

Masai Clothing Company ApS

Hammerensgade 1 st.tv
1267 Copenhagen K
Central Business Registration No
10279488

Annual report 2016/17

The Annual General Meeting adopted the annual report on 30.11.2017

Chairman of the General Meeting

Name: Louise Quorning

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Entity details

Entity

Masai Clothing Company ApS
Hammerensgade 1 st.tv
1267 Copenhagen K

Central Business Registration No: 10279488
Registered in: Copenhagen
Financial year: 01.07.2016 - 30.06.2017

Board of Directors

Sune Bjerregaard, Chairman
Louise Bechmann

Executive Board

Sune Bjerregaard
Louise Bechmann

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København 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 Masai Clothing Company ApS for the financial year 01.07.2016 - 30.06.2017.

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 Entity's financial position at 30.06.2017 and of the results of its operations for the financial year 01.07.2016 - 30.06.2017.

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

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

Copenhagen, 30.11.2017

Executive Board

Sune Bjerregaard

Louise Bechmann

Board of Directors

Sune Bjerregaard
Chairman

Louise Bechmann

Independent auditor's report

To the shareholder of Masai Clothing Company ApS

Opinion

We have audited the financial statements of Masai Clothing Company ApS for the financial year 01.07.2016 - 30.06.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2017 and of the results of its operations for the financial year 01.07.2016 - 30.06.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- 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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Independent auditor's report

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 30.11.2017

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Bjørn Winkler Jakobsen
State Authorised Public Accountant

Sune Baadsager Holm
State Authorised Public Accountant

Management commentary

	2016/17	2015/16	2014/15	2013/14	2012/13
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Revenue	376.488	344.584	297.950	250.215	212.708
Gross profit/loss	137.536	141.601	123.658	100.577	83.073
Operating profit/loss	98.245	110.897	87.715	65.910	48.777
Net financials	1.962	(934)	536	211	440
Profit/loss for the year	78.838	85.688	66.494	49.559	36.850
Total assets	211.978	125.911	119.072	90.199	75.449
Investments in property, plant and equipment	4.151	2.989	1.569	1.405	3.009
Equity	140.588	63.660	75.726	60.569	45.497
Ratios					
Gross margin (%)	36,5	41,1	41,5	40,2	39,1
Net margin (%)	20,9	24,9	22,3	19,8	17,3
Return on equity (%)	77,2	123,0	97,6	93,4	81,0
Equity ratio (%)	66,3	50,6	63,6	67,2	60,3

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The Company's principal activities during the period have – as in previous years – consisted of design of women's wear sold through wholesale and retail channels. The Company's products are mainly marketed in Northern and Western Europe.

The Company has its headquarters in Copenhagen and is represented by own and external showrooms in some of the largest cities in Northern and Western Europe. The Company has 13 retail stores in Denmark.

Development in activities and finances

The Company's results and financial development has met the expectations expressed by Management. The period has shown an increase in both wholesale – and the retail business. The income statement shows a profit after tax of DKK 78,838,369.

Revenue from wholesale has increased during the period, mainly from the markets in England, Germany, France and Switzerland.

England, Denmark and Sweden are still the main wholesale markets for the Company, however, significant growth in sales in Germany, Belgium, the Netherlands and France shows that these markets now account for an increased part of total revenue.

Retail sales in Denmark have increased slightly.

Outlook

The Directors aim at maintaining Management policies and consequently, the Company's. They expect a continuous increase in growth for the next years. The webshop which was launched in the beginning of this financial period has shown continuous growth and it is of great strategic importance for the Group in order to maintain and grow the market position.

The Company is now also represented in stores in USA and will keep focus on growing in the US market.

Results for the next financial year are expected to increase.

Particular risks

The principal risks and uncertainties facing the Company are broadly grouped as; Competitive, legislative and financial instrument risks.

Competitive Risks

The Company is generally less affected by competition than other companies in the fashion industry due to the fact that it operates in a niche consumer segment with limited competition as well as the fact that the Company's end consumers are quite brand loyal.

Management commentary

The Company is aware of the fact that independent retailers in general are under increased competitive pressure from larger retailers and online sales - especially in smaller cities.

Legislative Risks

The Company is not subject to any essential legislative risks requiring a separate mention.

Financial Instrument Risks

The objectives of ongoing risk management aim to limit undue counterparty exposure, ensure sufficient working capital and monitor the management of risk at a business unit level.

Use of derivatives

The Company uses forward foreign currency contracts to reduce exposure to the variability of foreign exchange rates by fixing the rate of any material payments in a foreign currency. The Company also uses interest rate swaps to adjust interest rate exposures in order to guarantee fixed interest payments where payments are variable and hence exposed to interest rate movements.

Intellectual capital resources

An essential part of the basics of business for the Company is design and conceptual development, which makes great demands on knowledge resources concerning employees engaged in this section of the Company.

In order to maintain this knowledge, it is of crucial importance for the Company to be able to recruit and keep employees with the relevant professional background. The Company aims at all times to secure the optimum mix of employees as well as to secure a necessary adaptability.

On a number of other essential business processes such as logistics and IT, the Company is seeking to secure the necessary adaptability by combining outsourcing and a mix of employees with high professional expert knowledge.

The planned transition of knowledge from the previous owners has, to the satisfaction of Management, been implemented with an adequate transfer of knowledge to new employees in a number of key possessions such as operations, finance, distribution, and design.

Environmental performance

Since the Company is a business without any form of production, it is the opinion of Management that the Company is not subject to any essential environmental conditions requiring a separate mention.

Research and development activities

The Company has no actual research activities, but has (similar to recent years) used considerable resources on development and design of products and concepts in order to maintain the market position.

Management commentary

The webshop was launched in the beginning of this financial year and is of great strategic importance for the Company in order to maintain and grow the market position.

Events after the balance sheet date

No events have occurred after the end of the financial period which affects the Company's financial position.

Income statement for 2016/17

	<u>Notes</u>	<u>2016/17 DKK</u>	<u>2015/16 DKK'000</u>
Revenue		376.488.465	344.584
Other operating income		7.842.756	6.184
Cost of sales		(140.636.901)	(117.362)
Other external expenses		<u>(106.158.313)</u>	<u>(91.805)</u>
Gross profit/loss		137.536.007	141.601
Staff costs	1	(36.309.968)	(29.089)
Depreciation, amortisation and impairment losses	2	<u>(2.981.212)</u>	<u>(1.615)</u>
Operating profit/loss		98.244.827	110.897
Other financial income	3	3.891.818	963
Other financial expenses	4	<u>(1.930.260)</u>	<u>(1.897)</u>
Profit/loss before tax		100.206.385	109.963
Tax on profit/loss for the year	5	<u>(21.368.016)</u>	<u>(24.275)</u>
Profit/loss for the year	6	<u>78.838.369</u>	<u>85.688</u>

Balance sheet at 30.06.2017

	<u>Notes</u>	<u>2016/17 DKK</u>	<u>2015/16 DKK'000</u>
Completed development projects		5.655.823	4.108
Goodwill		1.112.500	1.344
Intangible assets	7	<u>6.768.323</u>	<u>5.452</u>
Other fixtures and fittings, tools and equipment		2.394.969	1.321
Leasehold improvements		3.636.236	2.460
Property, plant and equipment	8	<u>6.031.205</u>	<u>3.781</u>
Fixed assets		<u>12.799.528</u>	<u>9.233</u>
Manufactured goods and goods for resale		39.364.721	29.690
Inventories		<u>39.364.721</u>	<u>29.690</u>
Trade receivables		8.649.897	2.390
Receivables from group enterprises		92.826.779	6.544
Deferred tax	9	776.186	92
Other receivables		4.209.875	6.322
Prepayments	10	1.873.028	2.600
Receivables		<u>108.335.765</u>	<u>17.948</u>
Cash		<u>51.477.905</u>	<u>69.040</u>
Current assets		<u>199.178.391</u>	<u>116.678</u>
Assets		<u>211.977.919</u>	<u>125.911</u>

Balance sheet at 30.06.2017

	<u>Notes</u>	<u>2016/17 DKK</u>	<u>2015/16 DKK'000</u>
Contributed capital		1.000.000	1.000
Reserve for development expenditure		2.807.508	0
Retained earnings		<u>136.780.418</u>	<u>62.660</u>
Equity		<u>140.587.926</u>	<u>63.660</u>
Joint taxation contribution payable		<u>22.247.817</u>	<u>23.902</u>
Non-current liabilities other than provisions		<u>22.247.817</u>	<u>23.902</u>
Trade payables		11.749.607	10.440
Payables to group enterprises		6.647.403	22.413
Joint taxation contribution payable		23.901.857	0
Other payables		<u>6.843.309</u>	<u>5.496</u>
Current liabilities other than provisions		<u>49.142.176</u>	<u>38.349</u>
Liabilities other than provisions		<u>71.389.993</u>	<u>62.251</u>
Equity and liabilities		<u>211.977.919</u>	<u>125.911</u>
Unrecognised rental and lease commitments	11		
Contingent liabilities	12		
Group relations	13		

Statement of changes in equity for 2016/17

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1.000.000	0	62.659.731	63.659.731
Exchange rate adjustments	0	0	(2.446.512)	(2.446.512)
Tax of equity postings	0	0	536.338	536.338
Transfer to reserves	0	2.807.508	(2.807.508)	0
Profit/loss for the year	0	0	78.838.369	78.838.369
Equity end of year	1.000.000	2.807.508	136.780.418	140.587.926

Notes

	2016/17	2015/16
	DKK	DKK'000
1. Staff costs		
Wages and salaries	34.223.922	28.058
Pension costs	1.918.950	1.567
Other social security costs	298.448	274
Staff costs classified as assets	(131.352)	(810)
	36.309.968	29.089
Average number of employees	77	71

	Remunera- tion of manage- ment 2016/17 DKK	Pension liabilities 2016/17 DKK	Remunera- tion of manage- ment 2015/16 DKK'000	Pension liabilities 2015/16 DKK
Executive Board	3.092.669	149.084	2.306.391	148.185
	3.092.669	149.084	2.306.391	148.185

	2016/17	2015/16
	DKK	DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	1.276.178	235
Depreciation of property, plant and equipment	1.673.265	1.304
Profit/loss from sale of intangible assets and property, plant and equipment	31.769	76
	2.981.212	1.615

	2016/17	2015/16
	DKK	DKK'000
3. Other financial income		
Financial income arising from group enterprises	3.222.835	256
Other financial income	668.983	707
	3.891.818	963

Notes

	2016/17	2015/16
	DKK	DKK'000
4. Other financial expenses		
Financial expenses from group enterprises	0	1.608
Other financial expenses	1.930.260	289
	1.930.260	1.897
	2016/17	2015/16
	DKK	DKK'000
5. Tax on profit/loss for the year		
Tax on current year taxable income	21.516.264	23.902
Change in deferred tax for the year	(148.248)	373
	21.368.016	24.275
	2016/17	2015/16
	DKK	DKK'000
6. Proposed distribution of profit/loss		
Extraordinary dividend distributed in the financial year	0	55.000
Retained earnings	78.838.369	30.688
	78.838.369	85.688
	Completed	Goodwill
	develop-	DKK
	ment	
	projects	
	DKK	
7. Intangible assets		
Cost beginning of year	4.107.658	6.675.000
Additions	2.592.677	0
Cost end of year	6.700.335	6.675.000
Amortisation and impairment losses beginning of year	0	(5.330.834)
Amortisation for the year	(1.044.512)	(231.666)
Amortisation and impairment losses end of year	(1.044.512)	(5.562.500)
Carrying amount end of year	5.655.823	1.112.500

Notes

7. Intangible assets (continued)

Recognised development projects comprise expenses held for the establishment of an Ecommerce platform.

The project was established as the Company wished to reach a broader group of customers.

The project has been terminated during the financial year as the Ecommerce platform went online in the middle of August 2016.

The market potential is considered sufficiently favourable and therefore, the incurred expenses are recognised.

	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
8. Property, plant and equipment		
Cost beginning of year	5.113.331	7.703.127
Additions	1.864.657	2.286.671
Disposals	<u>(845.403)</u>	<u>(194.041)</u>
Cost end of year	<u>6.132.585</u>	<u>9.795.757</u>
Depreciation and impairment losses beginning of the year	(3.792.151)	(5.243.354)
Depreciation for the year	(757.098)	(916.167)
Reversal regarding disposals	<u>811.633</u>	<u>0</u>
Depreciation and impairment losses end of the year	<u>(3.737.616)</u>	<u>(6.159.521)</u>
Carrying amount end of year	<u>2.394.969</u>	<u>3.636.236</u>

Notes

	2016/17	2015/16
	DKK	DKK'000
9. Deferred tax		
Intangible assets	(1.303.602)	(970)
Property, plant and equipment	258.142	324
Inventories	717.418	774
Receivables	592.205	504
Equity	0	(630)
Liabilities other than provisions	69.864	90
Other taxable temporary differences	442.159	0
	776.186	92
Changes during the year		
Beginning of year	91.600	
Recognised in the income statement	148.248	
Recognised directly in equity	536.338	
End of year	776.186	

10. Prepayments

Prepayments primarily consist of prepaid expenses.

	2016/17	2015/16
	DKK	DKK'000
11. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	23.668.303	13.942

12. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which Daisy 2015 Management ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013/14 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

Notes

13. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Daisy 2015 Holdco Limited, United Kingdom

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Daisy 2015 Topco Limited, United Kingdom

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium-size).

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.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

Accounting policies

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Company's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

Other external expenses

Other external expenses include expenses relating to the Company's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for Company staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets 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, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Accounting policies

Tax on profit/loss for the year

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 Company is jointly taxed with the Danish parent company. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill

Goodwill comprises the Company's purchase of stores and leases. Goodwill is initially measured at cost less accumulated amortisation. Amortisation is made on a straight-line basis over the expected useful life of up to 10 years in relation to the lease contract.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc

Intellectual property rights etc comprise purchased software.

Intellectual property rights acquired are measured at cost less accumulated amortisation. The amortisation period is three years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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.

Cash flow statement

Cash flow statement is prepared in the overlying parent. The company has thereof, referring to the Danish Financial Statements Act § 86, not prepared cash flow statement.