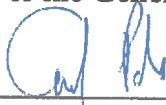


**Morgan Stanley Equity Finance  
(Denmark) ApS  
Central Business Registration No  
28157924**

**Annual report 2014**

The Annual General Meeting adopted the annual report on 30.04.2015

**Chairman of the General Meeting**



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Name: Carsten Pals

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## **Entity details**

### **Entity**

Morgan Stanley Equity Finance (Denmark) ApS  
Bech-Bruun, Langelinie Allé 35  
DK-2100 Copenhagen Ø

Central Business Registration No: 28157924

Registered in: Copenhagen

Financial year: 01.01.2014 - 31.12.2014

### **Board of Directors**

Iain MacLeod

Stig Bigaard

Carsten Pals

### **Executive Board**

Iain MacLeod

### **Auditors**

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

DK-0900 Copenhagen C

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Morgan Stanley Equity Finance (Denmark) ApS for the financial year 01.01.2014 - 31.12.2014.

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

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2014 and of the results of its operations for the financial year 01.01.2014 - 31.12.2014.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

The Board of Directors declares that the Company complies with the conditions in section 135(1) of the Danish Financial Statements Act for an opt-out of auditing, as the Company for two financial years in succession has not exceeded revenue of DKK 8 million or an average number of full-time employees of 12 during the financial year.

The Annual General Meeting of the Company has decided that the Company with prospective effect opts out of auditing.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 30.04.2015

### Executive Board



Iain MacLeod

### Board of Directors



Iain MacLeod



Sigg Bigaard



Carsten Pals

## **The independent auditor's compilation report**

### **To the Management of Morgan Stanley Equity Finance (Denmark) ApS**

We have compiled the financial statements of Morgan Stanley Equity Finance (Denmark) ApS for the financial year 01.01.2014 - 31.12.2014 based on the Company's bookkeeping records and other information provided by Management.

These financial statements comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes.

We performed this compilation engagement in accordance with ISRS 4410, Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist Management in the preparation and presentation of these financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant provisions of the Danish Act on Approved Auditors and Audit Firms and FSR - Danish Auditors' Code of Conduct for professional accountants, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile the financial statements are Management's responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the disclosures Management provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion about whether the financial statements have been prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 30.04.2015

**Deloitte**

Statsautoriseret Revisionspartnerselskab



Flemming Larsen  
State Authorised Public  
Accountant

## **Management commentary**

### **Primary activities**

The principal activity of Morgan Stanley Equity Finance (Denmark) ApS (the "Company") is to enter into financing transactions.

The Company's ultimate parent undertaking and controlling entity is Morgan Stanley which, together with the Company and its other subsidiary undertakings, form the Morgan Stanley Group (the "Group").

### **Development in activities and finances**

Profit for the year after tax was EUR 168 thousand (2013: EUR 167 thousand).

During the year, no dividends were paid (2013: nil). EUR 168 thousand (2013: EUR 167 thousand) will be transferred to reserves.

The income statement for the year is set out on page 9. Both the level of business during the year and the financial position at the end of the year were in line with expectations. No significant change in the Company's principal business activity is expected.

### **Events after the balance sheet date**

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises. The accounts are prepared under the historical cost convention, modified by the inclusion of financial instruments at fair value as described below.

Items included in the financial statements are measured and presented in Euro, the currency of the primary economic environment in which the Company operates.

All currency amounts in the management commentary and the financial statements are rounded to the nearest thousand Euro.

The accounting policies applied for these financial statements are consistent with those applied last year.

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### Netting

Where there is a legally enforceable right to set off the recognised amounts and an intention to settle on a net basis or to realise the asset and the liability simultaneously, financial assets and financial liabilities are offset and the net amount is presented in the balance sheet. All other amounts are presented on a gross basis.

## Accounting policies

### Foreign currency translation

All monetary assets and liabilities denominated in currencies other than Euro are translated into Euro at the rates ruling at the balance sheet date. Transactions in currencies other than Euro are recorded at the rates prevailing at the dates of the transactions. All translation differences are taken through the income statement. Exchange differences recognised in the income statement are presented in "Other external expenses".

### Income statement

#### Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Company's primary activities.

#### Other external expenses

Other external expenses include expenses relating to the Company's ordinary activities, including expenses for audit fees, professional fees and bank charges.

#### Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises as well as tax relief under the Danish Tax Prepayment Scheme etc.

#### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises.

### Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The tax rate for 2014 is 24,5% (2013: 25%)

## Balance sheet

### Receivables

The Company classifies its financial assets as receivables on initial recognition.

The Company classifies its financial liabilities as current liabilities other than provisions on initial recognition.

## Accounting policies

More information regarding these classifications is included below:

### Receivables and current liabilities other than provision

Financial assets classified as receivables are initially recognised on settlement date at fair value and subsequently measured at amortised cost less allowance for impairment. Interest is recognised in 'Other financial income' in the income statement, using the effective interest method. Transaction costs that are directly attributable to the acquisition of the financial asset are added to or deducted from the fair value on initial recognition.

Current liabilities other than provisions are initially recognised on settlement date at fair value and subsequently measured at amortised cost. Interest is recognised in the income statement in 'Other financial expenses' using the effective interest rate method as described below.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial instruments) and of allocating the interest income or interest expense over the expected life of the financial instruments. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or, where appropriate, a shorter period) to the carrying amount of the financial instruments. The effective interest rate is established on initial recognition of the financial instrument.

The calculation of the effective interest rate includes all fees and commissions paid or received transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument.

### Impairment of financial assets

At each balance sheet date, an assessment is made as to whether there is any objective evidence of impairment in the value of a financial asset classified as receivables. Impairment losses are recognised if an event has occurred, which will have an adverse impact on the expected future cash flows of an asset and the expected impact can be reliably estimated.

Impairment losses on receivables are measured as the difference between the carrying amount of the receivable and the present value of estimated cash flows discounted at the asset's original effective interest rate. Such impairment losses are recognised in the income statement within 'Other financial expenses' and are recognised against the carrying amount of the impaired asset in the balance sheet. Interest on the impaired asset continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset.

## **Accounting policies**

If in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any reversal is limited to the extent that the value of the asset may not exceed the original amortised cost of the asset had no impairment occurred.

### **Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

### **Income tax receivable or payable**

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

**Income statement for 2014**

	<u>Notes</u>	<u>2014 EUR'000</u>	<u>2013 EUR'000</u>
Other operating income		0	91
Other external expenses		<u>(5)</u>	<u>(10)</u>
<b>Operating profit/loss</b>		<b>(5)</b>	<b>81</b>
Other financial income	1	322	318
Other financial expenses	2	<u>(94)</u>	<u>(176)</u>
<b>Profit/loss from ordinary activities before tax</b>		<b>223</b>	<b>223</b>
Tax on profit/loss from ordinary activities	3	<u>(55)</u>	<u>(56)</u>
<b>Profit/loss for the year</b>		<b><u>168</u></b>	<b><u>167</u></b>
<b>Proposed distribution of profit/loss</b>			
Retained earnings		<u>168</u>	<u>167</u>
		<b><u>168</u></b>	<b><u>167</u></b>

**Balance sheet at 31.12.2014**

	<u>Notes</u>	<u>2014</u> <u>EUR'000</u>	<u>2013</u> <u>EUR'000</u>
Receivables from group enterprises		<u>14,560</u>	<u>14,308</u>
<b>Receivables</b>		<u>14,560</u>	<u>14,308</u>
<b>Current assets</b>		<u>14,560</u>	<u>14,308</u>
<b>Assets</b>		<u>14,560</u>	<u>14,308</u>

**Balance sheet at 31.12.2014**

	<u>Notes</u>	<u>2014 EUR'000</u>	<u>2013 EUR'000</u>
Contributed capital	4	10,017	10,017
Retained earnings		<u>2,081</u>	<u>1,913</u>
<b>Equity</b>		<u><b>12,098</b></u>	<u><b>11,930</b></u>
Debt to group enterprises		2,438	2,372
Income tax payable		<u>24</u>	<u>6</u>
<b>Current liabilities other than provisions</b>		<u><b>2,462</b></u>	<u><b>2,378</b></u>
<b>Liabilities other than provisions</b>		<u><b>2,462</b></u>	<u><b>2,378</b></u>
<b>Equity and liabilities</b>		<u><b>14,560</b></u>	<u><b>14,308</b></u>
Contingent liabilities	5		
Related parties with control	6		
Ownership	7		

**Statement of changes in equity for 2014**

	<b>Contributed capital EUR'000</b>	<b>Retained earnings EUR'000</b>	<b>Total EUR'000</b>
Equity beginning of year	10,017	1,913	11,930
Profit/loss for the year	0	168	168
<b>Equity end of year</b>	<b>10,017</b>	<b>2,081</b>	<b>12,098</b>

## Notes

	<u>2014</u> <u>EUR'000</u>	<u>2013</u> <u>EUR'000</u>
<b>1. Other financial income</b>		
Financial income arising from group enterprises	<u>322</u>	<u>318</u>
	<u>322</u>	<u>318</u>
	<u>2014</u> <u>EUR'000</u>	<u>2013</u> <u>EUR'000</u>
<b>2. Other financial expenses</b>		
Financial expenses from group enterprises	<u>94</u>	<u>176</u>
	<u>94</u>	<u>176</u>
	<u>2014</u> <u>EUR'000</u>	<u>2013</u> <u>EUR'000</u>
<b>3. Tax on ordinary profit/loss for the year</b>		
Current tax	<u>55</u>	<u>56</u>
	<u>55</u>	<u>56</u>

## 4. Contributed capital

The share capital consists of 10,016,762 shares at EUR 1 each. The share capital is not divided into different classes of shares. There have been no changes in share capital in the past five financial years.

	<u>EUR</u>
Share capital at 31 December 2014	<u>10,016,762</u>

## 5. Contingent liabilities

The Company has no pledged assets and no contingent liabilities other than that disclosed below (2013: none).

In the autumn of 2009, a foreign tax authority raised a substantial claim against the Company regarding repayment of tax to the country in question. The foreign tax authority issued its final determination in January 2011. The Company does not believe that there is a technical basis to support this claim for repayment and, consequently, commenced legal proceedings in that jurisdiction to defend its position and recover outstanding tax reclaims. The legal proceedings are on hold pending a decision of the foreign court in a separate case (not involving Morgan Stanley) on a related question of law. Management of the Company has decided not to make provision in the financial statements for 2014 for the claim raised.

## Notes

### 5. Contingent liabilities (continued)

The Company does not take any market risks since all trades executed by the Company are fully hedged. However, for control purposes all trades executed feed into Morgan Stanley's Equity Risk system for market risks monitoring. All credit risks taken by the Company are against other companies within the Morgan Stanley Group and are monitored by Morgan Stanley through consolidated firm-wide procedures. Similarly, any operational risks are monitored and tracked through firm-wide operational risk procedures.

### 6. Related parties with control

#### Controlling influence

Morgan Stanley	Ultimate parent	Registered in Delaware, USA
Morgan Stanley & Co International plc	Parent	Registered in the United Kingdom

#### Other related parties

The parties related to the Company are the other companies in the Morgan Stanley Group of which the Company forms part.

#### Transactions

The Company has entered into transactions concerning services and financing with companies in the Morgan Stanley Group.

The Company has made no other related party transactions.

### 7. Ownership

The Company has registered the following shareholder to hold more than 5% of the voting share capital or of the nominal value of the share capital:

Morgan Stanley & Co. International plc