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Executive Order no. 668 of 26 June 2008

Danish Executive Order on Approved Auditors' Reports (Bekendtgørelse om godkendte revisorers erklæringer)

In pursuance of Section 16 (4) and Section 54 (2) of the Danish Act no. 468 of 17 June 2008 on Approved Auditors and Audit Firms, the following is hereby laid down:

Part 1

Introductory Provisions

S. 1. The auditor is the representative of the public in connection with the provision of assurance reports that are required in pursuance of the existing legislation or that are not exclusively meant for the principal's own use. The same shall apply to the provision of statements on management's reviews.

(2) The auditor shall prepare his or her reports and statements independently of the principal and with due consideration of the conditions to which the recipients must normally be expected to attach importance in their decisions. The auditor shall therefore assess all conditions unless they are immaterial for the purpose of the report and unless stated otherwise in the existing legislation, etc.

(3) The auditor shall prepare his or her reports and statements in an unambiguous and clear language.

(4) Under the present Executive Order, recipients shall mean the persons, companies and public authorities, etc. whose decisions must normally be expected to be influenced by the reports.

S. 2. Under the present Executive Order, financial statements shall mean:

- 1) an annual report, financial statements, consolidated financial statements, an interim report, interim financial statements and interim consolidated financial statements in pursuance of the Danish Financial Statements Act and
- 2) corresponding financial statements that are not covered by 1 and that, as a minimum, contain a profit and loss account, a balance sheet and explanatory notes and that serve a general purpose and are aimed at a wide circle of users.

Part 2

Reporting

Auditors' Reports on Audited Financial Statements

S. 3. An auditors' report on financial statements constitutes the auditor's opinion on the audit performed.

(2) If the financial statements and any consolidated financial statements are audited, an auditors' report must form part of the annual report that comprises all the parts that are subject to a statutory audit. If the annual report contains an unaudited management's review, the auditors' report must also contain a statement on this, cf. Section 5 (1), no. 7.

(3) In parent companies that present financial statements as specified in Section 2, no. 1 or 2, and that present consolidated financial statements, a joint auditors' report shall be provided for the financial statement and the consolidated financial statement. The rules in Sections 5-8 shall apply correspondingly.

S. 4. If it has been agreed that the auditor is to provide an assurance engagement on one or several supplementary reports that form part of an annual report, the auditors' report on the supplementary reports may be prepared separately. Such reports shall be drawn up in pursuance of Sections 13-16.

S. 5. The auditor's report shall, as a minimum, contain the following elements in said order:

- 1) Identification of the audited financial statements and the financial reporting framework applied in preparation of the financial statements,
- 2) Statement of the auditor's responsibility for the audit and a description of the audit performed, cf. (2),

- 3) Qualifications in pursuance of Section 6 or information that the auditors' report is without qualifications, cf. (3),
- 4) Opinion on the performed audit, cf. (4)-(6),
- 5) Supplementary information about matters pertaining to the financial statements, cf. Section 7 (1),
- 6) Supplementary information about other matters, cf. Section 7 (2) and
- 7) if a management's review has been prepared, a statement from the auditor about whether the auditors' reading of the management's review has given rise to any comments, based on the performed audit of the financial statements and consolidated financial statements, if any, cf. (7) and (8).

(2) The statement of the auditor's responsibility and of the audit performed shall contain information about the purpose and nature of the audit and about the auditing standards that have been applied to the audit. Separate information shall be provided if the audit comprises other statements, etc. than the financial statements.

(3) If the auditors' report is without qualifications, the auditor shall clearly specify that: "Our audit did not give rise to qualifications."

(4) It must be stated in the opinion whether the financial statements have been prepared in accordance with the statutory requirements for the presentation of financial statements as well as any other requirements for financial reporting. If prescribed in the current legislation or other provisions, the auditor shall also state whether the financial statements give a true and fair view of the company's assets, liabilities, financial position and result in accordance with the applicable financial reporting framework or meet other corresponding general quality requirements.

(5) The opinion shall either be without qualifications, with qualifications or express an adverse opinion, cf. (6). If the auditor cannot express an opinion on the financial statements, this shall be stated in a separate section following the section on "Qualifications".

(6) An adverse opinion shall contain information that the financial statements do not meet the requirement that they must give a true and fair view of the company's assets and liabilities, financial position and result in accordance with the applicable financial reporting framework or do not meet corresponding general quality requirements.

(7) If there is any inconsistency between the management's review and the financial statements or any consolidated financial statements and this is due to errors, misstatements or omissions in the management's review that are not immaterial, the auditors' statement on the management's review shall contain information about the nature of any such inconsistencies. If the auditor becomes aware of any other material errors, misstatements and omissions in the management's review, the auditors' statement shall also contain a description hereof.

(8) The information in pursuance of (1), no. 7, shall be provided in a separate section with the heading: "Statement on the Management's review".

(9) The auditors' report shall be dated and signed by the auditor(s) who has or have been appointed to perform the audit. If an audit firm has been appointed, the auditors' report shall be signed by the auditor(s) with whom the audit has been entrusted. The name of the audit firm and the name of the auditor as well as a statement of whether the auditor is a state-authorised public accountant or a registered public accountant, cf., however, (10), shall be clearly stated in the auditors' report.

(10) An auditor who has been approved in accordance with the Danish Act on Approved Auditors and Audit Firms, Section 10 (1), shall provide the professional title that he or she is entitled to use following approval in pursuance of rules that implement European Parliament and Council Directive on statutory audits of annual accounts and consolidated accounts.

S. 6. The auditor shall express a qualified or adverse opinion if:

- 1) the auditor concludes, based on the audit evidence obtained, that the financial statements are not free from any material errors, misstatements or omissions, or
- 2) the auditor is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements are not free from any material errors, misstatements or omissions.

(2) Qualifications in pursuance of (1) shall always be expressed if:

- 1) the financial statements do not meet the requirement that they must give a true and fair view of the company's assets, liabilities, financial position and result in accordance with the applicable financial reporting framework or do not meet other corresponding general quality requirements,
- 2) the financial statements do not disclose the required information or do not meet the conditions for the omission of required information unless the non-disclosure of information is immaterial,
- 3) there is uncertainty about the determination of the financial statements or unusual circumstances that have affected the financial statements have not been sufficiently disclosed,
- 4) the financial statements have been prepared based on the going concern assumption, but the auditor finds that the going concern assumption has not been met,
- 5) the auditor finds that sufficient information about matters of importance to the financial statements has not been disclosed to the auditor,
- 6) the auditor is unable to express an opinion on parts of the financial statements or the financial statements as a whole or
- 7) the financial statements have otherwise not been prepared in accordance with the requirements for the presentation of financial statements contained in the current legislation or in any other provisions.

(3) If the opinion is qualified, the auditor shall clearly specify this in the auditors' report. The qualification(s) shall be stated in a separate section with the heading: "Qualifications".

(4) The auditor shall clearly state the reasons for his or her qualifications in the auditors' report.

(5) The auditor shall state whether a qualification is of such decisive importance that the annual general meeting should not

approve the financial statements.

S. 7. The auditor shall provide supplementary information in the auditor's report about any matters in the financial statements that the auditor draws attention to without expressing a qualified or adverse opinion.

(2) The auditor shall always provide supplementary information if the legislation on bookkeeping and storage of accounting materials has not been observed and if the violation in question is not immaterial. In addition, the auditor shall provide separate supplementary information about matters of which the auditor has become aware during his or her work and that give reason to assume that members of the management may incur liability for damages or criminal liability for actions or omissions that concern the company, affiliated companies, owners, creditors or employees. This shall always include information about any violation of:

- 1) Part 28 of the Danish Penal Code as well as legislation on taxes, duties, subsidies and grants,
- 2) the company legislation or corresponding legislation that has been laid down for the company or
- 3) the legislation on financial reporting, including bookkeeping and storage of accounting records.

(3) Supplementary information must not replace a qualified or adverse opinion.

(4) Information in pursuance of (1) shall be provided in a separate section with the heading: "Supplementary information about matters pertaining to the financial statements", whereas information in pursuance of (2) shall be provided in a separate section with the heading "Supplementary information about other matters".

S. 8. If any reference is made to the financial statements in the auditors' report, the reference shall be made to specific items or notes in the financial statements or to specific sections in any management's review.

Reports on Review of Financial Statements

S. 9. A report on a review of financial statement shall, as a minimum, contain the following elements in said order:

- 1) Identification of the reviewed financial statements,
- 2) Statement of the auditor's responsibility, cf. (2),
- 3) Statement of the contents of the review made, including that no audit has been performed,
- 4) Qualifications, cf. Section 10,
- 5) Opinion, cf. (3) and (4), and
- 6) Supplementary information, cf. Section 11.

(2) Information about the standards applied to the auditors' review shall be provided in the statement of the auditor's responsibility.

(3) The auditor's opinion shall state whether, during the auditor's review, the auditor has come to attention of any matters that give rise to conclude that the financial statements do not give a true and fair view of the company's assets and liabilities, financial position and result in accordance with the applicable financial reporting framework or in accordance with other corresponding quality requirements (limited assurance engagements).

(4) The opinion shall either be without qualifications, with qualifications or express an adverse opinion, cf. 5 (5). If the auditor cannot express an opinion on the financial statements, this shall be stated in a separate section following the section on "Qualifications".

(5) The report shall be dated and signed by the auditor(s) who has or have been appointed to perform the review. If an audit firm has been appointed, the report shall be signed by the auditor(s) with whom the review has been entrusted. The name of the audit firm and the name of the auditor as well as a statement of whether the auditor is a state-authorized public accountant or a registered public accountant, cf., however, (6), shall be clearly stated in the auditors' report.

(6) An auditor who has been approved in accordance with the Danish Act on Approved Auditors and Audit Firms, Section 10 (1), shall provide the professional title that he or she is entitled to use following approval in pursuance of rules that implement European Parliament and Council Directive on statutory audits of annual accounts and consolidated accounts.

S. 10. In the auditors' report, the auditor shall express a qualified or adverse opinion in the cases that follow from Section 6 (1).

(2) If the opinion is qualified or adverse, the auditor shall clearly specify this in the report. The qualification(s) shall be stated in a separate section with the heading: "Qualifications".

(3) The auditor shall clearly state the reasons for his or her qualifications in the report.

S. 11. The auditor shall provide supplementary information in the report about any matters that the auditor draws attention to without expressing a qualified or adverse opinion.

(2) Supplementary information must not replace a qualified or adverse opinion. The information shall be stated in a separate section with the heading: "Supplementary Information".

S. 12. If the statement contains any references to the financial statements, reference shall be made to specific items or notes in the financial statements or to specific sections in any management's review.

Other Assurance Reports

S. 13. If the auditor provides other assurance reports that are not covered by Sections 3-12, the rules in Sections 14-16 shall

apply.

S. 14. An assurance report provided in pursuance of Section 13 shall, as a minimum, contain the following elements in said order:

- 1) Identification of the matter on which the report is provided (the subject matter) and a description of the assurance engagement,
- 2) Statement of the auditor's responsibility and the work performed, cf. (2),
- 3) Qualifications, cf. Section 15,
- 4) Opinion on the work performed, cf. (3)-(5), and
- 5) Supplementary information, cf. Section 16.

(2) The statement of the work performed shall contain information about the purpose and nature of the assurance engagement. This shall include information about the standards applied.

(3) In a reasonable assurance engagement, the auditors' opinion shall express whether the subject matter gives a true and fair view or has been prepared in accordance with the assessment and measurement criteria applied. In a limited assurance engagement, the auditors' opinion shall express whether, in connection with the work performed, the auditor has come to attention of any matters that give rise to concluding that the subject matter does not give a true and fair view or has not been prepared in accordance with the assessment and measurement criteria applied.

(4) The opinion shall either be without qualifications, with qualifications or express an adverse opinion, cf. (5). If the auditor cannot express an opinion on the subject matter, this shall be stated in a separate section following the section on "Qualifications".

(5) An adverse opinion contains information that the subject matter does not give a true and fair view or has not been prepared in accordance with the assessment and measurement criteria applied.

(6) The assurance report shall be dated and signed by the auditor(s) who has or have been appointed to perform the assurance engagement. If an audit firm has been appointed, the report shall be signed by the auditor(s) with whom the assurance engagement has been entrusted. The name of the audit firm and the name of the auditor as well as a statement of whether the auditor is a state-authorised public accountant or a registered public accountant, cf., however, (7), shall be clearly stated in the statement.

(7) An auditor who has been approved in accordance with the Danish Act on Approved Auditors and Audit Firms, Section 10 (1), shall provide the professional title that he or she is entitled to use following approval in pursuance of rules that implement European Parliament and Council Directive on statutory audits of annual accounts and consolidated accounts.

S. 15. The auditor shall express a qualified or adverse opinion if the information on which the work performed has been based contains material errors, misstatements or omissions or if the auditor has not been able to obtain sufficient appropriate audit evidence to express that the subject-matter is free from any material errors or misstatements. The auditor shall also express a qualified or adverse opinion for any uncertainty resulting from insufficient disclosure of information and where this uncertainty is not immaterial.

(2) If the opinion is qualified, the auditor shall clearly specify this in the report.

(3) The auditor shall clearly state the reasons for his or her qualifications in the report.

S. 16. The auditor shall provide supplementary information in the report about any matters that the auditor draws attention to without expressing a qualified or adverse opinion.

(2) Supplementary information must not replace a qualified or adverse opinion.

Part 3

Penal Provisions

S. 17. Any violation of Section 1 (2), Sections 3-12 and 14-16 shall be punishable by a fine.

(2) Companies, etc. (legal entities) may incur criminal liability in pursuance of the rules in Part 5 of the Danish Penal Code.

Part 4

Commencement Provisions

S. 18. The Executive Order shall enter into force on 1 July 2008.

(2) The provisions in Section 1 (1), second sentence, Section 3 (2), second sentence, Section 5 (1), no. 7, and Section 5 (7) and (8) concerning the auditor's statement on management's reviews shall enter into force on 1 September 2008 and shall apply to financial years that begin on or after 1 September 2008. Until then, the present Executive Order shall apply correspondingly to such management's reviews with the modifications that follow from the management's review forming part of the annual report as a part that is subject to a statutory audit in conformity with the financial statements and any consolidated financial statements.

The Danish Commerce and Companies Agency, 26 June 2008

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