

DANSK WILTON

Annual Report

2018



2018
**HIGH-
LIGHTS**

DANSK WILTON
**WHO
& WHY**



...delivering the difference

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DANSK WILTON

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**Dansk Wilton
is one of the
leading
manufacturers
of custom
designed
carpets for the
international
hospitality
industry -
hotels and
cruise ships
worldwide.**

DELIVERING THE DIFFERENCE

DANSK WILTON

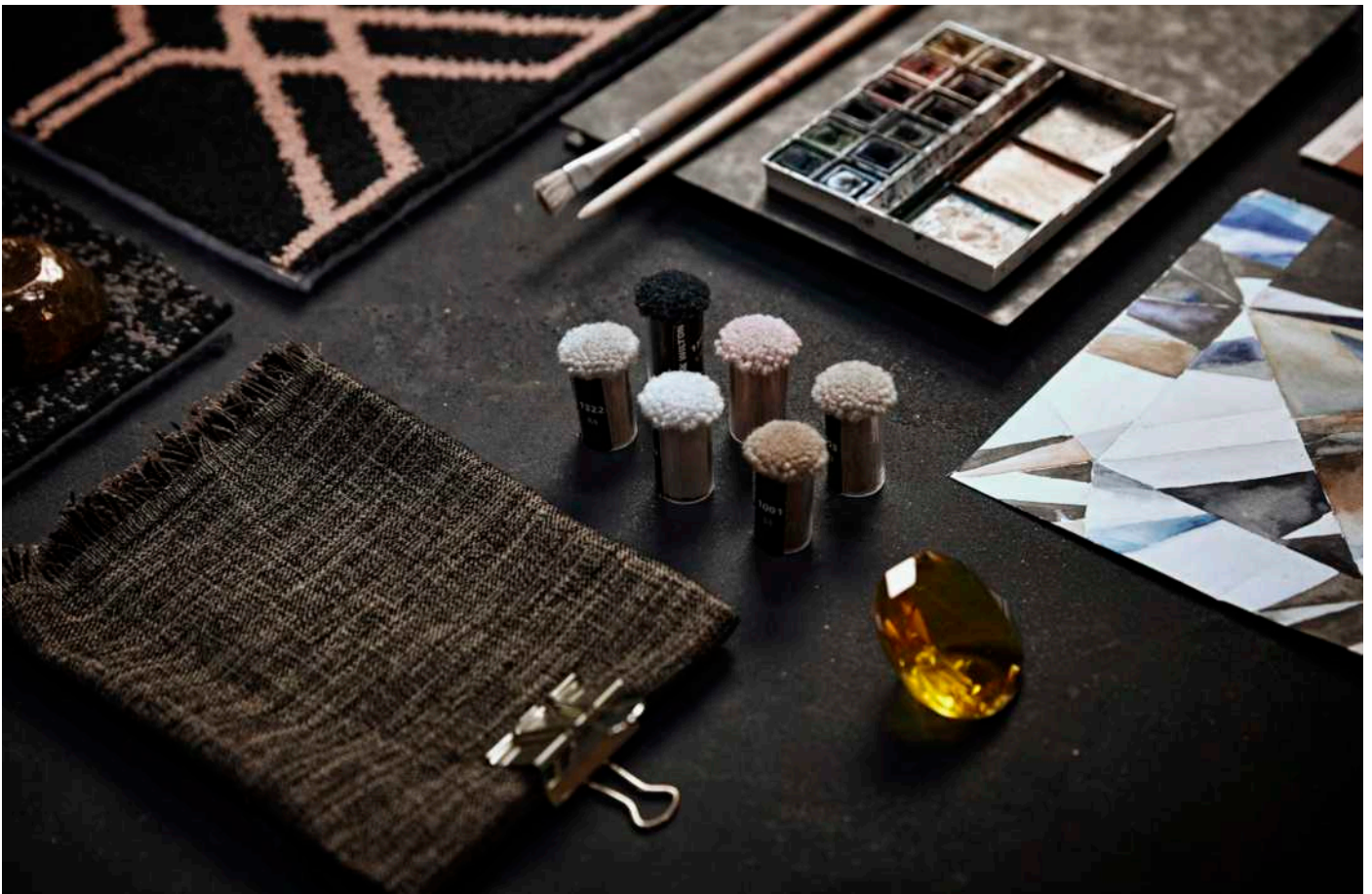
Perfection is in the detail and that is why we have placed sales, product research and design development under the same roof as our production facilities.

We endorse a professional culture where passion for precision is key. Our carpet specialists support our customers throughout the project as a close associate and sparring partner – securing a safe and optimized work process.

No matter the scope of the project, we are known to go all in and care for the final result.

We combine the skills of some of the most specialised people in the business with modern production facilities and automated processes to create quality carpets that meet the highest standards in terms of safety, comfort, and aesthetic design. Having all activities in house gives us maximum control over the quality we deliver and the way we influence the world around us.

Dansk Wilton rely on years of experience, innovative thinking, relationships, and highly skilled Danish craftsmanship – and a deep understanding of our customers and their needs.

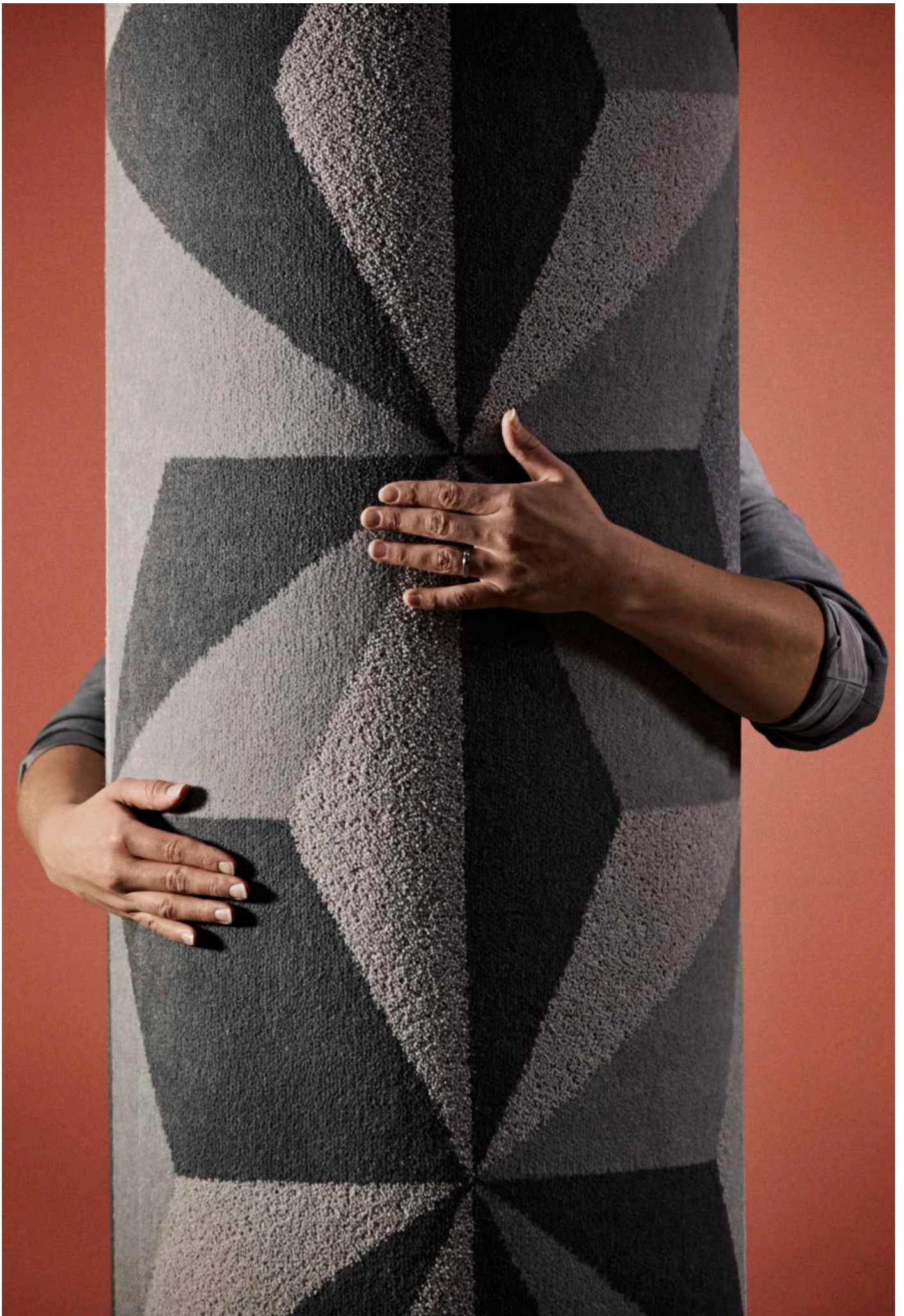




Reference project 2018



MSC Seaside, Public Areas - Axminster Carpet Solution



OUR MISSION

We supply carpet solutions and value to our customers founded on quality, design and complete solutions adapted to the customer.

We do this with constant focus on our company's environmental and social impact and we aim for sustainable development.

DANSK WILTON

WHO & WHY



CARPET SPECIALISTS

At Dansk Wilton we are 100% dedicated to deliver innovative solutions to the hospitality market. We have a passion for carpets. The heart of our business is to offer a safe and optimized process and secure a close cooperation between designers, architects and owners. All project phases are supported by a dedicated project team, and through a vertical synergy inside Dansk Wilton. Safe delivery and competitive prices go hand in hand with innovative design and high quality.

CARPET INNOVATION

Design is where technology and art meet – and Dansk Wilton is where ideas and reality come together. Dansk Wilton is known for making impossible projects possible. Our goal is clear: we will make you succeed by giving you what no one else can. Our dedicated in-house design team helps to develop your ideas into unique solutions. The good design is not just a question of shape and color. It is a question of finding the right design solution for the area in question.



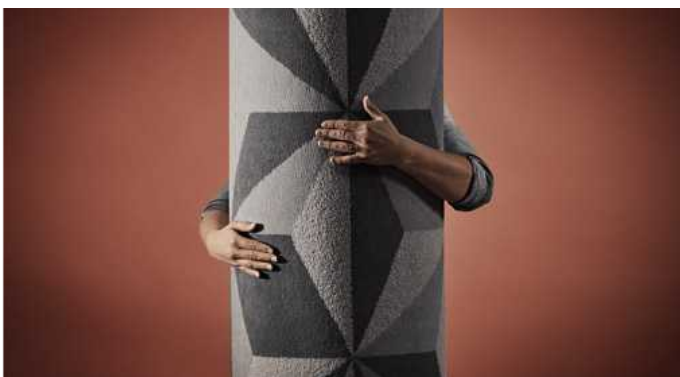


CUSTOM CRAFTSMANSHIP

We believe people make the real difference between being a manufacturer of carpets and being a creator of innovative carpet solutions. By combining the skills of some of the most specialized people in the business with modern production facilities and automated processes, we create quality carpets that meet the highest standards. We are determined to use only the very best materials and techniques in our production.

A RIOT OF COLOURS

With pre dyed yarns, multitude of colours, a unique wool blend and advanced weaving techniques we offer absolute optimum profiling opportunities. Our efficient and innovative design team helps you choose the perfect colours and create unique design solutions, which underlines your concept and the desired expression. We work together with interior designers worldwide in order to secure the most impressive carpet solutions.



STRONG CULTURAL HERITAGE

Dansk Wilton is an internationally oriented company, but we take pride in our name and cultural heritage. Danish design tradition is an inveterate part of our DNA. As a family-owned company, we have through generations developed and cherished the Danish production principles, where quality and a strong understanding of design across cultural and geographical boundaries creates the essence of our solutions.

DANSK WILTON

THE FAMILY BEHIND

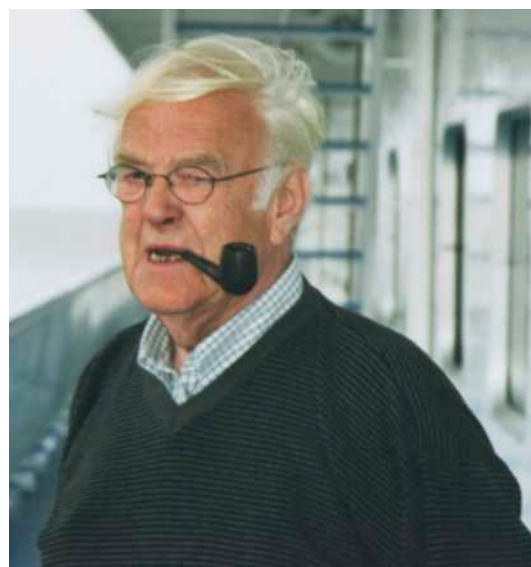
Always ahead of our times

– Starting in 1953

Johannes Jensen founded Dansk Wilton in 1953. Johannes was an entrepreneur, and always looking for new ways to do things. Be it new technologies or new sales channels. His spirit still lives in the company, through employees who have worked with Johannes, and not least by virtue of his wife and daughters, who are still involved in the company.

The family continues the story

Today, the family of Johannes Jensen owns Dansk Wilton. In this way, we can continue to appreciate the benefits of a family-owned business.



Anne Marie Mau:

Anne Marie is active in the Dansk Wilton Board of Directors. She holds the position as Deputy Chairman. Anne Marie has a Master of Arts in Architecture. She has been very involved in the architectural design of the recent building expansion.



Trine Mau:

Trine is active in the Board of Directors in the family foundation. *"I am pleased to follow the positive development in Dansk Wilton".*

Helle Mau Jensen:

Helle is active in the Board of Directors in the family foundation. *"I wish that my husband could see Dansk Wilton today, he would be so proud".*

A NOTE FROM OUR BOARD OF DIRECTORS

Dansk Wilton has achieved good growth and a satisfactory profitability. We are very pleased with our continued success, as evidenced by the 2018 financial year.

The profit reflects our joint effort to support our business model of placing all production and design development in Denmark.

Dansk Wilton operates in an exciting, challenging industry, where we obviously know that our global customers have a wide variety of choices when sourcing custom designed carpet solutions.

Accordingly, we greatly appreciate the confidence our customers show us, and we ambitiously work every day to meet our customers' needs and expectations.



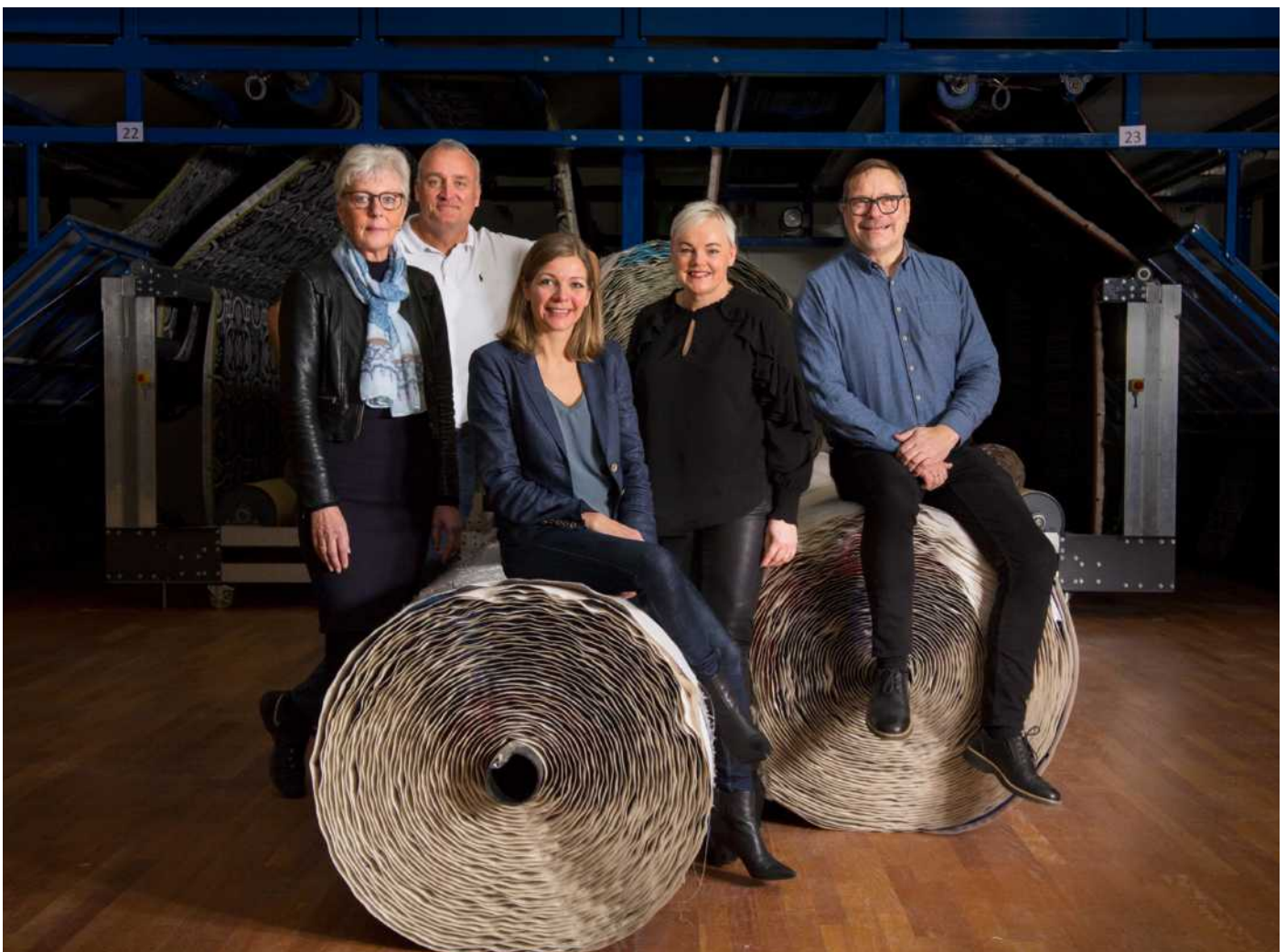
A NOTE FROM OUR MANAGEMENT TEAM

2018 was an exciting year in many ways. Each employee made an enormous effort, and our success emanates from our unique, dedicated teamwork.

At Dansk Wilton, we want to demonstrate to our business partners how exclusive design, high quality and sustainability are part of the same solution.

We endeavour to make our activities as environmentally friendly and socially sustainable as possible while keeping quality and design at the highest level possible.

In everything we do, our goal is "Delivering the Difference".



A NOTE FROM OUR MANAGEMENT TEAM

A combined management team at Dansk Wilton looks back on 2018



Anna-Lise Rønde, Office Manager

"Looking back on 2018, I am particularly pleased by the rewarding teamwork in my department where everyone has gone the extra mile. We are proud of the level of service we provide, which our customers noticeably appreciate. In addition, we take pride in the high reliability of supply guaranteed by Dansk Wilton."

Anna-Lise has worked for Dansk Wilton since 1985, approaching 35 years of service for the company. Together with her team, she provides crucial project coordination and confidently guides all projects to completion.

Kenneth Søgaard Hansen, Supply Chain Director

"Our new factory enlargement greatly influenced 2018. In spite of the commotion and lack of space in our daily activities, we made a team effort to keep operations up and running. At the same time as the construction project moved forward, we changed the production process of Colortec carpets and obtained a brand-new handling of internal logistics. This resulted in a good, efficient production process."

"We entered 2018 with higher production capacity. Combined with our skilled employees and the possibility of three-shift operation in the busiest periods, Dansk Wilton is geared for the future in every possible way."





**Alice Foldager Sandgaard,
Chief Financial Officer**

"As a new member of the Dansk Wilton team, I've been impressed by my co-workers' deep commitment to and pride in their work. One of my goals for 2019 is that we have successfully disseminated Business Intelligence as a tool for the entire organisation. In so doing, we will gain even deeper insight into our business, which will in turn enhance business agility for the benefit of our customers and partners. I look forward to continuing on this journey with Dansk Wilton."

Alice joined the team in 2018. She has a strong accounting and controlling background and, along with her team, she will keep Dansk Wilton focused in the right direction in the years ahead.

Lone Ditmer, Marketing Manager

"To me, our Cradle-to-Cradle certification is one of our biggest milestones in 2018. We continue our strong strategic and operational commitment to sustainability, with Cradle-to-Cradle principles as our management tool. We have set clear goals and continuously work to implement improvements. This makes lots of sense and helps instil even more pride in what we do."

Lone has worked for Dansk Wilton for five years and is responsible for the company's marketing activities. In addition, Lone has been responsible for obtaining the Cradle-to-Cradle certification and ensuring the sustainability strategy for activities going forward.



Søren Sonne, Managing Director

"First of all, I would like to thank our business partners for their cooperation and support during 2018. A strong economy, rising global consumer purchasing power and digital innovation have all influenced the travel and hospitality industry in a positive way. I trust and hope that the hospitality industry will continue to grow, and we of Dansk Wilton will do our utmost to continue supplying the industry with exciting, innovative and environmentally friendly design solutions."



OUR FOCUS AREAS

We develop our business based on five fundamental focus areas:



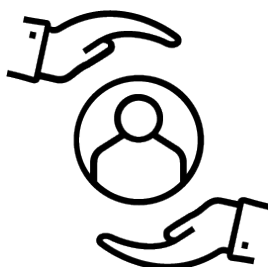
CREATIVITY & INNOVATION

We are a creative, innovative and idea-generating partner for our customers. We deliver exciting and inspiring solutions.



The QUALITY we deliver

The heart of our business is high quality in everything we do. We endorse a professional culture where passion for precision is key. This is only possible by virtue of a professional and committed team.



Our CUSTOMER

Our customers' experiences with us cannot be undone. Their moments with us are all equally important. Before, during and after. We do not just supply a product we provide solutions.

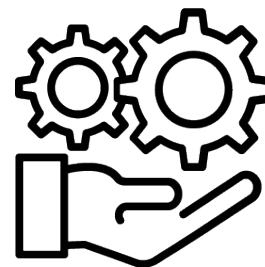


RE:THINK

RESPONSIBILITY for people and environment

We work strategically with sustainability and CSR on a daily basis.

We are determined to contribute to the development of environment-friendly solutions in the hospitality industry.



EFFICIENCY & EFFECTIVENESS

We challenge the existing with a basic belief that we can always do better. The heart of our business is to offer a safe and optimized process.

DANSK WILTON HIGHLIGHTS

2018

It has been an incredible year of progress, milestones and new beginnings for Dansk Wilton



Cradle to Cradle Certified™ Bronze

2018 was a significant year for Dansk Wilton in relation to achieving our sustainability goals. We reached a crucial milestone with a cradle to cradle certification of our Colortec carpet solution, launched in August under the name Colortec RE:THINK. With the Cradle to Cradle certification of Colortec RE:THINK we have achieved strong and visible recognition of our concentrated efforts to run our business sustainably. Read more on our website: www.danskwilton.com/rethink-sustainability

Dansk Wilton expands – construction & art

With a significant investment in new production equipment in 2017, we literally grew out of our existing building. 2018, we therefore expanded by building additional 1.500 m² of production facilities. As we are situated in an area where art, design and architecture play an important and integrated role, the Swedish-Danish sculptor Ingvar Cronhammar was invited to add his artistic touch to the building.



Dansk Wilton turns 65 years

In 1953, Dansk Wilton was founded by Johannes Jensen as "*Johannes Jensens Tæppefabrik*" – at that time a small production company with only a few looms set up in the barn of an old farm. Our market at that time was limited to the domestic market in Denmark. Today, 99% of our revenue comes from export. The heart of our business is still innovation, craftsmanship and first class service.



Our Culture

Dansk Wilton is a small "international village". We employ many different nationalities. We support our employees of all backgrounds, of all ages and life stages and we firmly believe that a strong culture in Dansk Wilton relies on diversity and a gender-balanced leadership.

We are pleased to have many skilled colleagues who maintain their employment in Dansk Wilton for many years. In 2018 we celebrated five anniversaries, and in the last 10 years we have celebrated no less than 42.

Further news and case stories from 2018 are available in our *Carpet Journal* on our website: <https://danskwilton.com/carpet-journal/>

SELECTED REFERENCES

HOTEL PROJECTS

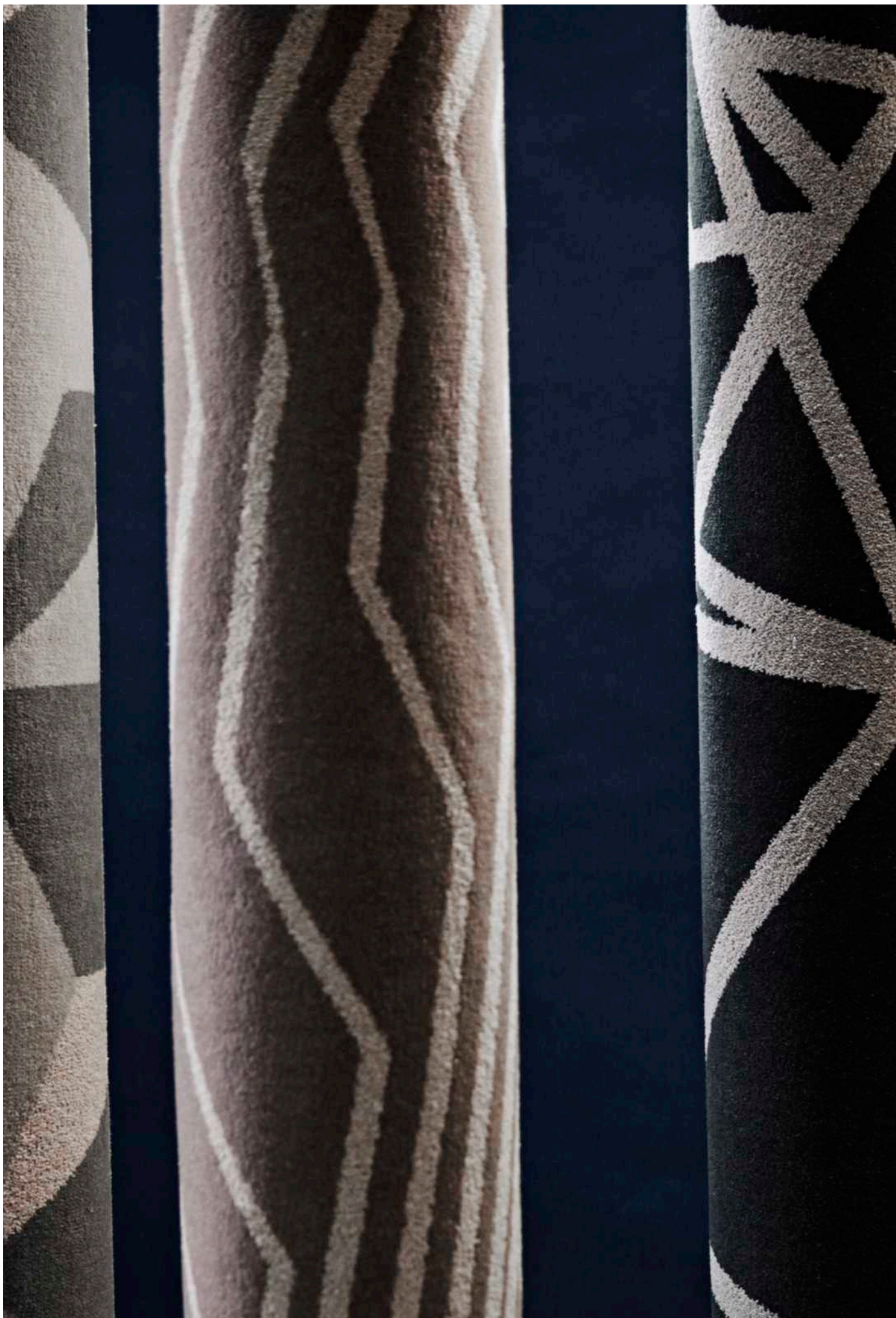


Mövenpick Lausanne, Switzerland

Rooms and corridors - DW Twist Carpet Solution



Rooms - Colortec Area Rugs



FINANCIAL HIGHLIGHTS

2018

COMPANY DETAILS

The Company

Dansk Wilton A/S
Højskolevej 3, Birk
7400 Herning

CVR no.: 12 62 46 38
Reporting period: 1 January - 31 December 2018
Domicile: Herning

Website: www.danskwilton.com
E-mail: dw@dansk-wilton.dk

Board of Directors

Lars Martens Clausen, Chairman
Anne Marie Mau, Deputy Chairman
Jørgen Zartov
Brian Møller Dyrholm Pedersen

Executive board

Søren Sonne

Auditors

Blicher Revision & Rådgivning
Østergade 48
7400 Herning

The Annual Report was presented and approved at the Annual General Meeting of the Company on
28 February 2019

Lars Martens Clausen
Chairman



STATEMENT BY MANAGEMENT ON ANNUAL REPORT

The Board of Directors and the Executive Board have today discussed and approved the annual report of Dansk Wilton A/S for the financial year 1 January - 31 December 2018.

The annual report is prepared 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 December 2018 and of the results of the company's operations and cash flows for the financial year 1 January - 31 December 2018.

In our opinion, Management's review includes a fair review of the matters dealt with in the Management's review.

Management recommends that the annual report be approved at the annual general meeting.

Herning, 28 February 2019

Executive Board



Søren Sonne

Board of Directors



Lars Martens Clausen
Chairman



Anne Marie Mau
Deputy Chairman



Jørgen Zartov



Brian Møller Dyrholm
Pedersen

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Dansk Wilton A/S

Opinion

We have audited the Financial Statements of Dansk Wilton A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies as well as statement of cash flows.

The Financial Statements are prepared under the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018, and of the results of the Company operations as well as the cash flows for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report.

We are independent of the Company in accordance with the International Ethics Standards Board for 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 rules and 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company 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 of accounting information taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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.

INDEPENDENT AUDITOR'S REPORT

- 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 Company'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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, 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 Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Herning, den 28/2 2019

Blicher Revision & Rådgivning
Statsautoriseret Revisionsaktieselskab
CVR-nr. 78 33 78 18



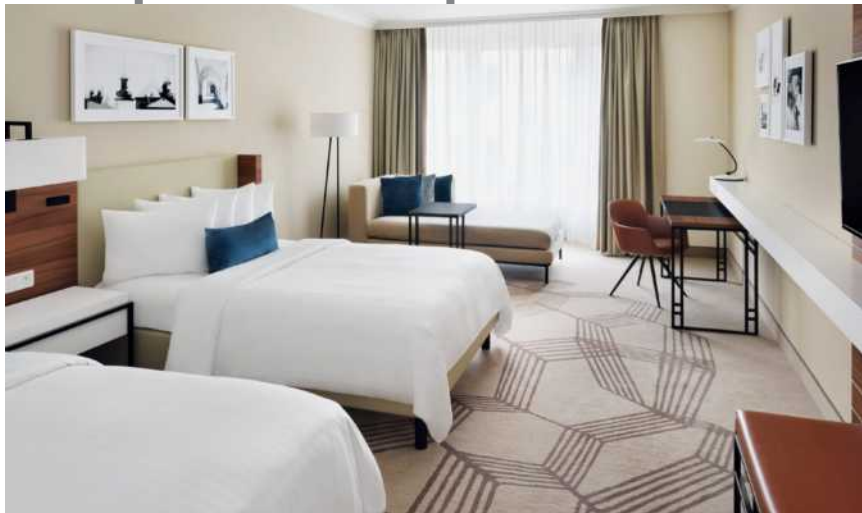
Carsten Ottosen
statsaut. revisor
mne26913

SELECTED REFERENCES

HOTEL PROJECTS



Hilton Copenhagen Airport
Photot credit: Hilton Copenhagen Airport



Prague Marriott Hotel
Photo credit: Prague Marriott Hotel

FINANCIAL HIGHLIGHTS

Seen over a 5-year period, the development of the company may be described by means of the following financial highlights:

Key figures (DKK´000)	2018	2017	2016	2015	2014
Profit/loss					
Gross profit	33.389	24.973	23.025	20.193	14.730
Net financials	23	203	51	579	(65)
Profit/loss for the year	12.191	6.480	6.319	4.793	617
Balance sheet					
Balance sheet total	74.933	72.219	68.478	61.384	60.434
Equity	46.957	44.765	38.286	41.967	37.174
Financial ratios					
Solvency ratio	62,7%	62,0%	55,9%	68,4%	61,5%
Return on equity	26,6%	15,6%	15,7%	12,1%	1,7%
Price, book value	356	339	290	318	282
Number of employees	84	83	57	55	55

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

MANAGEMENT'S REVIEW

The Company's principal activities

The Company's main activity is the design, development and production of individual design carpet in high quality for the professional contract market. The Company's carpet solutions are sold worldwide focusing on international cruise ships and hotel chains among others. The Company has an export share of more than 99%.

Development in financial activities and finances

During the financial year 2018, the Company has made continued investments in increased production capacity and organization.

The investment in intensified market development and marketing in general has resulted in an increased new market penetration and an enlarged customer base. The Company's primary customers - the international hospitality industry (including cruise ships and hotels) are generally showing more willingness to invest - a development that is expected to continue in the coming years.

The Board of Directors considers the Company's result for the year to be very satisfactory.

Outlook

The Company expects that the recent years' investments in the IT structure, production capacity and organization will result in increased sales in the coming years.

The main focus for the financial year 2019 will be continued streamlining of production processes, tight control of major costs and working capital together with further development of new export markets and customers.

Uncertainty relating to recognition and measurement

Recognition and measurement of items in the annual report have not been subject to any uncertainty.

Special risk

Currency related risk

The Company's main transactions is done in EURO and Danish kroner, resulting in a very reduced currency risk.

Interest rate related risk

The Company has no long term financing why interest rate related risk is very reduced.

Environment risk

The management valuate that the Company's activities have no negative impact on the environment as all processes and waste material that can affect the environment are handled and disposed after the official guidelines set out by the Danish authorities.

Unusual matters

The Company's financial position at 31 December 2018 and the results of its operations and cash flows for the financial year 2018 have not been affected by any unusual matters.

Subsequent events

No events have occurred after the balance sheet date materially affecting the Company's financial position.

ACCOUNTING POLICIES

The annual report of Dansk Wilton A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium sized enterprises of reporting class C.

The accounting policies applied are consistent with those of last year.

The annual report for 2018 is presented in DKK'000.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities.

All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable 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 it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, production costs and other operating income.

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at fair value of the agreed consideration excl. VAT and taxes charged on behalf of third parties. Revenue is net of all types of discounts granted.

Production costs

Production costs comprise costs, including depreciation, amortisation, wages and salaries, incurred to achieve revenue for the year. Production costs include direct and indirect costs of raw materials, consumables, wages and salaries, rent and leasing as well as depreciation of production facilities.

Distribution costs

Distribution costs comprise expenses for distribution of goods sold and for sales campaigns, etc. incurred during the year, including salaries to sales staff, advertising and marketing expenses as well as depreciation and amortisation.

Administrative costs

Administrative costs comprise expenses incurred during the year for management and administration of the company, including expenses for administrative staff, Management, office expenses as well as depreciation and amortisation.

ACCOUNTING POLICIES

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to realised and unrealised capital/exchange, gains and losses on foreign currency transactions and surcharges and allowances under the advance payment of tax scheme, etc.

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible fixed assets

Intangible rights acquired in the form of software and related rights are measured at cost less accumulated amortisation and less any accumulated impairment losses.

The cost of software includes the cost of project work including direct labour.

Software is amortised on a straight line basis over the contract period, not exceeding 3 years.

Intangible rights acquired are written down to any lower recoverable amount.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self constructed assets comprises direct and indirect costs of materials, components, sub suppliers and wages.

ACCOUNTING POLICIES

Straight line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	Residual value
<i>Plant and machinery</i>	5-10 years	0 %
<i>Other fixtures and fittings, tools and equipment</i>	5-10 years	0 %
<i>Leasehold improvements</i>	5-10 years	0 %

Assets costing less than DKK 13,500 are expensed in the year of acquisition.

Stocks

Stocks are measured using the FIFO method. Yarn and fitting material, etc. are measured at the lower of purchase prices or net realisable values. Less salable yarns are calculated at the valuation price.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and indirect production costs.

Carpet remnants are recognised at estimated net realisable value.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Prepayments

Prepayments, recognised in current assets, comprise costs incurred concerning subsequent financial years.

Securities

Securities and investments consisting of listed bonds and shares are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Provisions

Provisions comprise performance guarantees and potential expenses related to management intensive scheme. Provisions are recognised when, as a result of a past event, the company has legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at fair value.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

ACCOUNTING POLICIES

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Cash flow statement

The cash flow statement shows the company's cash flows for the year, broken down under cash flows from operating, investing and financing activities, the year's changes in cash and cash equivalents and the company's cash and cash equivalents at the beginning and at the end of the year.

Cash flows from operating activities

Cash flows from operating activities are stated as the profit or loss for the year, adjusted for non cash operating items, changes in working capital and paid income taxes.

Cash flows from investing activities

Cash flows from investing activities comprise payments related to the acquisition and sale of entities and activities, intangible fixed assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs, as well as the raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

ACCOUNTING POLICIES

Financial highlights

Definitions of financial ratios.

$$\text{Solvency ratio: } \frac{\text{Equity at year end} \times 100}{\text{Total assests}}$$

$$\text{Return on equity: } \frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$

$$\text{Price, book value: } \frac{\text{Equity at year end} \times 100}{\text{Equity portfolio}}$$

INCOME STATEMENT

1 JANUARY - 31 DECEMBER 2018

Income statement (DKK '000)	Note	2018	2017
Gross profit		33.389	24.973
Distribution costs		(7.299)	(6.862)
Administrative costs		(10.482)	(10.001)
Operating profit/loss		15.608	8.110
Financial income	1	85	224
Financial expenses	2	(62)	(21)
Profit/loss before tax		15.631	8.313
Tax on profit/loss for the year	3	(3.440)	(1.833)
Net profit/loss for the year	4	12.191	6.480

BALANCE SHEET

AT 31 DECEMBER 2018

Assets (DKK'000)	<u>Note</u>	<u>2018</u>	<u>2017</u>
Software		292	454
Intangible fixed assets	5	<u>292</u>	<u>454</u>
Plant and machinery		22.352	23.374
Other fixtures and fittings, tools and equipment		2.297	2.430
Leasehold improvements		2.478	1.954
Tangible fixed assets	6	<u>27.127</u>	<u>27.758</u>
Total fixed assets		<u>27.419</u>	<u>28.212</u>
Stocks	7	<u>9.692</u>	<u>15.200</u>
Trade receivables		31.652	26.286
Other receivables		3.167	1.736
Coporation tax		0	205
Prepayments	8	310	214
Receivables		<u>35.129</u>	<u>28.441</u>
Current asset investments		<u>0</u>	<u>314</u>
Cash at bank and in hand		<u>2.693</u>	<u>52</u>
Total current assets		<u>47.514</u>	<u>44.007</u>
Total assets		<u>74.933</u>	<u>72.219</u>

BALANCE SHEET

AT 31 DECEMBER 2018

Equity and liabilities (DKK'000)	Note	2018	2017
Share capital		13.200	13.200
Retained earnings		23.757	21.565
Proposed dividend for the year		10.000	10.000
Total equity	9	46.957	44.765
Provision for deferred tax	10	1.300	1.105
Other provisions	11	980	616
Total provisions		2.280	1.721
Other credit institutions		140	231
Prepayments received from customers		230	665
Trade payables		14.029	14.768
Payables to subsidiaries		0	480
Corporation tax		1.443	0
Other payables		9.854	9.589
Short term debt		25.696	25.733
Total debt		25.696	25.733
Total equity and liabilities		74.933	72.219
Staff	12		
Contingent assets, liabilities and other financial obligations	13		
Related parties and ownership	14		

STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January 2018	13.200	21.565	10.000	44.765
Ordinary dividend paid			(10.000)	(10.000)
Net profit/loss for the year		2.191	10.000	12.191
Equity at 31 December 2018	13.200	23.757	10.000	46.957

CASH FLOW STATEMENT

1 JANUARY - 31 DECEMBER 2018

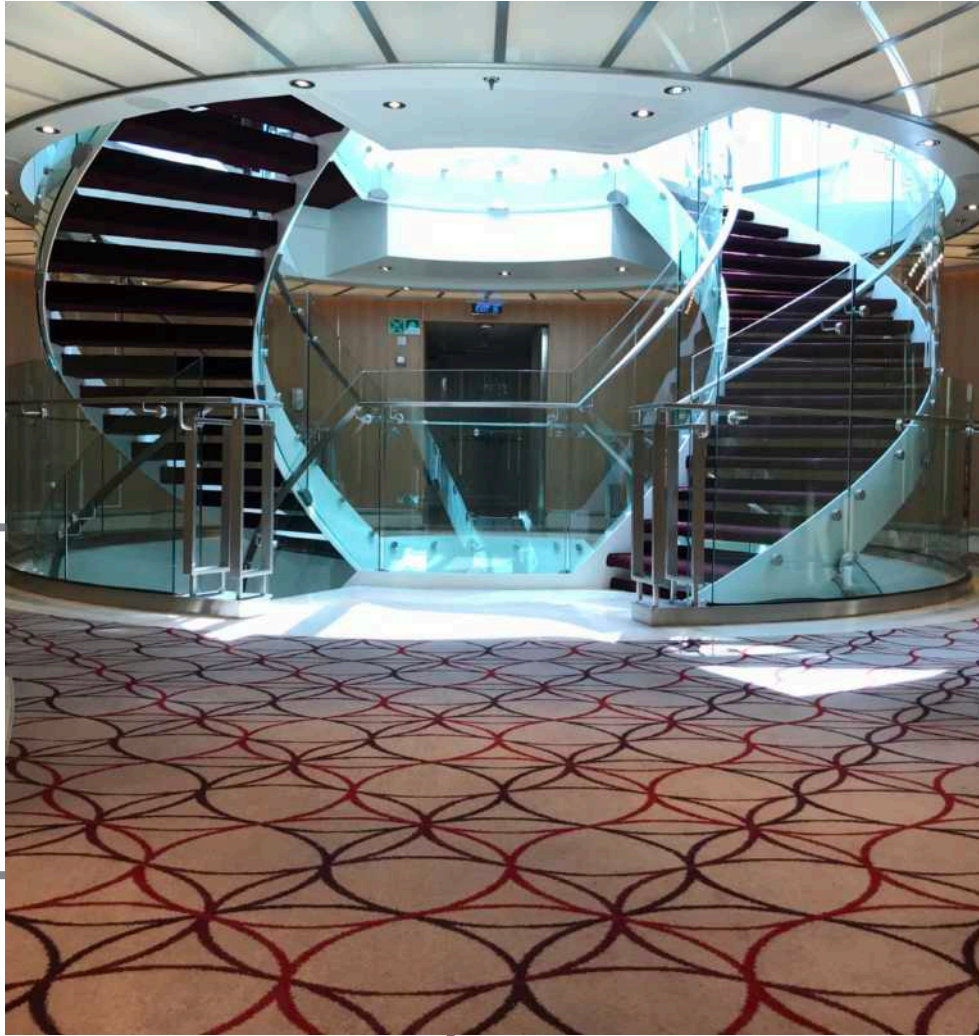
Cash flow statement (DKK '000)	Note	2018	2017
Net profit/loss for the year		12.191	6.480
Adjustments	15	7.954	5.217
Change in working capital	16	(2.409)	(10.368)
Cash flows from operating activities before financial income and expenses		17.736	1.329
Interest income and similar income		85	224
Interest expenses and similar charges		(62)	(19)
Cash flows from ordinary activities		17.759	1.534
Corporation tax paid		(1.597)	(1.664)
Cash flows from operating activities		16.162	(130)
Purchase of intangible fixed assets		(131)	(4)
Purchase of property, plant and equipment		(3.613)	(17.758)
Sale of property, plant and equipment		314	591
Cash flows from investing activities		(3.430)	(17.171)
Dividend paid		(10.000)	0
Cash flows from financing activities		(10.000)	0
Change in cash and cash equivalents		2.732	(17.301)
Cash at bank and in hand		52	17.205
Overdraft facility		(231)	(83)
Cash and cash equivalents at 1 January 2018		(179)	17.122
Cash and cash equivalents at 31 December 2018		2.553	(179)
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		2.693	52
Overdraft facility		(140)	(231)
Cash and cash equivalents at 31 December 2018		2.553	(179)

SELECTED REFERENCES

CRUISE SHIP PROJECTS



Celebrity EdgeSM, Celebrity Cruises
Photo credit: Celebrity Cruises



Seabourn Quest
Photo credit: Dansk Wilton



Symphony of the Seas
Photo credit: Royal Caribbean International

NOTES TO THE ANNUAL REPORT

Notes (DKK '000)

	<u>2018</u>	<u>2017</u>
1 Financial income		
Other financial income	81	189
Exchange gains	4	35
	<u>85</u>	<u>224</u>
2 Financial expenses		
Other financial expenses	23	21
Exchange loss	39	0
	<u>62</u>	<u>21</u>
3 Tax on profit/loss for the year		
Current tax for the year	3.245	997
Deferred tax for the year	195	836
	<u>3.440</u>	<u>1.833</u>
4 Proposed distribution of profit		
Proposed dividend for the year	10.000	10.000
Retained earnings	2.191	(3.520)
	<u>12.191</u>	<u>6.480</u>

NOTES TO THE ANNUAL REPORT

5 Intangible fixed assets	Software	
Cost at 1 January 2018		3.932
Additions for the year		131
		<hr/>
Cost at 31 December 2018		<u>4.063</u>
Impairment losses and amortisation at 1 January 2018		3.478
Amortisation for the year		293
		<hr/>
Impairment losses and amortisation at 31 December 2018		<u>3.771</u>
		<hr/>
Carrying amount at 31 December 2018		<u>292</u>
		<hr/>
<i>Amortisation and impairment of intangible fixed assets are recognised in the following items:</i>	<u>2018</u>	<u>2017</u>
Amortisation and impairment, administration	293	774
	<hr/>	<hr/>
	<u>(293)</u>	<u>(774)</u>

NOTES TO THE ANNUAL REPORT

6 Tangible fixed assets	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements
	<hr/>	<hr/>	<hr/>
Cost at 1 January 2018	66.436	5.722	5.964
Additions for the year	2.137	538	939
Disposals for the year	0	(336)	0
	<hr/>	<hr/>	<hr/>
Cost at 31 December 2018	68.573	5.924	6.633
	<hr/>	<hr/>	<hr/>
Impairment losses and depreciation at 1 January 2018	43.062	3.293	3.740
Depreciation for the year	3.159	670	415
Reversal of impairment and depreciation of sold assets	0	(336)	0
	<hr/>	<hr/>	<hr/>
Impairment losses and depreciation at 31 December 2018	46.221	3.627	4.155
	<hr/>	<hr/>	<hr/>
Carrying amount at 31 December 2018	22.352	2.297	2.478

Depreciation and impairment of intangible fixed assets are recognised in the following items:

	2018	2017
	<hr/>	<hr/>
Depreciation and impairment, production	3.793	2.639
Depreciation and impairment, administration	451	439
	<hr/>	<hr/>
	4.244	3.078

NOTES TO THE ANNUAL REPORT

7	Stocks	2018	2017
	Raw materials and consumables	3.663	3.914
	Work in progress	1.918	2.739
	Finished goods and goods for resale	4.111	8.547
		9.692	15.200

8 Prepayments

Prepayments comprise prepaid expenses regarding software development/licenses, subscriptions and travel.

9 Equity

The share capital consists of:

11.700 A shares of DKK 1 thousand	11.700
1.500 B shares of DKK 1 thousand	1.500
	13.200

NOTES TO THE ANNUAL REPORT

10 Provision for deferred tax	2018	2017
Provision for deferred tax at 1 January	1.105	270
Provision in year	195	835
Provision for deferred tax at 31 December	1.300	1.105
Property, plant and equipment	1.452	1.045
Inventories	40	148
Prepayments	24	47
Provisions	(216)	(135)
	1.300	1.105

11 Other provisions

Other provisions comprise performance guarantees and potential expenses related to management incentive scheme.

NOTES TO THE ANNUAL REPORT

12 Staff	2018	2017
Renumeration to the executive board, wages and salaries	33.789	32.965
Pensions	2.704	2.450
Other social security expenses	551	352
	37.044	35.767
 <i>Wages and salaries, pensions and other social security expenses are recognised in the following items:</i>		
Production costs (cost of sales)	25.343	25.241
Distribution costs	4.482	4.463
Administrative costs	7.219	6.063
	37.044	35.767
 <i>Of which, remuneration to the Executive Board and the Board of Directors amounts to:</i>		
	2.670	2.312
	1.869	2.312
 Average number of employees	 84	 83

According to section 98 B (3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed.

NOTES TO THE ANNUAL REPORT

13 Contingent assets, liabilities and other financial obligations

The company operates from leased premises. The contractual obligations amount to DKK 3,946k at 31 December 2018.

The company has entered into operating lease agreements for operating equipment with expiry in 2019. The total lease obligation amounts to DKK 79k.

The company is jointly taxed with its parent, Johannes Jensen og Helle Mau Jensen Holding ApS, and is jointly and severally liable together with other jointly taxed entities for payment of corporate income tax and withholding tax on dividends, interest and royalties.

14 Related parties and ownership

Controlling interest

Johannes Jensen og Helle Mau Jensen Holding ApS, Frølundvej 60, Herning

Other related parties

In addition, the company's related parties with significant influence comprise the company's Board of Directors, Executive Board and management employees. Related parties also comprise companies in which these individuals have a substantial interest.

The company is included in consolidated financial statements for the ultimate mother foundation Johannes Jensen & Helle Mau Jensens Fond, Frølundvej 60, 7400 Herning.

NOTES TO THE ANNUAL REPORT

15 Cash flow statement - adjustments	2018	2017
Financial income	(85)	(224)
Financial expenses	62	21
Depreciation, amortisation and impairment losses	4.537	3.587
Tax on profit/loss for the year	3.440	1.833
	7.954	5.217

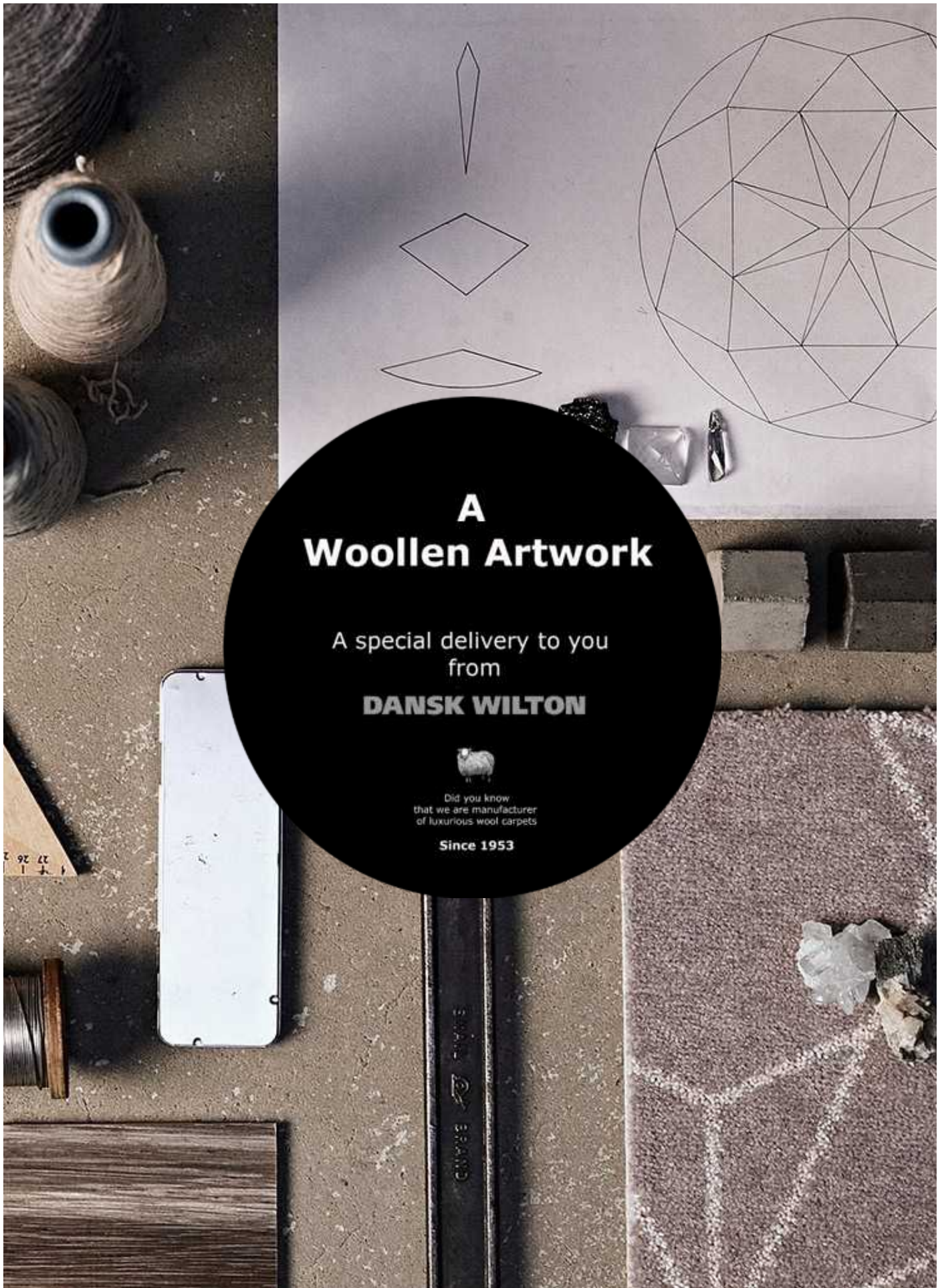
16 Cash flow statement - change in working capital	2018	2017
Change inventories	5.507	(3.248)
Change in receivables	(7.328)	(3.856)
Change in trade payables, etc.	(588)	(3.264)
	(2.409)	(10.368)



Our Artwork, Our Signature

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