

Vita Polymers Denmark A/S

Thyrasvej 12
6862 Tistrup
Business Registration No
12379447

Annual report 2017

The Annual General Meeting adopted the annual report on 09.05.2018

Chairman of the General Meeting

Name: Shaina Jabbar

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2017	9
Balance sheet at 31.12.2017	10
Statement of changes in equity for 2017	12
Cash flow statement 2017	13
Notes	14
Accounting policies	19

Entity details

Entity

Vita Polymers Denmark A/S
Thyrasvej 12
6862 Tistrup

Central Business Registration No (CVR): 12379447

Founded: 01.08.1988

Registered in: Varde

Financial year: 01.01.2017 - 31.12.2017

Phone: 75291900

Website: www.vitasheetgroup.com

E-mail: sales@vitasheetgroup.dk

Board of Directors

Matthias Arpad Bela von Buzay, chairman

Jørn Peder Carstensen Haahr

Thomas Vincent Harkins

Henry Thorstein Haaning

Niels Marius Nielsen

Executive Board

Jørn Peder Carstensen Haahr

Bank

Sydbank
Kongensgade 62
6700 Esbjerg

Lawyer

Plesner
Amerika Plads 37
2100 København Ø

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
Postbox 200
6701 Esbjerg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Vita Polymers Denmark A/S for the financial year 01.01.2017 - 31.12.2017.

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 31.12.2017 and of the results of its operations and cash flows for the financial year 01.01.2017 - 31.12.2017.

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.

Tistrup, 05.04.2018

Executive Board

Jørn Peder Carstensen Haahr

Board of Directors

Matthias Arpad Bela von
Buzay
chairman

Jørn Peder Carstensen Haahr

Thomas Vincent Harkins

Henry Thorstein Haaning

Niels Marius Nielsen

Independent auditor's report

To the shareholders of Vita Polymers Denmark A/S

Opinion

We have audited the financial statements of Vita Polymers Denmark A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement 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 31.12.2017 and of the results of its operations and cash flows for the financial year 01.01.2017 - 31.12.2017 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.

Independent auditor's report

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.

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.

Esbjerg, 05.04.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

John Lindvig Christiansen
State Authorised Public Accountant
Identification No (MNE) mne26846

Management commentary

	2017	2016	2015	2014	2013
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Revenue	144,809	134,398	126,443	120,377	121,488
Gross profit/loss	20,017	17,902	15,313	12,354	7,972
Operating profit/loss	4,646	3,035	746	(2,988)	(5,026)
Net financials	(476)	(159)	403	390	119
Profit/loss for the year	6,170	2,876	1,149	(2,598)	(4,907)
Total assets	59,658	56,821	40,544	53,290	70,811
Investments in property, plant and equipment	744	603	785	40	1,339
Equity	24,366	18,196	15,320	34,171	38,504
Cash flows from (used in) operating activities	2,449	3,207	(1,331)	2,673	2,427
Cash flows from (used in) investing activities	(744)	(603)	(40)	(433)	(1,353)
Cash flows from (used in) financing activities	(169)	382	0	(5,985)	4,589
Average numbers of employees	64	60	54	51	46
Ratios					
Gross margin (%)	13.8	13.3	12.1	10.3	6.6
Net margin (%)	4.3	2.1	0.9	(2.2)	(4.0)
Return on equity (%)	29.0	17.2	4.6	(7.1)	(12.7)
Equity ratio (%)	40.8	32.0	37.8	64.1	54.4

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

Ratios	Calculation formula	Calculation formula reflects
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 aim is to carry business within production, trade and industry and other related business.

Development in activities and finances

In the macroeconomic situation VITA POLYMERS DENMARK A/S has been able to maintain its volume and to maintain its position as a serious supplier of thermoplastic sheets, foil and monofilaments. This has been achieved by means of a goal-oriented targeting of the European markets.

The Company has realised a profit of DKK 6,170k for the financial year 2017 compared with a profit in 2016 of DKK 2,876k which is as expected. Revenue has increased approximately 8% compared with 2016.

The Company has seen a cash flow of DKK 1,536k in 2017, which is specified as follows:

Ordinary activities, DKK 2,449k

Investing activities, DKK (744)k

Financing activities, DKK (169)k

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual circumstances affecting recognition and measurement

The financial position at 31 December 2017 of the Company and the results of the activities and cash flows of the Company for the financial year for 2017 have not been affected by any unusual events.

Outlook

In 2018 an increasing of approximately 5% volume of sales and an increase in of up to 5% earnings pre tax is expected.

Particular risks

Operating risks

The Company has entered into agreements with the necessary suppliers so that stable supplies are ensured.

Market risks

The company's raw materials are oil based and price fluctuations may occur. As price fluctuations on raw materials are to a great extent included in the sales price of the finished products and as the Company does not operate with fixed price agreements, this is not considered a major risk.

Foreign exchange risks

The Company's foreign exchange policy is to monitor exchange rates closely and act accordingly. The Company has not entered into speculative currency positions.

Management commentary

Interest rate risks

No agreement has been concluded on fixed interest. In the financial year the Company has only had a positive balance on the Company's bank accounts.

Credit risks

The Company has no material risks relating to an individual customer or liaison partner. A major part of the Company's customers have been credit insured.

Intellectual capital resources

The Company's staff currently participates in internal and external courses. It remains a decisive factor that the Company is able to recruit and maintain employees with the right capabilities. All employees are recorded in a database which is currently updated with the employees' education and training.

Research and development activities

The development of new products and the improvement of current products are an ongoing process in the Company. Development costs are expensed currently.

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.

Income statement for 2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Revenue	1	144,809	134,398
Production costs	2, 3	<u>(124,792)</u>	<u>(116,496)</u>
Gross profit/loss		20,017	17,902
Distribution costs	2	(8,593)	(8,567)
Administrative expenses	2	<u>(6,778)</u>	<u>(6,300)</u>
Operating profit/loss		4,646	3,035
Other financial income	4	194	557
Other financial expenses	5	<u>(670)</u>	<u>(716)</u>
Profit/loss before tax		4,170	2,876
Tax on profit/loss for the year	6	<u>2,000</u>	<u>0</u>
Profit/loss for the year	7	<u>6,170</u>	<u>2,876</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Land and buildings		4,785	5,275
Plant and machinery		5,150	4,747
Other fixtures and fittings, tools and equipment		725	906
Property, plant and equipment	8	<u>10,660</u>	<u>10,928</u>
Deferred tax	10	2,000	0
Fixed asset investments	9	<u>2,000</u>	<u>0</u>
Fixed assets		<u>12,660</u>	<u>10,928</u>
Raw materials and consumables		15,185	12,368
Manufactured goods and goods for resale		6,796	5,267
Inventories		<u>21,981</u>	<u>17,635</u>
Trade receivables		13,192	16,729
Other receivables	11	1,031	788
Prepayments	12	520	648
Receivables		<u>14,743</u>	<u>18,165</u>
Cash		<u>10,274</u>	<u>10,093</u>
Current assets		<u>46,998</u>	<u>45,893</u>
Assets		<u>59,658</u>	<u>56,821</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Contributed capital	13	15,486	15,486
Retained earnings		6,380	2,710
Proposed dividend		<u>2,500</u>	<u>0</u>
Equity		<u>24,366</u>	<u>18,196</u>
Bank loans		<u>30</u>	<u>199</u>
Non-current liabilities other than provisions		<u>30</u>	<u>199</u>
Current portion of long-term liabilities other than provisions		183	183
Bank loans		7,916	9,271
Trade payables		22,620	24,878
Other payables	14	<u>4,543</u>	<u>4,094</u>
Current liabilities other than provisions		<u>35,262</u>	<u>38,426</u>
Liabilities other than provisions		<u>35,292</u>	<u>38,625</u>
Equity and liabilities		<u>59,658</u>	<u>56,821</u>
Unrecognised rental and lease commitments	16		
Contingent assets	17		
Contingent liabilities	18		
Assets charged and collateral	19		
Related parties with controlling interest	20		
Transactions with related parties	21		
Group relations	22		

Statement of changes in equity for 2017

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	15,486	2,710	0	18,196
Profit/loss for the year	0	3,670	2,500	6,170
Equity end of year	15,486	6,380	2,500	24,366

Cash flow statement for 2017

	<u>Notes</u>	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Operating profit/loss		4,646	3,035
Amortisation, depreciation and impairment losses		1,012	(94)
Working capital changes	15	<u>(2,733)</u>	<u>425</u>
Cash flow from ordinary operating activities		2,925	3,366
Financial income received		194	557
Financial income paid		<u>(670)</u>	<u>(716)</u>
Cash flows from operating activities		2,449	3,207
Acquisition etc of property, plant and equipment		<u>(744)</u>	<u>(603)</u>
Cash flows from investing activities		(744)	(603)
Loans raised		0	510
Repayments of loans etc		<u>(169)</u>	<u>(128)</u>
Cash flows from financing activities		(169)	382
Increase/decrease in cash and cash equivalents		1,536	2,986
Cash and cash equivalents beginning of year		<u>822</u>	<u>(2,164)</u>
Cash and cash equivalents end of year		2,358	822
Cash and cash equivalents at year-end are composed of:			
Cash		10,274	10,093
Short-term debt to banks		<u>(7,916)</u>	<u>(9,271)</u>
Cash and cash equivalents end of year		2,358	822

Notes

	2017	2016
	DKK'000	DKK'000
1. Revenue		
Denmark	14,425	5,860
Other contries	130,384	128,538
	144,809	134,398
	2017	2016
	DKK'000	DKK'000
2. Staff costs		
Wages and salaries	28,816	26,776
Pension costs	2,101	1,898
Other social security costs	584	560
Other staff costs	603	616
	32,104	29,850
Average number of employees	64	60
	2017	2016
	DKK'000	DKK'000
3. Depreciation, amortisation and impairment losses		
Depreciation on property, plant and equipment	1,012	357
Profit/loss from sale of intangible assets and property, plant and equipment	0	(451)
	1,012	(94)
	2017	2016
	DKK'000	DKK'000
4. Other financial income		
Other interest income	154	93
Exchange rate adjustments	40	464
	194	557
	2017	2016
	DKK'000	DKK'000
5. Other financial expenses		
Other interest expenses	361	291
Exchange rate adjustments	309	425
	670	716

Notes

	2017	2016	
	DKK'000	DKK'000	
6. Tax on profit/loss for the year			
Change in deferred tax	(2,000)	0	
	(2,000)	0	
	2017	2016	
	DKK'000	DKK'000	
7. Proposed distribution of profit/loss			
Ordinary dividend for the financial year	2,500	0	
Retained earnings	3,670	2,876	
	6,170	2,876	
	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
	DKK'000	DKK'000	DKK'000
8. Property, plant and equipment			
Cost beginning of year	45,329	87,914	2,812
Additions	0	744	0
Cost end of year	45,329	88,658	2,812
Depreciation and impairment losses beginning of year	(40,054)	(83,167)	(1,906)
Depreciation for the year	(490)	(341)	(181)
Depreciation and impairment losses end of year	(40,544)	(83,508)	(2,087)
Carrying amount end of year	4,785	5,150	725
			Deferred tax
			DKK'000
9. Fixed asset investments			
Additions			2,000
Cost end of year			2,000
Carrying amount end of year			2,000

Notes

10. Deferred tax

A tax asset of DKK 2 million was recognized in the financial year. As it is expected that the company can utilize the tax asset within the next 3-5 years.

The company has a deferred tax asset of DKK 8,529k, which has not been recognised as a deferred tax asset in the balance sheet, as it is uncertain whether or when the tax asset can be utilised.

	2017	2016
	DKK'000	DKK'000
11. Other receivables		
Other receivables	1,031	788
	1,031	788

12. Prepayments

Prepayments comprise prepaid expenses for 2018.

	Number	Par value	Nominal
	DKK'000	DKK'000	value
	DKK'000		DKK'000
13. Contributed capital			
Ordinary Shares	15,486	1000	15,486
	15,486		15,486

	2017	2016
	DKK'000	DKK'000
14. Other payables		
VAT and duties	320	0
Wages and salaries, personal income taxes, social security costs, etc payable	1,115	1,109
Holiday pay obligation	2,624	2,392
Other costs payable	484	593
	4,543	4,094

Notes

	2017	2016
	DKK'000	DKK'000
15. Change in working capital		
Increase/decrease in inventories	3,422	(2,744)
Increase/decrease in receivables	(4,346)	(5,235)
Increase/decrease in trade payables etc	(1,809)	8,404
	(2,733)	425

	2017	2016
	DKK'000	DKK'000
16. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	746	701

17. Contingent assets

The company has a deferred tax asset of DKK 8,529k, which has not been recognised as a deferred tax asset in the balance sheet, as it is uncertain whether or when the tax asset can be utilised.

18. Contingent liabilities

Vita Polymers Denmark A/S has entered into forward exchange contracts to hedge future goods purchased in USD by DKK 293k. Compared to the forward price at the balance sheet date, the contracts have a positive value of approximately DKK 22 thousand. The contracts run out in the first half year of 2018.

19. Assets charged and collateral

As Security for the debt to Sydbank a company charge has been made of nominal DKK 3 million. The company charge includes receivables from sale, stock, operating fixture and equipment.

Accounting value of the assets charged, DKK 41,048k.

A receivables floating charge on receivables (arising from trade receivables) has been provided as security for the balance with Midt Factoring A/S.

The carrying amount of trade receivables borrowed against is DKK 10,873k at 31.12.2017.

20. Related parties with controlling interest

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

VitasheetGroup GmbH, Jülich, Germany

21. Transactions with related parties

All transactions with related parties are made on market terms.

Notes

22. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Lenbach Equity Opportunities 1.SCSp, Luxembourg

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
VitasheetGroup GmbH, Jülich, Germany

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).

The accounting policies applied to 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 Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity 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 Entity, 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 rate 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.

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 the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

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

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

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.

Production costs

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary write-down of inventories.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses.

Administrative costs

Administrative costs comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as amortisation.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on payables and transactions in foreign currencies etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on payables and transactions in foreign currencies etc.

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.

Balance sheet

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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.

Accounting policies

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:

Buildings	10-40 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-5 years

Estimated useful lives and residual values are reassessed annually.

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

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.

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. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

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 writedowns for bad and doubtful debts.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Accounting policies

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

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.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term bank loans.