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Kriswell A/S

Knudstrupvej 10 C, 8870 Langå

Company reg. no. 15 38 69 40

Annual report

1 January - 31 December 2018

The annual report was submitted and approved by the general meeting on the

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Mads Reinholdt Sørensen
Chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Kriswell A/S for the financial year 1 January to 31 December 2018.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2018 and of the company's results of its activities and cash flows in the financial year 1 January to 31 December 2018.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Langå, 31 May 2019

Managing Director

Ian Railton

Board of directors

Christine Marie Robins chairman	Ian Railton	Bobby Stephen Dean

Independent auditor's report

To the shareholder of Kriswell A/S

Opinion

We have audited the annual accounts of Kriswell A/S for the financial year 1 January to 31 December 2018, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity, cash flow statement and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2018 and of the results of the company's operations and cash flows for the financial year 1 January to 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 and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

Independent auditor's report

In connection with our audit of the annual accounts, our responsibility is to read the management’s review and in that connection consider whether the management’s review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

DK-8960 Randers SØ, 31 May 2019

Kvist & Jensen
Kvist & Jensen State Authorized Public Accountants
Company reg. no. 36 71 77 85

Jonas Bødker-Iversen
State Authorised Public Accountant
mne35471

Company data

The company	Kriswell A/S Knudstrupvej 10 C 8870 Langå
	Company reg. no. 15 38 69 40 Financial year: 1 January - 31 December
Board of directors	Christine Marie Robins, 4736 Timarron Loop, Columbus, GA 31909, USA, chairman Ian Railton, Godeffroystrasse 16, 22587 Hamborg, Tyskland Bobby Stephen Dean, 87 Lake Harding Drive Hamilton, GA 31811, USA
Managing Director	Ian Railton, Godeffroystrasse 16, 22587 Hamborg, Tyskland
Auditors	Kvist & Jensen Statsautoriseret Revisionspartnerselskab
Bankers	Sydbank

Financial highlights

DKK in thousands.	2018	2017	2016	2015	2014
Profit and loss account:					
Gross profit	7.989	-4.413	28.868	24.716	24.455
Results from operating activities	-2.800	-14.883	18.181	14.309	16.279
Net financials	-2.482	5.342	498	-5.504	-217
Results for the year	-5.283	-10.247	14.513	6.690	12.221
Balance sheet:					
Balance sheet sum	104.626	131.222	121.230	117.188	74.097
Investments in tangible fixed assets represent	476	989	456	745	304
Equity	22.785	28.068	41.538	26.272	17.113
Employees:					
Average number of full time employees	18	23	28	28	21
Key figures in %:					
Acid test ratio	124,4	122,7	121,7	99,8	100,6
Solvency ratio	21,8	21,4	34,3	22,4	23,1
Return on equity	-20,8	-29,4	42,8	30,8	111,1

The calculation of key figures and ratios follow the Danish Association of Finance Analysts' recommendations.

Management's review

The principal activities of the company

Due to sale of a large share of the company activities in 2018 the principal activities are handling and storing of outdoor barbecue grills, accessories and spare parts for a group company. A smaller activity is production and sale of Dancook Products. All products are sold to a group company.

Development in activities and financial matters

The gross profit for the year is DKK 7.988.554 against DKK -4.412.616 last year. The results from ordinary activities after tax are DKK -5.282.521 against DKK -10.247.174 last year.

Part of the loss DKK 1.700.000 are due to extraordinary cost on machinery lease. The management consider the result as expected.

Correction of a material misstatement

In 2017 an amount of DKK 9,6 mio. was recognized as revenue by mistake. During the 2018 work with the financial statements the error was recognized in previus years balance. This has now been corrected which has changed the result of 2017 and the equity pr. 31. December 2017 negatively with DKK 9,6 mio.

Special risks

Exchange rate risks

The company's activities are now primarily in EUR, but there are still receivables and payables in USD, why there is an exchange rate risk. Management are aware of this.
Otherwise there are no special risks.

Environmental issues

The company is environmentally conscious and continuously works to reduce the environmental impact from its operations.

Know how resources

The company's knowledge resources remain important for the company's future earnings in terms of continued product development and product safety. The company's management is aware of this and closely monitors both internal and external developments in the market.

Research and development activities

The company continuously develops and improves its product range and internal processes. Development costs are expensed as incurred, as the cost in relation to the company's total activity is of a smaller nature.

The expected development

The companys activities will have smaller changes for the upcomming year, so that the company in the future will handle spare parts in a larger scale and in charge of product control for the European part of the group companies. This means that the company will have a larger activity with an effect to the result for the upcomming year. The result for the upcomming year is expected to be negative but improved compared to 2018.

Management's review

Events subsequent to the financial year

There have not been any significant events after the status day.

Profit and loss account 1 January - 31 December

All amounts in DKK.

Note		2018	2017
	Gross profit	**7.988.554**	**-4.412.616**
1	Staff costs	-10.355.433	-10.080.714
	Depreciation and writedown relating to tangible fixed assets	-433.554	-360.519
	Other operating costs	0	-29.223
	Operating profit	**-2.800.433**	**-14.883.072**
	Other financial income	-2.459.010	5.467.907
2	Other financial costs	-23.078	-125.950
	Results before tax	**-5.282.521**	**-9.541.115**
	Tax on ordinary results	0	-706.059
3	**Results for the year**	**-5.282.521**	**-10.247.174**

Balance sheet 31 December

All amounts in DKK.

Note	Assets	2018	2017
	Fixed assets		
4	Other plants, operating assets, and fixtures and furniture	996.326	1.120.559
5	Decoration rented premises	1.085.306	946.785
	Tangible fixed assets in total	2.081.632	2.067.344
6	Deposits	2.112.500	2.562.500
	Financial fixed assets in total	2.112.500	2.562.500
	Fixed assets in total	**4.194.132**	**4.629.844**
	Current assets		
	Raw materials and consumables	541.679	507.775
	Work in progress	11.347.019	10.223.738
	Manufactured goods and trade goods	364.982	73.116.764
	Prepayments for goods	194.164	2.327.281
	Inventories in total	12.447.844	86.175.558
	Trade debtors	895.428	18.920.913
	Amounts owed by group enterprises	84.141.581	0
7	Deferred tax assets	0	0
	Receivable corporate tax	100.000	1.344.000
	Other debtors	579.095	1.269.530
8	Accrued income and deferred expenses	208.900	633.574
	Debtors in total	85.925.004	22.168.017
	Available funds	2.058.787	18.248.421
	Current assets in total	**100.431.635**	**126.591.996**
	Assets in total	**104.625.767**	**131.221.840**

Balance sheet 31 December

All amounts in DKK.

Note	Equity and liabilities	2018	2017
	Equity		
9	Contributed capital	600.000	600.000
	Results brought forward	22.185.366	27.467.887
	Equity in total	**22.785.366**	**28.067.887**
	Liabilities		
10	Accrued expenses and deferred income	1.100.000	0
	Long-term liabilities in total	1.100.000	0
	Trade creditors	1.411.082	7.727.546
	Debt to group enterprises	78.328.201	94.053.420
	Other debts	401.118	1.372.987
11	Accrued expenses and deferred income	600.000	0
	Short-term liabilities in total	80.740.401	103.153.953
	Liabilities in total	**81.840.401**	**103.153.953**
	Equity and liabilities in total	**104.625.767**	**131.221.840**

12 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Results brought forward	In total
Equity 1 January 2018	600.000	27.467.887	28.067.887
Profit or loss for the year brought forward	0	-5.282.521	-5.282.521
	600.000	**22.185.366**	**22.785.366**

Cash flow statement 1 January - 31 December

All amounts in DKK.

Note		2018	2017
	Results for the year	-5.282.521	-10.247.174
13	Adjustments	2.905.316	-4.275.123
14	Change in working capital	-13.686.826	28.302.819
	Cash flow from operating activities before net financials	-16.064.031	13.780.522
	Interest received and similar amounts	3.197	1.140
	Interest paid and similar amounts	-23.078	-125.950
	Cash flow from ordinary activities	-16.083.912	13.655.712
	Share-based payment	1.244.000	-3.135.226
	Cash flow from operating activities	**-14.839.912**	**10.520.486**
	Purchase of tangible fixed assets	-475.696	-989.040
	Sale of tangible fixed assets	38.181	552.849
	Sale of financial fixed assets	450.000	498.389
	Cash flow from investment activities	**12.485**	**62.198**
	Repayments of long-term debt	1.100.000	0
	Available funds	0	-1.093
	Cash flow from financing activities	**1.100.000**	**-1.093**
	Changes in available funds	**-13.727.427**	**10.581.591**
	Available funds 1 January 2018	18.248.421	2.200.063
	Exchange rate adjustments (available funds)	-2.462.207	5.466.767
	Available funds 31 December 2018	**2.058.787**	**18.248.421**

	2018	2017
Available funds		
Available funds	2.058.787	18.248.421
Available funds 31 December 2018	**2.058.787**	**18.248.421**

Notes

All amounts in DKK.

		2018	2017
1.	**Staff costs**		
	Salaries and wages	9.145.264	8.321.627
	Pension costs	993.353	1.504.868
	Other staff costs	216.816	254.219
		10.355.433	**10.080.714**
	Average number of employees	18	23
2.	**Other financial costs**		
	Other financial costs	23.078	125.950
		23.078	**125.950**
3.	**Proposed distribution of the results**		
	Allocated from results brought forward	-5.282.521	-10.247.174
	Distribution in total	**-5.282.521**	**-10.247.174**

		31/12 2018	31/12 2017
4.	**Other plants, operating assets, and fixtures and furniture**		
	Cost 1 January 2018	3.505.839	3.387.256
	Additions during the year	106.197	640.628
	Disposals during the year	0	-522.045
	Cost 31 December 2018	**3.612.036**	**3.505.839**
	Amortisation and writedown 1 January 2018	-2.385.280	-2.701.142
	Depreciation for the year	-230.430	-193.008
	Depreciation, amortisation and writedown for the year, assets disposed of	0	508.870
	Amortisation and writedown 31 December 2018	**-2.615.710**	**-2.385.280**
	Book value 31 December 2018	**996.326**	**1.120.559**

Notes

All amounts in DKK.

		31/12 2018	31/12 2017
5.	**Decoration rented premises**		
	Cost 1 January 2018	1.345.506	1.028.153
	Additions during the year	369.499	348.412
	Disposals during the year	-38.181	-31.060
	Cost 31 December 2018	**1.676.824**	**1.345.505**
	Depreciation and writedown 1 January 2018	-398.720	-246.221
	Depreciation for the year	-203.124	-167.511
	Depreciation, amortisation and writedown for the year, assets disposed of	10.326	15.012
	Depreciation and writedown 31 December 2018	**-591.518**	**-398.720**
	Book value 31 December 2018	**1.085.306**	**946.785**
6.	**Deposits**		
	Cost 1 January 2018	2.610.889	3.060.889
	Disposals during the year	-498.389	-498.389
	Cost 31 December 2018	**2.112.500**	**2.562.500**
	Book value 31 December 2018	**2.112.500**	**2.562.500**
7.	**Deferred tax assets**		
	Deferred tax assets 1 January 2018	0	706.059
	Deferred tax on profit for the year	0	-706.059
		0	**0**
8.	**Accrued income and deferred expenses**		
	Other prepayments/deferred income	208.900	633.574
		208.900	**633.574**

Notes

All amounts in DKK.

		31/12 2018	31/12 2017
9.	**Contributed capital**		
	Contributed capital 1 January 2018	600.000	600.000
		600.000	**600.000**
10.	**Accrued expenses and deferred income**		
	Accrued expenses and deferred income in total	1.700.000	0
	Share of amount due within 1 year	-600.000	0
		1.100.000	**0**
11.	**Accrued expenses and deferred income**		
	Short-term part of prepayments/deferred income	600.000	0
		600.000	**0**

12. Contingencies

Contingent liabilities

The company has entered into a rental agreement with a yearly rent of DKK 1,286,124 with a remaining irrevocability period intil 1th of April 2023.

The company has entered into a machine rental agreement with a yearly rent of DKK 600,000. The contract have 12 months left to run.

13.	**Adjustments**		
	Depreciation and amortisation	433.554	360.519
	Writedown of current assets	-10.326	0
	Profit from sale of fixed assets	0	256
	Other financial income	2.459.010	-5.467.907
	Other financial costs	23.078	125.950
	Tax on ordinary results	0	706.059
		2.905.316	**-4.275.123**

Notes

All amounts in DKK.

		2018	2017
14.	**Change in working capital**		
	Change in inventories	73.727.714	-9.051.884
	Change in debtors	-65.000.987	4.279.473
	Change in trade creditors and other liabilities	-22.413.553	23.461.999
	Other changes in working capital	0	9.613.231
		-13.686.826	**28.302.819**

Accounting policies used

The annual report for Kriswell A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (medium sized enterprises).

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish Kroner (DKK).

Correction of a material misstatement

In 2017 an amount of DKK 9,6 mio. was recognized as revenue by mistake. During the 2018 work with the financial statements the error was recognized in previus years balance. This has now been corrected which has changed the result of 2017 and the equity pr. 31. December 2017 negatively with DKK 9,6 mio.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Accounting policies used

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

In case the foreign group enterprises and associated enterprises meet the criteria for being independent units, the profit and loss accounts are translated by using an average exchange rate for the period in question, and the balance sheet items are translated by using the closing rate. Differences arising in connection with the translation of the equity of foreign group enterprises at the beginning of the year to the closing rate are recognised directly in the equity. The same goes for differences arising in connection with translation of the profit and loss accounts from average exchange rate to the closing rate.

At recognition of foreign group enterprises which are integrated units, the monetary items are translated by using the closing rate. Non monetary items are translated by using the exchange rate prevailing at the time of acquisition or at the time of the following depreciation or writedown of the asset. The items of the profit and loss account are translated by using the exchange rate prevailing at the date of the transaction. However, items in the profit and loss account deriving from non monetary items are translated by using historical prices.

Currency adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in the equity. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised in the equity.

Derived financial instruments

At the first recognition, derived financial instruments are recognised at cost in the balance sheet. Afterwards they are measured at fair value. Positive and negative fair values of derived financial instruments are recognised under other debtors and other creditors respectively.

Changes in the fair value of derived financial instruments classified as and meeting the criteria for hedging the fair value of a recognised asset or a recognised liability are recognised in the profit and loss account together with any changes in the fair value of the hedged asset or the hedged liability.

Changes in the fair value of derived financial instruments classified as and meeting the criteria for hedging future cash flows are recognised under amounts owed or other debt in the equity.

Accounting policies used

If the future transaction results in the recognition of assets or liabilities, amounts which have been recognised in the equity previously, are transferred to the cost for the asset or the liability, respectively. If the future transaction results in income or costs, amounts which have been recognised in the equity currently, are transferred to the profit and loss account in the period in which the hedged item influenced the profit and loss account.

As regards any derived financial instruments which do not meet the criteria for being treated as hedging instruments, changes in the fair value are recognised currently in the profit and loss account.

Changes in the fair value of derived financial instruments used for hedging net investments in independent foreign group enterprises or associated enterprises are recognised directly in the equity.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Other operating costs

Other operating costs comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including losses on disposal of intangible and tangible fixed assets.

Accounting policies used

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Interest and other costs concerning loans for financing the production of intangible and tangible fixed assets and concerning the production period are not recognised in the cost of the fixed asset.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The balance sheet

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

	Useful life
Other plants, operating assets, fixtures and furniture	*3-10 years*

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Accounting policies used

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Decoration of rented premises

Decoration of rented premises are measured at cost with deduction of accrued depreciation. Depreciation takes place on a straight-line basis over the estimated useful life of the asset, which is set at 5 years.

Inventories

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Accounting policies used

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

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

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

The cash flow statement

The cash flow statement shows the cash flow of the company for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities, respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

Cash flow from operating activities

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

Cash flow from investment activities

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

Cash flow from financing activities

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

Available funds

Available funds comprise cash funds and short-term securities with a term of less than 3 months which can easily be converted into cash funds and on which only an insignificant risk of value changes exists.