k the bank is given security in depositary with a carrying amount of DKK 656,126k at 31 December 2018.

The Group has provided a guarantee of a maximum of DKK 160,930k to financial institutions regarding loans and other engagements.

The Group has provided a guarantee of a maximum of DKK 52,642k to financial institutions in which the Group's associates have loans and other engagements.

As collateral for bank debt to financial institution, DKK 162,985k, the shares and accompanying rights in the subsidiary KKAG Aviation A/S have been placed as security (the carrying amount of which amounts to DKK 283,436k at 31 December 2018). Further, as collateral for the bank debt, the bank has been given security in KKAG Aviation A/S' shares and rights in KA1 P/S, with a carrying amount of DKK 318,273k at 31 December 2018. Furthermore, KIRK KAPITAL A/S, KIRK Aviation A/S and KKAG Aviation A/S have guaranteed payment to the bank and is jointly and severally liable for the unpaid bank debt.

Restricted cash amounts to DKK 69,238k.

	2018	2017
	DKK'000	DKK'000
<b>Operating leases</b>		
Minimum lease payments on the Group's operating lease obligations amount to:		
Less than 1 year	13,035	1,533
1 to 5 years	273	0
<b>Total</b>	<b>13,308</b>	<b>1,533</b>

## Notes

### Group

#### 19 Commitments and contingent liabilities (continued)

##### Joint taxation scheme

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc. of the Group. The total amount of corporation tax payable by the Group is disclosed in the Financial Statements for KIRK KAPITAL A/S, which is the management company of the joint taxation. The Danish companies are joint and several liable for the joint taxation liability. The joint taxation liability covers income taxes and withholding taxes on dividends, royalties and interest.

#### 20 Financial risk management

##### Financial risk factors

The Group's financial risk management is mainly managed by its two investment departments since financial risk exposure is centered around the Group's strategic and financial investments. Overall risk analysis is performed in connection with setting the Group's investment strategy which is discussed with and approved by the Board.

The Group's financial risk profile is mainly dominated by market risk where the Group has high exposure to security prices and moderate exposure to interest rates and currency rates. To a lesser extent the Group is also exposed to Credit risk and Liquidity risk.

Derivatives financial instruments is mainly used to reduce financial risk exposure. Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. This will effectively result in recognizing interest expense at a fixed interest rate for the hedged floating rate loans or contracts and investment in foreign currency at the fixed foreign currency rate for the hedged investments. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

For hedges of net investments in foreign currencies and of hedges of financial asset denominated in foreign currencies, the group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The group therefore performs a qualitative assessment of effectiveness.

The Group uses foreign currency forwards to hedge its exposure to foreign currency risk. Under the Group's policy the critical terms of the forwards must align with the hedged items.

##### Market risk

###### Share price risk

The Group's current assets investments is directly exposed to movement in security prices since 13% of current assets investments is listed equities and valued using the observable prices on stock-exchanges. 10% in short-term movement in stock prices would affect the portfolio with 12% in the short term, due to a higher volatility in comparison to the market.

Investments in associates and joint ventures is measured at fair value using non-observable data, but data which to some extent is related to long-term market conditions. Investments in associates and joint ventures is thus not directly exposed to short term stock price movement, but risk is related to Long-term conditions in the market.

###### Foreign exchange risk

The Group's currency exposure can be divided in two categories of exposure and risks.

One category is investments denominated in currencies other than DKK/EUR. As per 31 December 2018 investments denominated in currency other than DKK/EUR amount to DKK 1,138 million and the exposure is mainly related to USD and GBP. Derivatives is used to hedge the currency risk and the net exposure is reduced to DKK 471 million for USD account for DKK 438 million and GBP account for DKK 23 million. The hedging rate in USD and GBP is per 31 December 2018, 53% and 88% respectively. The average hedging rate in USD and GBP for the year was 64% and 90% respectively. The duration of the hedging contracts all have a maturity of less than three months after the end of the reporting period.

A change of 10% in USD and GBP exchange would have short-term effect on the total comprehensive income by Respectively DKK 44 million and DKK 2 million.

The second category is the underlying currency risk in investment denominated in DKK/EUR where the investments is operating in a global market. Some of the investments have currency exposures due to imbalances in revenue and expenses generated in foreign currencies mostly related to USD and GBP. The risk is managed by the investments.

## Notes

### Group

#### 20 Financial risk management (continued)

##### *Interest rate risk*

The Group's interest rate risk is mainly related to the groups fixed income investments and the Groups debt instruments.

An increase in interest rate of 1% would negatively affect the fixed income investments with 0,7% and increase the Groups interest expenses with 0,9% of the debt burden. The interest rate risk is considered moderate.

##### *Credit risks*

The Group's primary credit exposure is related to fixed income investments, financial instrument, receivables regarding finance leases and cash positions. Major single exposures are either exposures to counterparts with good credit ratings and/or other supporting security measures is in place. The overall credit risk is considered low.

##### *Liquidity risk*

The Group manages its liquidity risk by contiguously monitoring and assessing the liquidity positions. Based on the relatively liquid Current Assets Investments and relatively low level of borrowings and liabilities the liquidity risk is considered low.

##### *Maturity analysis*

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 5 year	More than 5 years	Total
	DKK'000	DKK'000	DKK'000	DKK'000
<b>Non-derivatives</b>				
<b>As at 31.12.2018</b>				
Credit institutions	108,657	354,328	0	462,985
Trade payables	9,789	0	0	9,789
Deposits	1,304	0	0	1,304
Other payables	156,776	0	0	156,776
	<b>276,526</b>	<b>354,328</b>	<b>0</b>	<b>630,854</b>
<b>As at 31.12.2017</b>				
Morgage loans	9,159	36,581	312,812	358,552
Credit institutions	286,898	601,041	0	887,939
Trade payables	10,883	0	0	10,883
Deposits	0	10,356	0	10,356
Other payables	134,456	0	0	134,456
	<b>441,396</b>	<b>647,978</b>	<b>312,812</b>	<b>1,402,186</b>

	2018 DKK'000	2017 DKK'000
<b>Financial assets and liabilities per measurement category</b>		
<b>Financial assets</b>		
<i>Financial assets at amortised cost:</i>		
Non current receivables	251,278	408,503
Trade receivables	936	1,033
Receivables from associates	0	100
Other loans and receivables	41,987	49,944
Cash and cash equivalents	146,110	53,379
<i>Financial assets at fair value through profit or loss (FVPL):</i>		
Investments in associates and joint venture	1,655,000	850,869
Current Asset Investments	1,539,878	1,581,469
Other investments	166,410	796,763



## Notes

### Group

	2018	2017
	DKK'000	DKK'000

#### 20 Financial risk management (continued)

##### Financial liabilities

Liabilities at amortised cost:

Trade and other payables	9,789	10,883
Credit institutions	462,985	1,246,491
Deposits	1,304	10,356
Other payables	156,776	134,456

##### Measurement and fair value hierarchy

The Group's financial assets are either measured at amortized cost or fair value through profit and loss. The above specified financial assets and liabilities at fair values have been measured using either from the below three levels of fair value hierarchy:

- Level 1: Quoted prices in active markets for identical markets
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the assets either directly or indirectly
- Level 3: Input for the liabilities and assets that are not based on observable market data. These fair value measurements is form either external portfolio managers or by management estimates using multiples from similar investments or using fair value calculations models such as DCF models.

	2018	2017
	DKK'000	DKK'000
<b>21 Fee to auditors appointed at the general meeting</b>		
Audit fee to PwC	688	726
Other assurance engagements	90	174
Tax advisory services	966	978
Non-audit services	761	986
	<b>2,505</b>	<b>2,864</b>

#### 22 First time adoption of IFRS

The Company has adopted IFRS for its financial accounts with effect from 1 January 2017. The comparative figures for 2017 have been restated.

Below is shown the impact on equity and comprehensive income.

##### First time adoption

The Annual Report is the first Annual Report that is presented in accordance with IFRS. The figures for 2017 and 2018 in the income statement and the balance sheet items as at 1 January 2017, 31 December 2017 and 31 December 2018 were prepared according to IFRS.

The disclosures required by IFRS 1, First-time Adoption of International Financial Reporting Standards, concerning the transition from Danish GAAP to IFRS are provided below.

##### Reconciliation of equity

	31 December 2017	1 January 2017 (date of transition to IFRS)
Equity - according to the Danish Financial Statements Act	<b>4,330,354</b>	<b>4,611,580</b>
<i>Adjustments</i>		
Goodwill	0	0
Property, plant and equipment	0	0
Investments in associates	56,176	135,214
Deferred tax	0	0
Equity 1 January 2017 - according to IFRS	<b>4,386,530</b>	<b>4,746,794</b>

## Notes

### Group

#### 22 First time adoption of IFRS (continued)

Reconciliation of total comprehensive income for 2017	2017 DKK'000
<b>Total comprehensive income</b>	
<b>Danish Financial Statements Act</b>	<b>(232,920)</b>
<i>Adjustments</i>	
Amortisation of goodwill reversed	0
Fair value adjustments of investments in associates	(82,344)
Capitalized borrowing costs	0
Change to deferred tax	0
<b>Total comprehensive income - IFRS</b>	<b>(315,264)</b>

The comparative figures in the profit & loss statement and the balance sheet has been adjusted with the figures stated above.

#### Adjustments

Measurement of strategic investments in associates and joint ventures have changed from equity value to fair value with effect from 1 January 2017.

#### 23 Events after the balance sheet date

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

#### 24 List of group companies

Name	Place of Registered Office	Share Capital	Votes and Ownership
		Currency'000	
<i>Subsidiaries:</i>			
KIRK Farm A/S	Vejle, Danmark	500 DKK	100%
KIRK Shipping A/S	Vejle, Danmark	95 USD	100%
Gunhild Kirk A/S	Vejle, Danmark	85 USD	100%
Edith Kirk A/S	Vejle, Danmark	99 USD	100%
Marie Kirk A/S	Vejle, Danmark	274 USD	100%
Marianne Kirk A/S	Vejle, Danmark	94 USD	100%
Anja Kirk A/S	Vejle, Danmark	94 USD	100%
KIRK Aviation A/S	Vejle, Danmark	1,892 DKK	100%
KKAG Aviation A/S	Vejle, Danmark	177 USD	100%
KKAG Komplementarselskab ApS	Vejle, Danmark	14 USD	100%
KA1 P/S	Vejle, Danmark	575 USD	100%
KIRK Property A/S	Vejle, Danmark	600 DKK	100%
Havneøen 1 P/S	Vejle, Danmark	176,138 DKK	100%
Havneøen 2 P/S	Vejle, Danmark	500 DKK	100%
Havneøen 3 P/S	Vejle, Danmark	500 DKK	100%
Komplementarselskabet Havneøen 1 ApS	Vejle, Danmark	50 DKK	100%
Komplementarselskabet Havneøen 2 ApS	Vejle, Danmark	50 DKK	100%
Komplementarselskabet Havneøen 3 ApS	Vejle, Danmark	50 DKK	100%