Decisions and Statements in 2004

January

1. Contents and formulation of a press release

A listed company issued a press release from which it appeared that a subsidiary had signed a number of sales contracts, which in the aggregate amounted to a significant value for the listed company.

The press release was mentioned in an electronic news medium, and a spokesman for the company was quoted for having said that this was the first time that the company had landed major orders for the company's new product.

The information about the sales contracts was not published via the Copenhagen Stock Exchange. The Exchange contacted the company, which in this connection announced that the agreements were conditional, and that they were contracts and not actual orders. They were a number of independent contracts, which separately were of such little significance that the company was not going to publish an announcement if and when the individual contracts were to result in orders.

The Copenhagen Stock Exchange noted that the company was of the opinion that the individual contracts were of such little significance that they would not qualify as price-sensitive information, which must be published via the Copenhagen Stock Exchange.

However, the Exchange informed the company that the fact that a contract is conditional does not mean that price-sensitive information may be given in a press release without simultaneous publication via the Copenhagen Stock Exchange. A conditional agreement regarding price-sensitive information, which has not yet triggered the disclosure obligation, must be considered as inside information, until information about the agreement has been published via the Copenhagen Stock Exchange. Non-published information about such an agreement is thus confidential.

The activities and development of the company in question are closely connected with agreements on orders and contracts. Thus, the equity market focuses on information on such agreements, which is also reflected in the company's announcements to the market. Consequently, the Exchange informed the company that it should be more aware of such agreements, also, the company should consider carefully whether an agreement is covered by the disclosure requirements or whether it should be characterised as inside information until the time when the disclosure obligation is triggered.

To the extent that the management of the company assesses that an agreement is not covered by the company's obligation to inform the market it is important that the company – if it decides to issue a press release about the agreement – should formulate the press release in such a way that it will not give the market the impression that this is going to affect the price of the company's shares.

Finally, the Exchange pointed out to the company that when contacting the press, the company should ensure that no mistakes and misquotes may confuse the market.

2. Pending negotiations – statements to the press

A listed company published an announcement from which it appeared that the company had made a strategic alliance, which was described as the most significant agreement in the history of the company.

Immediately before the publication of the announcement, representatives of the company had made a statement to the press that the agreement would soon fall into place, that a partner had been selected and that it was one of the largest players within the industry.

In previous announcements the company had stated that the company expected to form one or more strategic alliances before the end of the year.

A listed company must immediately publish information about essential aspects concerning the company that may be assumed to affect the pricing of its securities. Publication through the Copenhagen Stock Exchange shall always take place not later than simultaneously with the publication of the same information to other parties. This is provided by rules 11 and 16 of the disclosure requirements for issuers of shares listed on the Copenhagen Stock Exchange and by section 27 of the Danish Securities Trading Act.

The Exchange reminded the company that companies that have adopted an open information policy and which at a time when the duty of disclosure has not yet been triggered decide to inform the market about pending negotiations must be careful when commenting on the outcome of the negotiations, especially if the negotiations have entered a decisive phase.

February

There were no decisions and statements in February 2004.

March

1. **Failure to publish announcement about order as soon as the order was received**

A listed company published an announcement from which it appeared that the company had received an order from a specific customer. In this connection the company announced that the contract was of great strategic value to the company, that the contract had been turned to account approx. one month earlier, and that the order was included in the results forecast for the previous accounting year, which had been closed one month earlier. In connection with the presentation of the announcement the CEO of the company stated, among other things, that due to holiday the company had not been able to issue an announcement until now.

Pursuant to section 27 (1) of the Danish Securities Trading Act issuers of securities shall immediately publish information on essential aspects concerning the company which may be assumed to be of significance to the price formation of the securities.

All matters subject to the disclosure requirements shall be communicated via the Copenhagen Stock Exchange as soon as an actual decision has been made pursuant to Rule 11 of the disclosure requirements for issuers of shares on the Copenhagen Stock Exchange. Consequently, a contract which is subject to the company's duty to disclose must be published as soon as the order has been received, which means that publication cannot await a formal signing of the contract.

The company informed the Exchange that the contract was of great importance to the company merely because of the size of the amount, but that it was just as important to the company that the contract involved the sale of a special solution and was the second large order to that customer.

According to the information available the company's contract was of such a character that pursuant to section 27 of the Danish Securities Trading Act it should be published via the Copenhagen Stock Exchange only because of the size of the amount. An announcement should thus be published as soon as the contract had been landed and should not await that the company was able to disclose the name of the customer.

The fact that the company had turned the contract to account approx. one month prior to the publication of the company announcement and the fact that the order was included in the company's outlook for the previous accounting year and the fact that the CEO of the company had stated that

the company was not able to issue an announcement before that time due to holiday indicate that the contract had actually been made before the company announcement was released.

The Copenhagen Stock Exchange reprimanded the company for having failed to publish the contract as soon as it was actually landed.

2. Statements at an analyst meeting

A listed company published its annual report for 2003 and subsequently it held a teleconference for journalists and analysts. It later appeared from press reports that the company's expectations for 2005 were revealed at the teleconference and that the company's management had related its expectations for 2005 to the analysts' consensus estimate. The company's outlook for 2005 was not mentioned in the annual report for 2003.

The Copenhagen Stock Exchange asked the company to explain whether the company's expectations for 2005 had been revealed at the teleconference and in that case what information the company's management had disclosed, including the management's comments to the forecasts, etc that the market had expressed.

The reason for the Exchange's request was that a listed company must immediately publish price-sensitive information. Moreover, the company shall ensure that everybody has equal access to such information and that publication via the Copenhagen Stock Exchange always takes place not later than simultaneously with publication of the same information to other parties.

A company's outlook for the future is essential to the market's assessment of the company in question, and analysts, investors and others attach great importance to such forecasts. Information about expectations for the future is generally always price-sensitive.

The company answered the Exchange that in connection with the teleconference the management had shown a slide from which the analysts' consensus estimate for 2005 appeared. The company quoted the management's statement about the outlook for 2005 made at the teleconference.

On the basis of the company's explanation the Exchange informed the company that the Exchange had no reason to assume that the management of the company had addressed the consensus estimate for 2005 so that market-moving information was disclosed at the teleconference which had not been published via the Copenhagen Stock Exchange.

The Exchange based its decision on the fact that the management of the company had ensured that it was clear to the persons present at the teleconference that this was merely an objective representation of the analysts' consensus estimate and that the management of the company did not address the contents of the estimate.

3. Comments to the press about pending negotiations

The CEO of a listed company was quoted in the press for saying that the company had concluded a really great agreement with a clothes sponsor. The CEO of the company announced that the company had had positive negotiations with its main sponsor and that only a few details needed to fall into place.

At the same time, it appeared from the company's website that the company would hold a press conference later that day at which a 'historic clothing agreement' would be published.

Against this background the Copenhagen Stock Exchange contacted the company. The company subsequently issued a company announcement from which it appeared that the company had entered into a clothing agreement, which was described as 'one of the absolutely greatest clothing agreements so far in Danish sports'. From the announcement it also appeared that the company was negotiating an extension of the main sponsorship agreement.

A listed company must immediately publish information on essential aspects concerning the company which may be assumed to be of significance to the price formation of the securities. Moreover, the company shall ensure that everybody has equal access to such information and that publication via the Copenhagen Stock Exchange always takes place not later than simultaneously with publication of the same information to other parties.

Publication must take place as soon as the agreement has actually been made, which means that the obligation to disclose information may be imposed before a resolution has actually been passed, if the actual approval may be considered a formality. Price-sensitive information must, consequently, not be given in statements, comments, interviews, etc without the information being submitted to the Copenhagen Stock Exchange at the same time at the latest.

The Exchange informed the company that in connection with this type of company information on conclusion and cancellation of main sponsorship agreements or the chief coach's resignation or dismissal is always price-sensitive information. Information on other sponsorships, including clothing agreements and the purchase and sale of players, is price-relevant only if it has a significant impact on the company's overall financial position.

A company's decision on whether a piece of information is price-sensitive shall be reflected in the company's subsequent communication with the market. If the information may be assumed to be of significance to the price formation of the securities it must always be published via the Copenhagen Stock Exchange. The company announcement shall be so worded that it provides an immediate basis for the understanding of its contents and allow investors, etc to evaluate its relative importance. All announcements shall contain the company's own assessment of the consequences of the information provided. If the information is deemed not to be price-sensitive the company may choose to issue a press release and/or call and hold a press conference. In that case the contents and wording of the communication must leave no doubt that the contents are considered not to be price-sensitive.

The company's negotiations with its main sponsor were, in the opinion of the Copenhagen Stock Exchange, to be considered as price-sensitive. Consequently - pursuant to Rule 4 (2) of the disclosure requirements for issuers of shares listed on the Copenhagen Stock Exchange - the Exchange reprimanded the company for having failed to publish information on the final negotiations with the company's main sponsor via the Copenhagen Stock Exchange not later than simultaneously with publication of the same information to other parties.

April

There were no decisions and statements in April 2004.

May

There were no decisions and statements in May 2004.

June

There were no decisions and statements in June 2004.

July

1. **What triggers the disclosure requirements – new outlook**

A listed company published an announcement from which it appeared that the company was adjusting its expectations for the current financial year downwards. The company announcement was

published immediately prior to the company's annual general meeting. The company had published a preliminary announcement of its annual results some weeks before.

In connection with the publication of the announcement about the downward adjustment the chairman of the board had made a statement to the press. Among other things, it was stated that the company could have waited with the publication of the company announcement about the downward adjustment; however, the corporate management did not wish to hold the general meeting without being able to mention the downward adjustment.

In the light of these statements, the Copenhagen Stock Exchange felt induced to specify to the company that where significant changes occur in the expected development of the company compared to what has previously been published this shall immediately be published via the Copenhagen Stock Exchange. This obligation is imposed even though it is not possible at the time to predict the expected result precisely. A downward adjustment of the expectations for the financial result, for instance, shall not await the board's resolution or the publication of a preliminary announcement of financial results.

The Copenhagen Stock Exchange also requested the company to explain when the management learned that a downward adjustment was required. Moreover, the Exchange asked the company to give an account of the financial reporting to and discussions within the corporate management about the downward adjustment.

From the company's report to the Exchange it appeared that the management had made a number of decisions which meant that the stocks, among other things, were reviewed carefully and a renewed review of the accounts. Against this background the supervisory board decided to make a downward adjustment of the expectations for the financial results for the year.

On the basis of the above information, the Copenhagen Stock Exchange found no reason to presume that the company should have published the announcement about the downward adjustment of the expectations for the year's results at an earlier date.

2. What triggers the disclosure requirements – publication of company announcement

Just before a listed company published a prospectus in connection with an issue, the company published an announcement from which it appeared that the company's application regarding a product had been approved by a foreign authority. The company announcement as well as the prospectus was published before the trading system opened.

The said application and the subsequent approval were not mentioned in the prospectus. The Copenhagen Stock Exchange thus asked the company to publish a supplement to the prospectus, cf. section 24 of the Executive Order on prospectuses.

The Copenhagen Stock Exchange asked the company to specify exactly when the foreign authority had approved the company's application.

The company explained that pursuant to the rules and regulations of the country in question, an application should automatically be deemed to be accepted by the authority 30 days after the authority had received the company's application, unless otherwise was stated. When the 30-day time-limit had expired, the company published the announcement regarding the approval of the application as soon as possible.

On the basis of the company's statements the Copenhagen Stock Exchange found no reason to assume that the company announcement should have been published any sooner.

As regards the timing of the publication of the company announcement and the prospectus, the Exchange found reason to point out to the company that a prospectus should be based on all factors capable of affecting the contents of the prospectus. The process should be so arranged that the

information of the prospectus reflects the company at the moment the prospectus is dated and signed.

This comment was based on the fact that the company could have predicted the possibility that the company announcement about the approval of the product and the publication of the prospectus might coincide.

3. Information given at an analyst meeting

A listed company held a meeting for a number of analysts. At the meeting, the company gave a presentation of its cost-saving scheme. After the analyst meeting, the price of the company's shares rose.

The information that the company provided at the two presentations seems to have been of great interest to the analysts and the information apparently contributed towards the price formation of the company's shares.

The press wrote that at the analyst meeting the company had been far more detailed compared with previously stated information about the cost-savings scheme, including that the company had raised its goal for the scheme compared with what was mentioned in the company's annual report.

Considering the rule that a listed company shall ensure that everybody has equal access to price-sensitive information about the company, the Copenhagen Stock Exchange requested the company to comment on the reaction in the equity market that the analyst meeting apparently caused. In this connection the Exchange also asked the company to specify what information was given at the analyst meeting, including an assessment of whether such information might be deemed to be price-sensitive.

From the company's report to the Exchange it appeared that the company had not sought to quantify the earnings impact of the existing cost-saving scheme at the analyst meeting and that the information provided in no way indicated an upward adjustment of expectations for future results.

The Exchange should understand the company's information so that no information was given at the analyst meeting that should have been published via the Exchange prior to any other publication.

However, the Exchange found reason to point out to the company that when a listed company holds analyst meetings, etc., the company must carefully consider whether the information stated may be assumed to have an effect on the price of the company's shares. Where this is the case and the information has not previously been published via the Exchange this shall take place not later than simultaneously with the publication of the same information to other parties.

Also, in this connection the company should be aware that information about the company's increased cost-savings or earnings expectations will be of great interest to analysts and investors. Thus, at analyst meetings, etc., the companies should be careful with the formulation of such information.

August

There were no decisions and statements in August 2004.

September

1. Downward adjustment of expectations – timing of publication

A listed company adjusted its expectations for the financial results for the current financial year downwards by a three-digit million figure in its Q3 report. The downward adjustment was primarily related to an event that took place two months prior to the publication of the quarterly report.

The Copenhagen Stock Exchange also requested the company to explain the timing of the events leading up to the publication of the company's Q3 report, including when the management learned that a downward adjustment was required. Moreover, the Exchange asked the company to give an account of the financial reporting to and discussions within the corporate management about the downward adjustment.

The Exchange understood from the company's statement that, viewed separately, the financial consequences of the event occurring approx. two months prior to the publication of the downward adjustment were not great, however, the consequential effects of the event, including delays, finally convinced the management that a downward adjustment was required.

According to the company, this should be seen in relation to the fact that the company throughout the entire process had understood that a third party was financially liable for all costs in connection with the event. Discussions with the third party were held up to the board meeting at which it was decided to make a downward adjustment, and subsequently the company's Q3 report was published.

Moreover, it appeared from the company's statement that the supervisory board at its meeting in connection with the Q3 report had made an assessment of the said uncertainties, including whether the financial consequences would actually be borne by the third party in the short term and the size of a possible future loss.

The supervisory board also considered the possibility that the consequential effects might be transferred to one of the company's other activities, which would then also suffer a cost overrun.

All in all, the supervisory board's assessments and considerations led to the decision to earmark the three-digit million figure as the board deemed that the third party would fail to honour the requirements in the short term.

It thus appeared from the company's statement that it was a consequence of the board's assessment of the uncertainties that led to the decision to earmark an amount to meet any possible future losses. The downward adjustment was not based on a demonstrated loss. On the basis of the information that the Copenhagen Stock Exchange had received from the company, the Exchange found no reason to assume that the downward adjustment should have been made at an earlier stage.

The Exchange felt induced to specify that in situations where a number of inquiries are conducted for a longer period of time from the occurrence of the event and until the downward adjustment of the company's expectations to the financial results takes place, the management of a company shall in such a situation make special efforts to establish when the event and any potential consequences are of such a significant nature that they must be disclosed to the market.

Furthermore, the management shall in such situations also ensure that the company's supervisory board is given the possibility to consider potential uncertainties at an early stage so as to make sure that that the downward adjustment can be disclosed to the market as soon as possible.

2. Timing of publication of company announcement about exploration of possibilities

A listed company asked the Copenhagen Stock Exchange to consider whether the company should publish an announcement about the company's continued deliberations on an amalgamation of the company's share classes into one.

The company had published an announcement from which it appeared that the company was working on a number of models to reorganise the company's share classes, and that the company was going to convene an extraordinary general meeting as soon as the models had been studied intensively.

Pursuant to section 27 of the Danish Securities Trading Act issuers of securities shall immediately publish information on essential aspects concerning the company which may be assumed to be of significance to the price formation of the securities. Market-moving information shall thus be published when the event triggering the disclosure requirements occurs in such a way and in such a form that the information may serve as the basis for as reliable a transaction and as correct a price formation as is possible.

Consequently, section 27 does not require that information on pending negotiations and the exploration of possibilities be communicated. The disclosure requirements are not triggered until negotiations/the exploration of possibilities have been completed provided that the information has not been communicated in any way whatsoever to unauthorised persons.

Provided that the information remained confidential, the company was not obliged to inform the market about the ongoing exploration of possibilities until it was decided whether an amalgamation of the share classes was to be proposed.

October

There were no decisions and statements in August 2004.

November

1. Issue of a press release

A listed company issued a press release announcing a strategic cooperation with an external partner. Later that day, it appeared from the press that the strategic cooperation indicated a strategy switch by the company. This was supported by comments by the corporate management.

The day that the press release was issued and the information was released in the press, the price of the company's shares rose by some 15 per cent. The increase in the share price was apparently caused by the press release and the press coverage.

Listed companies shall immediately publish information about essential aspects concerning the company that may be assumed to affect the pricing of its securities. The crux of the matter is whether the information may be assumed to affect the pricing of the company's securities and not necessarily whether the information may have any financial consequences for the company.

Against this background the Copenhagen Stock Exchange requested the company to explain why the information about the agreement was not published in a company announcement as well as the considerations of the management as to the consequences of the agreement with the cooperation partner, the wording of the press release and the company's comments to the press.

The company explained that this was not a strategy switch and that the agreement was not expected to have any impact on the company's financial results, consequently, the consequences of the agreement for the company would be quite limited both financially and strategically.

The company was of the opinion that it was the newspaper's communication of the information, including the position and the headlines – and interpretation – that had affected the pricing of the company's shares.

Nevertheless, the Copenhagen Stock Exchange found that it was the company's press release and the company's contribution to the newspaper's treatment of the story which led to the movements in the company's share price.

Since the company was of the opinion that this information was not about essential aspects, the company should have been more careful with the wording of its press release, which left another impression, and should have considered its contribution to the article more carefully.

Based on the company's statement the Exchange found no reason to assume that the company had failed to satisfy the disclosure requirements.

The Exchange found it regrettable that the company through the issue and wording of the press release and the company's contribution to the article had been instrumental in helping the press write a story about the company which caused the price of the company's shares to rise.

2. Related party transactions

On the basis of information in the press that a listed company had apparently concluded related party transactions, the Copenhagen Stock Exchange asked the company to specify to what extent such related party transactions had been concluded and – if that was the case – the reason why a company announcement about such transactions had not been published immediately. Moreover, the Exchange requested the company to publish an announcement as soon as possible describing the transactions in question, if any.

At the Exchange's request the company published an announcement from which it appeared that transactions had been concluded between the company and members of the supervisory and executive boards.

Transactions between the company and its related parties, which are not entered during the normal course of business must be published immediately after the conclusion. Publication must be made even though the transactions in question cannot affect the pricing due to their size, nature, etc., if the transactions were made with a third party. This is provided by Rule 20 of the disclosure requirements for issuers of shares on the Copenhagen Stock Exchange.

It appeared from the company's statement to the Exchange that it was the company's opinion that Rule 20 did not require the transaction to be published.

Rule 20 should be understood in such a way that if a transaction has been concluded between the company and a related party, and the transaction is not of an insignificant nature, an announcement must immediately be published.

The transactions covered by this provision are specified in the comments to Rule 20. They state that the transactions to be published may include a property company's acquisition of property, a company's renting or leasing of an assembly of machinery or a company's acquisition of rights to a product, where such transaction was made with general managers or board members, etc.

The announcements about related party transactions shall comprise an adequate description of the extent and financial impact of the transaction.

When a listed company conducts transactions with related parties, this may have an effect on the pricing of the company's shares, since such transactions are very much in focus. Interest in the transactions may be expressed even though the financial effects of the transaction are of no significance to the listed company. Openness and knowledge of related party transactions is, in the eyes

of the investor, all about trust in the company and its management. This is why listed companies have an obligation to inform the market about related party transactions.

It is not the nature of the transaction that determines whether it is covered by Rule 20, but whether the transaction was made by the company's related parties. According to the company the transactions with the company's related parties were not entered during the normal course of business.

The Copenhagen Stock Exchange reprimanded the company's supervisory and executive boards for having failed to immediately publish an announcement about the related party transactions, which is required under Rule 20 of the disclosure requirements applicable to issuers of shares. Moreover, the Exchange pointed out that Rule 20(2) of the disclosure requirements for issuers of shares provides that the annual report shall contain an overall statement of the year's transactions concluded with related parties.

Finally, the Exchange noted that the company had declared that in future it would take into account the Exchange's interpretation of Rule 20 when publishing specific transactions.

3. Expansion of the company's activities – timing of publication

A listed company published an announcement from which it appeared that the company had published an announcement the day before stating that the day before the publication of the announcement, the company had entered into an agreement to acquire all the shares of another company, which after the acquisition would constitute the vast majority of the new company.

The Copenhagen Stock Exchange asked the company to explain why the company waited to inform the market about the acquisition agreement until the subsequent day instead of when the agreement was made the day before.

The company informed the Exchange that the acquisition of the shares in the company was made after the parties had signed the agreement at approx. 17:00.

Moreover, it appeared from the company's statement that the company was of the opinion that publication of the transaction the following day would be in due time, and that the disclosure requirement would be met if the announcement was published before the trading system opened at 9:00.

Section 27(1) of the Danish Securities Trading Act provides that issuers of securities shall immediately publish information on essential aspects concerning the company which may be assumed to be of significance to the price formation of the securities.

Rule 11 of the disclosure requirements for issuers of shares listed on the Copenhagen Stock Exchange provides that all matters subject to the disclosure requirements must immediately be published via the Copenhagen Stock Exchange as soon as an actual decision has been made.

The Exchange specified to the company that the requirement to immediately publish an announcement applies day and night and is not limited to the opening hours of the trading system. Consequently, publication of an agreement concluded after 17:00 cannot wait till the subsequent day before the trading system opens.

The Copenhagen Stock Exchange reprimanded the supervisory and executive boards for having failed to publish the acquisition agreement as soon as the agreement had been made.

December

1. Disclosure of information to the press

A listed company published an announcement from which it appeared that the company and another company had jointly launched a new solution combining their products. This announcement was released in the evening.

The content of the announcement was mentioned in a newspaper article the following day and the CEO of the company also gave a statement.

Later that day, the company's shares rose by approx. 10 per cent, and the share was traded more actively than usual.

Considering the time of the publication of the announcement, the Exchange asked the company to explain how the newspaper was able to print information from the company announcement.

The company stated that it a few days prior to the publication of the announcement had contacted the newspaper. One of the newspaper's journalists had promised to write the article and the CEO of the company was interviewed on that same day.

Moreover, the company stated that this was neither a launch of new products nor a closing of a new agreement between the companies. Irrespective of this the company assessed that as a result of the expected press coverage the publication might be price-sensitive. Consequently, the company decided to release the announcement.

A listed company shall ensure that all market participants have simultaneous access to information that may be assumed to affect the pricing of its securities. Moreover, the companies shall ensure that no third party gets access to such information prior to publication. This is provided by Rule 4(1) of the disclosure requirements for issuers of shares on the Copenhagen Stock Exchange.

Rule 4(2) also provides that such information shall not be provided in statements, comments and interviews, etc. without the information being submitted to the Copenhagen Stock Exchange at the same time at the latest.

Therefore, a listed company is not allowed to give a statement on price-sensitive information to the press before an announcement describing this information has been published via the Copenhagen Stock Exchange. This applies irrespective of whether the information has been passed on to the press strictly off-the-record.

Please note that publication of price-sensitive information is considered made when the Copenhagen Stock Exchange has received the announcement in question. Consequently, a company is not allowed to redistribute its company announcement until after it has been communicated to the Copenhagen Stock Exchange.

The Exchange finds that passing on of non-published price-sensitive information to a journalist in order to receive press coverage is a violation of the equal treatment principle.
Based on the company's statement, the Copenhagen Stock Exchange found that the company had failed to meet the disclosure requirements. Moreover, the Exchange found that the company had passed on information to a journalist about aspects of a price-sensitive nature when they were published and which were not published via the Exchange prior to being passed on to the journalist.

Against this background the Exchange reprimanded the company for having passed on price-sensitive information to the press without having communicated the information at least simultaneously to the Copenhagen Stock Exchange, cf. Rule 4(2) of the disclosure requirements for issuers of shares on the Copenhagen Stock Exchange.

2. General statement about transition to international accounting standards - IAS/IFRS

In connection with the requirement that Danish listed groups shall switch to the international accounting standards - IAS/IFRS – on 1 January 2005, the Copenhagen Stock Exchange has briefed the listed companies about the implications of this implementation.

Below is an outline of the companies' transition to international accounting standards.

	Application of IAS/IFRS in consolidated accounts	Application of IAS/IFRS in annual accounts
Companies with shares listed on the Copenhagen Stock Exchange	MUST be applied as of 1 January 2005	MUST be applied as of 1 January 2009 May be applied as of 1 January 2005
Companies with only debt securities listed on the Copenhagen Stock Exchange	MUST be applied as of 1 January 2007 May be applied as of 1 January 2005	MUST be applied as of 1 January 2009 May be applied as of 1 January 2005

There are certain differences in the transition for financial and non-financial companies; consequently, they are presented separately. Non-financial companies are companies covered by the Danish Financial Statements Act.

Non-financial companies
Listed groups must be fully IAS/IFRS compliant by the accounting year beginning on 1 January 2005. In general, this means that companies listed on the Copenhagen Stock Exchange that switch to IAS/IFRS shall no longer comply with the Danish accounting standards issued by the Institute of State Authorised Public Accountants when preparing the annual account for 2005.

Listed companies may postpone the transition to IAS/IFRS until 1 January 2009, after which time transition to the international accounting standards is compulsory.

Companies that postpone the transition to IAS/IFRS until later than 2005 shall, however, comply with the Danish Financial Statements Act and the Danish accounting standards issued by the Institute of State Authorised Public Accountants when preparing the annual accounts, as long as these are incorporated into the disclosure requirements for issuers of shares listed on the Copenhagen Stock Exchange.

Most of the requirements of the Danish Financial Statements Act do not apply to the companies that switch to IAS/IFRS. The requirements that no longer apply are the recognition and measurement requirements and most of the information requirements. However, the Danish Financial Statements Act will continue to regulate certain matters that are not regulated by the IAS/IFRS. This applies to e.g.:

- Annual Report
- Adoption of the accounts
- Auditor(s)
- Submission to the Danish Commerce and Companies Agency
- Certain disclosure requirements of a corporate governance nature
- Possibility of applying unrealised gains for dividend payouts

Financial companies
Financial companies shall apply IAS/IFRS in their consolidated accounts as of the accounting year 2005. However, the companies shall at the same time comply with the rules governing annual reports, auditors and application of the profit for the year laid down in the Danish Financial Business Act, which regulates matters that are not regulated by the Council's regulation on application of the international accounting standards, including rules regulating submission, Annual Report, auditor(s), etc.

Moreover, financial companies are expected to be allowed to choose to apply IAS/IFRS in their financial statements as well.

Financial companies that choose not to apply IAS/IFRS shall apply a set of rules similar to IFRS laid down by the Danish Financial Supervisory Authority.

Financial companies listed on the Copenhagen Stock Exchange shall not apply the accounting standards issued by the Institute of State Authorised Public Accountants, irrespective of what accounting standards the company chooses to adopt.

Interim reports
The Danish Financial Supervisory Authority and the Danish Commerce and Companies Agency are going to publish an Executive Order specifying the detailed requirements for the interim reports published by the individual types of companies.

As a natural consequence of the transition to IAS/IFRS in the Annual Report, the companies are recommended to use IAS/IFRS to prepare their interim reports as of 1 January 2005 as well.

Companies that do not wish to prepare interim reports according to IAS/IFRS (IAS 34) are also recommended to use IAS/IFRS as recognition and measurement criteria.

Please note that the Exchange does not require companies to use IAS 34 or IAS/IFRS for recognition and measurement in the company's interim reports, this is merely recommended by the Copenhagen Stock Exchange.

Best practice
The transition to uniform accounting standards within the EU will make it easier to compare companies across borders and will make financial information from European listed companies much more transparent.

The Copenhagen Stock Exchange finds it important that the accounts of all listed companies are presented according to the same accounting standards and guidelines. Thus, investors will have the best possible basis of comparison when making their investment decisions at the same time as transparency is maximised in the periods between the presentation of accounts.

3. Obligation to make an offer in connection with issue

The Copenhagen Stock Exchange was asked to make a statement on whether a shareholder's participation in a number of planned issues in a listed company would place an obligation on the shareholder to submit a mandatory bid to the remaining shareholders.

The shareholder held approx. 37 per cent of the votes and share capital in the company. Besides another shareholder, who held some 39 per cent of the votes and share capital, there were not any other shareholders owning more than 5 per cent.

Section 31(1) of the Danish Securities Trading Act provides that if a shareholding in a listed company is transferred, the acquirer shall enable all the shareholders of the company to dispose of their shares on identical terms if such transfer involves that the acquirer

1) will hold the majority of voting rights in the company,
2) becomes entitled to appoint or dismiss a majority of the company's members of the Supervisory Board,
3) obtains the right to exercise a controlling influence over the company according to the articles of association or otherwise in agreement with the company,
4) according to agreement with other shareholders will control the majority of voting rights in the company, or

5) will be able to exercise a controlling influence over the company and will hold more than one third of the voting rights.

In the Exchange's opinion the acquisition of shares in connection with issues does not in general trigger a mandatory bid under section 31 of the Danish Securities Trading Act. However, if an issue is made in order to gain control of the company and the issue is thus used with the aim of evading the rules regulating mandatory bids in connection with the transfer of majority holdings this principle may be deviated from.

The Copenhagen Stock Exchange thus confirmed that the shareholder was not obliged to submit an offer to the remaining shareholders because of his participation in the planned direct placing.

For the sake of good order the Exchange stated that it had not considered the question of mandatory bid in case the shareholder would acquire shares in the company in the market.

4. Obligation to make an offer – transfer of shareholding and shareholder voting agreement

Two majority shareholders in a listed company intended to make an agreement with an investor on the transfer of shares, a shareholder voting agreement and a share issue, among other things.

According to the agreement the investor would buy shares from the two majority shareholders. The investor would then as a new shareholder own approx. 33.1 per cent of the votes and shares in the company, and the two other majority shareholders would hold approx. 31 per cent and 11 per cent of the votes and shares in the company.

The shareholder voting agreement meant that the two majority shareholders would transfer the voting right on all their shares to the new shareholder.

The Copenhagen Stock Exchange was asked to consider whether in this specific situation the new shareholder was obliged to make a mandatory bid pursuant to section 31 of the Danish Securities Trading Act.

Section 31(1) of the Danish Securities Trading Act provides that if a shareholding in a listed company is transferred, the acquirer shall enable all the shareholders of the company to dispose of their shares on identical terms if such transfer involves that the acquirer

1) will hold the majority of voting rights in the company,
2) becomes entitled to appoint or dismiss a majority of the company's members of the Supervisory Board,
3) obtains the right to exercise a controlling influence over the company according to the articles of association or otherwise in agreement with the company,
4) according to agreement with other shareholders will control the majority of voting rights in the company, or
5) will be able to exercise a controlling influence over the company and will hold more than one third of the voting rights.

In general, the obligation to make an offer is triggered only if a transfer has been made.

Considering the fact that the share transfer agreement and the shareholder voting agreement that would be made by the parties would mean that the new shareholder would gain control of the listed company, the Exchange found that by signing this agreement the new shareholder was obliged to make an offer to the remaining shareholders, cf. section 31(1), item 4, of the Danish Securities Trading Act.

Whether a shareholder voting agreement is terminable or not is of no relevance to section 31(1), item 4, of the Danish Securities Trading Act.

Moreover, the Exchange was asked to consider what price the new shareholder should offer the remaining shareholders in connection with the mandatory bid.

The question should be seen in the light of the fact that the new shareholder's acquisition of the shares from the two majority shareholders was at a price which was 50 per cent lower than the price that would have been the offering price in connection with the issue, which the parties had also agreed on. Both prices were lower than the stock market price prior to the publication of the agreement.

Since the new shareholder had gained control of the listed company in connection with the making of the share transfer agreement and the shareholder voting agreement the remaining shareholders should be offered the price on which the transfer agreement between the majority shareholders and the new shareholder was based.

The fact that the parties had agreed to subsequently carry out an issue was of no relevance to the price.

The Exchange's opinion was based on the assumption that the new shareholder had neither explicitly nor implicitly entered into an agreement with the two majority shareholders or otherwise agreed to subsequently acquire these shareholders' remaining shares in the company at a price that was higher than the price at the transfer.

The Exchange's opinion was also based on the assumption that the new shareholder had not acquired or intended to acquire shares in the company in the market at a higher price than the price at the transfer.

5. Equality of treatment and identical terms of the takeover rules

The Copenhagen Stock Exchange was asked to give a statement on the equal treatment principle referred to in the takeover rules.

The rules on takeover bids are laid down in Part 8 of the Danish Securities Trading Act and the Executive Order on takeover bids.

Shareholders within the same share class shall receive equal treatment. This equal treatment principle is provided by section 4 of the Executive Order on takeovers, which applies to both voluntary and mandatory bids.

An element of the equal treatment principle is found in section 4(2), which provides that the offeror may not enter into agreements with shareholders or others concerning the acquisition or sale of the shares covered by the offer if the agreements are entered into on more favourable terms than those offered in the published takeover bid. Consequently, in the period during which the offer is open, the offeror may not enter into agreements to acquire shares at a higher price than the price offered in the offer document.

Pursuant to this rule provided by section 4(2) the offeror may in connection with a voluntary bid freely fix the price offered to the shareholders.

Where the controlling influence over a listed company is transferred the acquirer shall submit a mandatory bid to the remaining shareholders in the company. The mandatory bid shall enable the shareholders to dispose of their shares on *identical terms*.

The rule governing the obligation to submit an offer is first and foremost an active minority protection rule, which determines what changes in a company's life a shareholder must endure. It gives shareholders who have a negative feeling about the new majority shareholder a chance to dispose of their shares. Moreover, the rules ensure that shareholders may get out of their investment at a price which is at least equal to the price paid for the majority shareholding.

The price to be offered to the shareholders in connection with the mandatory bid is specified in section 5 of the Executive Order on takeover bids. The shareholders shall be offered a price which at least is equal to the highest price that the offeror has paid for the shares already acquired during the six months before the making of the offer.

The rules governing takeover bids thus require equal treatment of shareholders and that the shareholders are allowed to dispose of their shares on identical terms in case the controlling influence is transferred. The offeror is also allowed to offer a higher offer price than the price the offeror has paid for shares acquired during the last six months.

Please note that the rules regulating takeover bids do not require that the price is reasonable.