



Newtec A/S

Stærmosegårdsvej 18
5230 Odense M
CVR No. 17045636

Annual report 01.05.2019 - 30.04.2020

The Annual General Meeting adopted the
annual report on 14.09.2020

Tom Soling

Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2019/20	10
Balance sheet at 30.04.2020	11
Statement of changes in equity for 2019/20	13
Cash flow statement for 2019/20	14
Notes	15
Accounting policies	19

Entity details

Entity

Newtec A/S

Stærmosegårdsvej 18

5230 Odense M

CVR No.: 17045636

Registered office: Odense

Financial year: 01.05.2019 - 30.04.2020

Board of Directors

Flemming Hartvig Pedersen, Chairman

Inge Blicher Petersen

Anders Blicher Petersen

Tom Soling, Vice chairman

Executive Board

Robin Stuart Mumford, adm. dir

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Tværkajen 5

P. O. Box 10

5100 Odense

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Newtec A/S for the financial year 01.05.2019 - 30.04.2020.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.04.2020 and of the results of its operations and cash flows for the financial year 01.05.2019 - 30.04.2020.

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.

Odense, 14.09.2020

Executive Board

Robin Stuart Mumford

adm. dir

Board of Directors

Flemming Hartvig Pedersen

Chairman

Inge Blicher Petersen

Anders Blicher Petersen

Tom Soling

Vice chairman

Independent auditor's report

To the shareholders of Newtec A/S

Opinion

We have audited the financial statements of Newtec A/S for the financial year 01.05.2019 - 30.04.2020, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.04.2020 and of the results of its operations and cash flows for the financial year 01.05.2019 - 30.04.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

Odense, 14.09.2020

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Per Krause Therkelsen

State Authorised Public Accountant

Identification No (MNE) mne19698

Heino Hyllested Tholsgaard

State Authorised Public Accountant

Identification No (MNE) mne34511

Management commentary

Financial highlights

	2019/20	2018/19	2017/18	2016/17	2015/16
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	79,880	65,950	64,905	65,001	52,497
Operating profit/loss	36,220	25,986	27,784	27,534	19,668
Net financials	(236)	553	195	142	(835)
Profit/loss for the year	35,802	28,970	28,874	28,351	17,103
Total assets	150,667	132,675	122,790	122,413	108,304
Investments in property, plant and equipment	1,535	345	258	1,118	616
Equity	121,724	109,988	104,726	100,317	92,755
Average number of employees	74	70	69	65	60
Ratios					
Return on equity (%)	30.90	26.98	28.16	29.37	17.70
Equity ratio (%)	80.79	82.90	85.29	81.95	85.64

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

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Average equity

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Total assets

Primary activities

The Company's primary activity comprises development, production and sale of advanced weighing and packaging machines.

Most of the revenue comes from markets outside Denmark.

The subsidiary Newtec Odense (UK) Limited functions as a sales subsidiary on the British market.

Development in activities and finances

The Company realised a profit after tax of DKK 35.8m compared to DKK 29.0m last year. The Company's performance and financial development are considered satisfactory.

Profit after tax in the subsidiary Newtec Odense (UK) Limited amounts to DKK 7.7m compared to 8.3m last year.

Uncertainty relating to recognition and measurement

No material uncertainties have occurred which have affected recognition and measurement.

Unusual circumstances affecting recognition and measurement

No unusual circumstances have occurred which have affected recognition and measurement.

Outlook

The Company intends to maintain its market position in a continuously unstable global market. The Company expects a profit for the next financial year which is similar to this year's profit, but there are external factors that can affect the result including Covid-19.

Particular risks

As a result of trading with foreign companies, earnings and the financial position may be affected by the exchange rate movements of a number of currencies. In accordance with the Company's policy in the area, hedging is carried out to the necessary extent.

Moderate changes in the interest-rate level will have no significant impact on earnings. No interest-rate hedging is carried out as the Company does not have any interest-bearing debt.

It is assessed that there are no other risk factors which might affect the Company's earnings and financial position, except for common risks within the Company's business.

Intellectual capital resources

The Company's business foundation includes extensive knowledge of weighing and packaging machines, these markets as well as a high service level for the customers. This places special requirements on the continuous development of the products.

Environmental performance

It is the Company's policy to base their operations on environmentally sound operations, and environmental performance is a natural part of the Company's objectives for product quality and production.

Research and development activities

The Company's development activities, which are recognised as expenses as incurred, comprise development and test of new prototypes within the Company's present business area.

Events after the balance sheet date

No subsequent events have occurred which affect the annual report. The outbreak and the spread of the coronavirus disease (COVID-19) have not had, nor are expected to have, any material impact on the Company's financial position and development.

Income statement for 2019/20

	Notes	2019/20 DKK	2018/19 DKK
Gross profit/loss		79,879,775	65,950,037
Staff costs	2	(42,952,994)	(39,269,996)
Depreciation, amortisation and impairment losses	3	(624,858)	(633,790)
Other operating expenses		(82,131)	(60,390)
Operating profit/loss		36,219,792	25,985,861
Income from investments in group enterprises		7,721,404	8,285,156
Other financial income		436,937	838,763
Other financial expenses		(673,216)	(285,912)
Profit/loss before tax		43,704,917	34,823,868
Tax on profit/loss for the year	4	(7,902,947)	(5,853,907)
Profit/loss for the year	5	35,801,970	28,969,961

Balance sheet at 30.04.2020

Assets

	Notes	2019/20 DKK	2018/19 DKK
Land and buildings		2,344,331	2,344,331
Other fixtures and fittings, tools and equipment		2,130,307	1,219,864
Property, plant and equipment	6	4,474,638	3,564,195
Investments in group enterprises		15,730,358	14,994,148
Other financial assets	7	15,730,358	14,994,148
Fixed assets		20,204,996	18,558,343
Raw materials and consumables		30,621,664	27,385,634
Work in progress		4,863,627	5,268,392
Manufactured goods and goods for resale		6,707,603	9,208,102
Prepayments for goods		7,374,093	5,091,376
Inventories		49,566,987	46,953,504
Trade receivables		19,155,159	18,984,568
Receivables from group enterprises		7,677,448	11,982,138
Deferred tax	8	211,000	160,000
Other receivables		794,403	859,958
Prepayments	9	449,216	379,768
Receivables		28,287,226	32,366,432
Other investments		31,009,392	17,507,041
Other investments		31,009,392	17,507,041
Cash		21,598,113	17,289,751
Current assets		130,461,718	114,116,728
Assets		150,666,714	132,675,071

Equity and liabilities

	Notes	2019/20 DKK	2018/19 DKK
Contributed capital	10	10,000,000	10,000,000
Reserve for net revaluation according to the equity method		4,912,381	4,176,171
Retained earnings		76,811,764	71,811,438
Proposed dividend		30,000,000	24,000,000
Equity		121,724,145	109,987,609
Other payables		2,040,000	0
Non-current liabilities other than provisions	11	2,040,000	0
Prepayments received from customers		3,231,222	1,358,890
Trade payables		11,970,082	9,786,749
Payables to group enterprises		113,845	222,827
Income tax payable		4,064,747	4,813,907
Other payables		7,522,673	6,505,089
Current liabilities other than provisions		26,902,569	22,687,462
Liabilities other than provisions		28,942,569	22,687,462
Equity and liabilities		150,666,714	132,675,071
Events after the balance sheet date	1		
Financial instruments	13		
Contingent liabilities	14		
Related parties with controlling interest	15		
Non-arm's length related party transactions	16		
Group relations	17		

Statement of changes in equity for 2019/20

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	10,000,000	4,176,171	71,811,438	24,000,000	109,987,609
Ordinary dividend paid	0	0	0	(24,000,000)	(24,000,000)
Exchange rate adjustments	0	0	(65,434)	0	(65,434)
Profit/loss for the year	0	736,210	5,065,760	30,000,000	35,801,970
Equity end of year	10,000,000	4,912,381	76,811,764	30,000,000	121,724,145

Cash flow statement for 2019/20

	Notes	2019/20 DKK	2018/19 DKK
Operating profit/loss		36,219,792	25,985,861
Amortisation, depreciation and impairment losses		624,858	633,790
Working capital changes	12	8,520,990	(7,538,106)
Cash flow from ordinary operating activities		45,365,640	19,081,545
Financial income received		436,937	838,764
Financial expenses paid		(673,216)	(285,912)
Income taxes refunded/(paid)		(8,703,107)	(6,156,522)
Cash flows from operating activities		36,426,254	13,477,875
Acquisition etc of property, plant and equipment		(1,535,301)	(345,194)
Acquisition of fixed asset investments		(13,502,351)	0
Sale of fixed asset investments		0	11,786,000
Dividends received		6,919,760	5,029,800
Cash flows from investing activities		(8,117,892)	16,470,606
Dividend paid		(24,000,000)	(24,000,000)
Cash flows from financing activities		(24,000,000)	(24,000,000)
Increase/decrease in cash and cash equivalents		4,308,362	5,948,481
Cash and cash equivalents beginning of year		17,289,751	11,341,270
Cash and cash equivalents end of year		21,598,113	17,289,751
Cash and cash equivalents at year-end are composed of:			
Cash		21,598,113	17,289,751
Cash and cash equivalents end of year		21,598,113	17,289,751

Notes

1 Events after the balance sheet date

No subsequent events have occurred which affect the annual report. The outbreak and the spread of the coronavirus disease (COVID-19) have not had, nor are expected to have, any material impact on the Company's financial position and development.

2 Staff costs

	2019/20 DKK	2018/19 DKK
Wages and salaries	40,101,546	36,575,043
Pension costs	2,434,005	2,330,417
Other social security costs	417,443	364,536
	42,952,994	39,269,996
Average number of full-time employees	74	70

Management's remuneration is not disclosed, as no fee is paid to the Board of Directors and the Executive Board consists of only one person.

3 Depreciation, amortisation and impairment losses

	2019/20 DKK	2018/19 DKK
Depreciation of property, plant and equipment	624,858	633,790
	624,858	633,790

4 Tax on profit/loss for the year

	2019/20 DKK	2018/19 DKK
Current tax	7,953,947	5,859,907
Change in deferred tax	(51,000)	(6,000)
	7,902,947	5,853,907

5 Proposed distribution of profit and loss

	2019/20 DKK	2018/19 DKK
Ordinary dividend for the financial year	30,000,000	24,000,000
Retained earnings	5,801,970	4,969,961
	35,801,970	28,969,961

6 Property, plant and equipment

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	15,059,840	10,273,515
Additions	0	1,535,301
Disposals	0	(16,430)
Cost end of year	15,059,840	11,792,386
Depreciation and impairment losses beginning of year	(12,715,509)	(9,053,651)
Depreciation for the year	0	(624,858)
Reversal regarding disposals	0	16,430
Depreciation and impairment losses end of year	(12,715,509)	(9,662,079)
Carrying amount end of year	2,344,331	2,130,307

7 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	10,817,977
Cost end of year	10,817,977
Revaluations beginning of year	4,176,171
Exchange rate adjustments	(65,434)
Share of profit/loss for the year	7,721,404
Dividend	(6,919,760)
Revaluations end of year	4,912,381
Carrying amount end of year	15,730,358

Investments in subsidiaries	Registered in	Corporate form	Equity interest %	Equity DKK	Profit/loss DKK
Newtec Odense (UK) Limited	Holbeach, Lincolnshire, England	Ltd.	100	15,733,874	7,821,404

8 Deferred tax

	2019/20	2018/19
	DKK	DKK
Property, plant and equipment	52,000	76,000
Financial assets	220,000	198,000
Inventories	(61,000)	(114,000)
Deferred tax	211,000	160,000

	2019/20	2018/19
	DKK	DKK
Changes during the year		
Beginning of year	160,000	154,000
Recognised in the income statement	51,000	6,000
End of year	211,000	160,000

9 Prepayments

Prepayments comprise costs incurred relating to future financial years.

10 Share capital

	Number	Par value DKK	Nominal value DKK
Capital	10,000	1000	10,000,000
	10,000		10,000,000

11 Non-current liabilities other than provisions

	Due after more than 12 months 2019/20 DKK
Other payables	2,040,000
	2,040,000

12 Changes in working capital

	2019/20	2018/19
	DKK	DKK
Increase/decrease in inventories	1,615,253	(4,804,655)
Increase/decrease in receivables	(143,356)	(6,868,821)
Increase/decrease in trade payables etc	7,049,093	4,135,370
	8,520,990	(7,538,106)

13 Financial instruments

Derivative financial instruments are recognized at fair value and value adjusted through equity with DKK (192,906) at the end of the year.

The Company has entered into forward exchange contracts for the sale of GBP and USD against DKK.

The currency futures contracts on the sale of GBP against DKK is GBP 469,000 and due to at the period until October 2020.

The currency futures contracts on the sale of USD against DKK is USD 1,194,000 and due to at the period until August 2020.

14 Contingent liabilities

The Company has rent obligations to the parent for 838 t.dkk.

The Entity participates in a Danish joint taxation arrangement where Newtec Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

15 Related parties with controlling interest

Newtec Holding A/S, Odense wholly owns the shares of the Entity and thus has control over the Entity.

16 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

17 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Newtec Holding A/S, Stærmosegårdsvej 18, 5230 Odense M

Accounting policies

Reporting class

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

The accounting policies applied to these financial statements are consistent with those applied last year. The accounting policies applied for these financial statements are consistent with those applied last year. However, a reclassification has been made in the cash flow statement between cash and cash equivalents and securities, for which the comparative figures of cash and cash equivalents at the end of the year amount to DKK 17.3 million against DKK 34.8 million last year, as securities are no longer included as cash and cash equivalents in the cash flow statement. In addition, the VAT balance is reclassified from other payables to other receivables, which has been adjusted in the comparative figures. This has affected the balance sheet total positively by tDKK 412.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

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. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

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.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Derivative financial instruments

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

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

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

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 from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Changes in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress comprise decreases or increases for the financial year in inventories of finished goods and work in progress. This item includes ordinary writedowns of such inventories. Changes in inventories of raw materials are included in costs of raw materials and consumables.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the

year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

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

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

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 intra-group profits or losses.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and 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.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Property, plant and equipment**

Land and buildings, plant and machinery, and 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	17 years
Other fixtures and fittings, tools and equipment	3-5 years

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

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 plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

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 in equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Inventories

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

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

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and 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.

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.

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

Prepayments

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

cost.

Other investments

Other current asset investments comprise listed securities measured at fair value (market price) at the balance sheet date.

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.

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 computed 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, and 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, and 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, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

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