

GRAFISK MASKINFABRIK A/S

Bregnerødvej 92
3460 Birkerød
Central Business Registration
No 15155299

Annual report 2018

The Annual General Meeting adopted the annual report on 28.05.2019

Chairman of the General Meeting

Name: Jeppe Rasmussen

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Consolidated income statement for 2018	8
Consolidated balance sheet at 31.12.2018	9
Consolidated statement of changes in equity for 2018	11
Consolidated cash flow statement for 2018	12
Notes to consolidated financial statements	13
Parent income statement for 2018	16
Parent balance sheet at 31.12.2018	17
Parent statement of changes in equity for 2018	19
Notes to parent financial statements	20
Accounting policies	23

Entity details

Entity

GRAFISK MASKINFABRIK A/S
Bregnerødvej 92
3460 Birkerød

Central Business Registration No (CVR): 15155299
Registered in: Rudersdal
Financial year: 01.01.2018 - 31.12.2018

Board of Directors

Jeppe Rasmussen, Chairman
Uffe Nielsen
Randi Villads Nielsen
Dan Højgaard Jensen

Executive Board

Uffe Nielsen, Chief Executive Officer

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 GRAFISK MASKINFABRIK A/S for the financial year 01.01.2018 - 31.12.2018.

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

In our opinion, the consolidated financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2018 and of the results of its operations and cash flows for the financial year 01.01.2018 - 31.12.2018.

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.

Birkerød, 28.05.2019

Executive Board

Uffe Nielsen
Chief Executive Officer

Board of Directors

Jeppe Rasmussen
Chairman

Uffe Nielsen

Randi Villads Nielsen

Dan Højgaard Jensen

Independent auditor's report

To the shareholders of GRAFISK MASKINFABRIK A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of GRAFISK MASKINFABRIK A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2018, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2018 - 31.12.2018 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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent'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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

Independent auditor's report

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 consolidated financial statements and these parent financial statements.

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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 consolidated financial statements and the parent 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, 28.05.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Keld Juel Danielsen
State Authorised Public Accountant
Identification No (MNE) mne26741

Management commentary

	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000	2014 DKK'000
Financial highlights					
Key figures					
Gross profit	25.322	30.732	29.510	22.109	20.940
Operating profit/loss	10.333	18.972	14.693	13.624	13.787
Net financials	(55)	(63)	89	644	(218)
Profit/loss for the year	8.173	14.427	11.233	10.993	10.196
Total assets	87.817	71.699	64.867	52.606	49.155
Investments in property, plant and equipment	5.724	106	633	148	99
Equity	54.411	52.142	41.927	32.658	24.605
Cash flows from (used in) operating activities	6.843	4.950	(610)	11.949	(3.966)
Cash flows from (used in) investing activities	(5.600)	(106)	(528)	(140)	(99)
Cash flows from (used in) financing activities	(6.176)	(4.954)	(1.392)	(4.772)	4.065
Ratios					
Return on equity (%)	15,3	30,7	30,1	38,4	51,0
Equity ratio (%)	62,0	72,7	64,6	62,1	50,1

The financial highlights for 2014 – 2015 comprise the financial highlights of the parent company, while the financial highlights from 2016 comprise the consolidated financial statements.

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

Ratios	Calculation formula	Calculation formula reflects
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 develops, manufactures and sells machinery and equipment to the graphic industry, including label printing houses. The predominant part of the revenue comes from export markets.

Development in activities and finances

Management considers profit for the year satisfactory and to be in line with their expectations.

Outlook

The Group expects positive results for the subsequent financial years.

Particular risks

The Company's operational risks are linked to the market conditions in general under which the Company operates on the domestic market as well as the export markets.

As a result of the Company's operations, investments and financing, the Company is exposed to changes in exchange rates and interest-rate level. The Company's policy is not to engage in active speculations in financial risks. Also, the interest-bearing debt is considered not to have a material impact on future earnings.

The Company's foreign currency risks are mainly linked to export. No efforts have been made to hedge the risk of exchange rate fluctuations.

There are no particular risks related to the Company's individual customers or business partners.

The Company faces a move of activities to new premises in the same area. This poses a potential risk of a temporary decrease in production and thus a decrease in revenue and results.

Intellectual capital resources

The Company's development and production of new as well as further development of existing machines are based on our highly knowledgeable employees.

Research and development activities

In addition to the Company's traditional, smaller machines intended for the label printing houses, the Company continuously seeks to further develop special machines (subsequent processing of print paths) for a wider range of companies within the graphic industry.

Product maintenance costs etc are recognised in the income statement.

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.

Consolidated income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Gross profit	1	25.321.901	30.731.827
Distribution costs	1	(8.403.145)	(6.929.484)
Administrative expenses	1	(6.585.639)	(4.830.427)
Operating profit/loss		10.333.117	18.971.916
Other financial income	2	15.264	3.876
Other financial expenses	3	(69.945)	(67.359)
Profit/loss before tax		10.278.436	18.908.433
Tax on profit/loss for the year	4	(2.105.271)	(4.481.378)
Profit/loss for the year	5	8.173.165	14.427.055

Consolidated balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Land and buildings		10.101.317	5.085.596
Other fixtures and fittings, tools and equipment		645.450	466.941
Leasehold improvements		103.753	148.479
Property, plant and equipment	6	<u>10.850.520</u>	<u>5.701.016</u>
Fixed assets		<u>10.850.520</u>	<u>5.701.016</u>
Raw materials and consumables		32.401.499	19.656.086
Work in progress		764.780	964.555
Manufactured goods and goods for resale		14.961.883	11.887.252
Inventories		<u>48.128.162</u>	<u>32.507.893</u>
Trade receivables		18.773.086	21.887.336
Other receivables		3.239.086	1.423.920
Joint taxation contribution receivable		0	104.869
Prepayments		1.106.078	914.338
Receivables		<u>23.118.250</u>	<u>24.330.463</u>
Cash		<u>5.720.050</u>	<u>9.159.380</u>
Current assets		<u>76.966.462</u>	<u>65.997.736</u>
Assets		<u>87.816.982</u>	<u>71.698.752</u>

Consolidated balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Contributed capital		500.000	500.000
Retained earnings		50.911.164	45.642.130
Proposed dividend		3.000.000	6.000.000
Equity		54.411.164	52.142.130
Deferred tax	7	122.300	75.681
Provisions		122.300	75.681
Mortgage debt		2.436.170	2.613.158
Non-current liabilities other than provisions	8	2.436.170	2.613.158
Current portion of long-term liabilities other than provisions	8	176.986	176.308
Bank loans		1.379.808	0
Prepayments received from customers		14.461.835	8.923.410
Trade payables		7.282.951	1.838.813
Income tax payable		376.558	625.972
Other payables		7.169.210	5.303.280
Current liabilities other than provisions		30.847.348	16.867.783
Liabilities other than provisions		33.283.518	19.480.941
Equity and liabilities		87.816.982	71.698.752
Contingent liabilities	10		
Assets charged and collateral	11		
Subsidiaries	12		

Consolidated statement of changes in equity for 2018

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	500.000	45.642.130	6.000.000	52.142.130
Ordinary dividend paid	0	0	(6.000.000)	(6.000.000)
Exchange rate adjustments	0	95.869	0	95.869
Profit/loss for the year	0	5.173.165	3.000.000	8.173.165
Equity end of year	500.000	50.911.164	3.000.000	54.411.164

Consolidated cash flow statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Operating profit/loss		10.333.117	18.971.919
Amortisation, depreciation and impairment losses		450.819	508.008
Working capital changes	9	(1.559.563)	(9.929.406)
Cash flow from ordinary operating activities		9.224.373	9.550.521
Financial income received		15.264	3.876
Financial expenses paid		(69.945)	(67.359)
Income taxes refunded/(paid)		(2.326.623)	(4.258.818)
Other cash flows from operating activities		0	(278.474)
Cash flows from operating activities		6.843.069	4.949.746
Acquisition etc of property, plant and equipment		(5.724.023)	(105.800)
Sale of property, plant and equipment		123.700	0
Cash flows from investing activities		(5.600.323)	(105.800)
Repayments of loans etc		(176.310)	(957.037)
Dividend paid		(6.000.000)	(4.000.000)
Other cash flows from financing activities		0	2.657
Cash flows from financing activities		(6.176.310)	(4.954.380)
Increase/decrease in cash and cash equivalents		(4.933.564)	(110.434)
Cash and cash equivalents beginning of year		9.159.380	9.269.814
Currency translation adjustments of cash and cash equivalents		114.426	0
Cash and cash equivalents end of year		4.340.242	9.159.380
Cash and cash equivalents at year-end are composed of:			
Cash		5.720.050	9.159.380
Short-term debt to banks		(1.379.808)	0
Cash and cash equivalents end of year		4.340.242	9.159.380

Notes to consolidated financial statements

	2018 DKK	2017 DKK
1. Staff costs		
Wages and salaries	43.360.344	31.636.355
Pension costs	3.075.634	2.291.889
Other social security costs	66.436	542.833
Other staff costs	1.673.606	1.293.161
	48.176.020	35.764.238
Average number of employees	94	74
	Remunera- tion of manage- ment 2018 DKK	Remunera- tion of manage- ment 2017 DKK
Total amount for management categories	1.581.051	1.074.802
	1.581.051	1.074.802
	2018 DKK	2017 DKK
2. Other financial income		
Other interest income	9.877	0
Other financial income	5.387	3.876
	15.264	3.876
	2018 DKK	2017 DKK
3. Other financial expenses		
Other interest expenses	69.945	49.774
Other financial expenses	0	17.585
	69.945	67.359
	2018 DKK	2017 DKK
4. Tax on profit/loss for the year		
Current tax	2.058.652	4.787.556
Change in deferred tax	46.619	(114.583)
Adjustment concerning previous years	0	(191.595)
	2.105.271	4.481.378

Notes to consolidated financial statements

	2018 DKK	2017 DKK	
5. Proposed distribution of profit/loss			
Ordinary dividend for the financial year	3.000.000	6.000.000	
Retained earnings	5.173.165	8.427.055	
	8.173.165	14.427.055	
	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK	
	DKK	Leasehold improve- ments DKK	
6. Property, plant and equipment			
Cost beginning of year	5.800.000	1.819.542	223.631
Additions	5.272.612	451.411	0
Disposals	0	(478.108)	0
Cost end of year	11.072.612	1.792.845	223.631
Depreciation and impairment losses beginning of year	(714.404)	(1.352.601)	(75.152)
Depreciation for the year	(256.891)	(251.638)	(44.726)
Reversal regarding disposals	0	456.844	0
Depreciation and impairment losses end of year	(971.295)	(1.147.395)	(119.878)
Carrying amount end of year	10.101.317	645.450	103.753
	2018 DKK	2017 DKK	
7. Deferred tax			
Property, plant and equipment	45.301	(8.054)	
Fixed asset investments	(6.600)	5.544	
Inventories	97.679	96.011	
Receivables	(14.080)	(17.820)	
	122.300	75.681	
Changes during the year			
Beginning of year	75.681		
Recognised in the income statement	46.619		
End of year	122.300		

Notes to consolidated financial statements

	Due within 12 months 2018 DKK	Due within 12 months 2017 DKK	Due after more than 12 months 2018 DKK	Outstanding after 5 years DKK
8. Liabilities other than provisions				
Mortgage debt	176.986	176.308	2.436.170	1.775.573
	176.986	176.308	2.436.170	1.775.573

	2018 DKK	2017 DKK
9. Change in working capital		
Increase/decrease in inventories	(15.620.269)	(696.226)
Increase/decrease in receivables	1.212.213	(6.648.341)
Increase/decrease in trade payables etc	12.848.493	(2.664.911)
Other changes	0	80.072
	(1.559.563)	(9.929.406)

10. Contingent liabilities

The Group has entered into lease commitments on buildings. The total future minimum lease payments are DKK 943k.

11. Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties. The carrying amount of mortgaged properties is DKK 4.911k

	Registered in	Corpo- rate form	Equity inte- rest %	Equity DKK	Profit/loss DKK
12. Subsidiaries					
Grafisk Maskinfabrik - America LLC	Illinois	LLC	100,0	2.019.482	304.002

Parent income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Gross profit	1	22.885.410	26.905.856
Distribution costs	1	(6.089.669)	(6.689.206)
Administrative expenses	1	(5.700.265)	(4.068.416)
Operating profit/loss		11.095.476	16.148.234
Income from investments in group enterprises		(439.072)	1.697.481
Other financial income	2	9.877	3.876
Other financial expenses	3	(69.945)	(66.858)
Profit/loss before tax		10.596.336	17.782.733
Tax on profit/loss for the year	4	(2.423.171)	(3.355.678)
Profit/loss for the year	5	8.173.165	14.427.055

Parent balance sheet at 31.12.2018

	Notes	2018 DKK	2017 DKK
Land and buildings		10.101.317	5.085.596
Other fixtures and fittings, tools and equipment		645.450	466.941
Leasehold improvements		103.753	148.479
Property, plant and equipment	6	10.850.520	5.701.016
Investments in group enterprises		2.019.482	2.362.688
Fixed asset investments	7	2.019.482	2.362.688
Fixed assets		12.870.002	8.063.704
Raw materials and consumables		32.401.499	19.656.086
Work in progress		764.780	964.555
Manufactured goods and goods for resale		14.452.124	11.646.359
Inventories		47.618.403	32.267.000
Trade receivables		17.463.757	19.388.299
Receivables from group enterprises		0	4.624.740
Other receivables		2.272.449	870.634
Prepayments	8	1.106.078	914.338
Receivables		20.842.284	25.798.011
Cash		5.072.060	6.865.943
Current assets		73.532.747	64.930.954
Assets		86.402.749	72.994.658

Parent balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Contributed capital		500.000	500.000
Reserve for net revaluation according to the equity method		2.019.482	2.366.688
Retained earnings		48.891.682	43.279.445
Proposed dividend		3.000.000	6.000.000
Equity		<u>54.411.164</u>	<u>52.146.133</u>
Deferred tax	9	122.300	75.681
Provisions		<u>122.300</u>	<u>75.681</u>
Mortgage debt		2.436.170	2.613.158
Non-current liabilities other than provisions	10	<u>2.436.170</u>	<u>2.613.158</u>
Current portion of long-term liabilities other than provisions	10	176.986	176.308
Bank loans		1.379.808	0
Prepayments received from customers		13.648.384	8.342.278
Trade payables		7.222.300	4.508.961
Payables to group enterprises		340.781	0
Income tax payable		376.558	61.856
Other payables		6.288.298	5.070.283
Current liabilities other than provisions		<u>29.433.115</u>	<u>18.159.686</u>
Liabilities other than provisions		<u>31.869.285</u>	<u>20.772.844</u>
Equity and liabilities		<u>86.402.749</u>	<u>72.994.658</u>
Contingent liabilities	11		
Assets charged and collateral	12		

Parent statement of changes in equity for 2018

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK
Equity beginning of year	500.000	2.366.688	43.279.445
Ordinary dividend paid	0	0	0
Exchange rate adjustments	0	91.866	0
Profit/loss for the year	0	(439.072)	5.612.237
Equity end of year	500.000	2.019.482	48.891.682
		Proposed dividend DKK	Total DKK
Equity beginning of year		6.000.000	52.146.133
Ordinary dividend paid		(6.000.000)	(6.000.000)
Exchange rate adjustments		0	91.866
Profit/loss for the year		3.000.000	8.173.165
Equity end of year		3.000.000	54.411.164

Notes to parent financial statements

	2018 DKK	2017 DKK
1. Staff costs		
Wages and salaries	41.287.197	31.328.918
Pension costs	3.075.634	2.291.889
Other social security costs	66.436	62.034
Other staff costs	1.673.606	1.293.161
	46.102.873	34.976.002
Average number of employees	90	72
	Remunera- tion of manage- ment 2018 DKK	Remunera- tion of manage- ment 2017 DKK
Total amount for management categories	1.581.051	1.074.802
	1.581.051	1.074.802
	2018 DKK	2017 DKK
2. Other financial income		
Other interest income	9.877	0
Other financial income	0	3.876
	9.877	3.876
	2018 DKK	2017 DKK
3. Other financial expenses		
Other interest expenses	69.945	66.858
	69.945	66.858
	2018 DKK	2017 DKK
4. Tax on profit/loss for the year		
Current tax	2.376.552	3.661.856
Change in deferred tax	46.619	(114.583)
Adjustment concerning previous years	0	(191.595)
	2.423.171	3.355.678

Notes to parent financial statements

	2018 DKK	2017 DKK
5. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	3.000.000	6.000.000
Transferred to reserve for net revaluation according to the equity method	(439.072)	1.697.481
Retained earnings	5.612.237	6.729.574
	8.173.165	14.427.055

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
6. Property, plant and equipment			
Cost beginning of year	5.800.000	1.819.542	223.631
Additions	5.272.612	451.411	0
Disposals	0	(478.108)	0
Cost end of year	11.072.612	1.792.845	223.631
Depreciation and impairment losses beginning of year	(714.404)	(1.352.601)	(75.152)
Depreciation for the year	(256.891)	(251.638)	(44.726)
Reversal regarding disposals	0	456.844	0
Depreciation and impairment losses end of year	(971.295)	(1.147.395)	(119.878)
Carrying amount end of year	10.101.317	645.450	103.753

	Invest- ments in group enterprises DKK
7. Fixed asset investments	
Revaluations beginning of year	2.362.688
Exchange rate adjustments	95.866
Share of profit/loss for the year	(439.072)
Revaluations end of year	2.019.482
Carrying amount end of year	2.019.482

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

Notes to parent financial statements

8. Prepayments

Prepayments include prepaid expenses.

	2018 DKK	2017 DKK
9. Deferred tax		
Property, plant and equipment	45.301	(8.054)
Fixed asset investments	(6.600)	5.544
Inventories	97.679	96.011
Receivables	(14.080)	(17.820)
	122.300	75.681
Changes during the year		
Beginning of year	75.681	
Recognised in the income statement	46.619	
End of year	122.300	

	Due within 12 months 2018 DKK	Due within 12 months 2017 DKK	Due after more than 12 months 2018 DKK	Outstanding after 5 years DKK
10. Liabilities other than provisions				
Mortgage debt	176.986	176.308	2.436.170	1.775.573
	176.986	176.308	2.436.170	1.775.573

11. Contingent liabilities

The parent company has entered into a lease commitment on a building. The total future minimum lease payments are DKK 936k.

12. Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties. The carrying amount of mortgaged properties is DKK 4.911k

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 consolidated financial statements and parent 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.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Accounting policies

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. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, production costs and other operating income.

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 writedown 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, etc as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment attached to the distribution process.

Administrative expenses

Administrative expenses comprise costs incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Accounting policies

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

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 or exchange 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 or exchange 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.

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.

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

Investments in group enterprises

In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Accounting policies

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

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 on 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.

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

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.

Accounting policies

Deferred tax

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

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.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Income tax receivable or payable

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

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, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Accounting policies

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.