

**HLC Holding A/S**  
Slotsalléen 3  
DK-2930 Klampenborg  
Central Business Registration  
No 17268309

## **Annual report 2016**

The Annual General Meeting adopted the annual report on 16.05.2017

### **Chairman of the General Meeting**

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Name: Kjeld Kornum

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## Entity details

### Entity

HLC Holding A/S  
Slotsalléen 3  
DK-2930 Klampenborg

Central Business Registration No: 17268309  
Registered in: Gentofte  
Financial year: 01.01.2016 - 31.12.2016

### Board of Directors

Hans Erik Lautrup  
Jonas Lautrup  
Joachim Lautrup

### Executive Board

Hans Erik Lautrup

### 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 HLC Holding A/S for the financial year 01.01.2016 - 31.12.2016.

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 31.12.2016 and of the results of their operations and cash flows for the financial year 01.01.2016 - 31.12.2016.

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.

Klampenborg, 16.05.2017

### **Executive Board**

Hans Erik Lautrup

### **Board of Directors**

Hans Erik Lautrup

Jonas Lautrup

Joachim Lautrup

# Independent auditor's report

## To the shareholders of HLC Holding A/S

### Opinion

We have audited the consolidated financial statements and the parent financial statements of HLC Holding A/S for the financial year 01.01.2016 - 31.12.2016, 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 31.12.2016, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2016 - 31.12.2016 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 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 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 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 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 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 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 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, 16.05.2017

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No: 33963556

Claus Jorch Andersen  
State Authorised Public Accountant

## Management commentary

	<b>2016</b> <b>DKK'000</b>	<b>2015</b> <b>DKK'000</b>	<b>2014</b> <b>DKK'000</b>	<b>2013</b> <b>DKK'000</b>
<b>Financial highlights</b>				
<b>Key figures</b>				
Gross profit	1.821	10.425	4.057	4.447
Operating profit/loss	1.480	9.623	2.829	3.232
Net financials	(82)	4.557	(2.346)	(1.479)
Profit/loss for the year	1.347	13.244	1.985	1.452
Total assets	32.986	41.771	72.772	85.446
Investments in property, plant and equipment	0	0	215	0
Equity	19.291	17.944	4.288	3.256
Cash flows from (used in) operating activities	(1.034)	10.025	12.723	(8.671)
Cash flows from (used in) investing activities	0	54.614	1.085	5.396
Cash flows from (used in) financing activities	1.456	(53.465)	(2.392)	(1.597)
<b>Ratios</b>				
Return on equity (%)	7,2	119,1	52,6	44,6
Equity ratio (%)	58,5	43,0	5,9	3,8
Return on capital employed (%)	4,5	23,0	3,8	3,8

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

<b>Ratios</b>	<b>Calculation formula</b>	<b>Ratios</b>
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity incl minority interests}}$	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.
Return on capital employed (%)	$\frac{\text{Operating profit/loss} \times 100}{\text{Balance sheet total}}$	The Entity's ability to generate profits, compared to how much money is invested in total assets.



## Management commentary

### Primary activities

The purpose of the Company is to generate income from return on investments and securities.

### Development in activities and finances

Profit for the year amounts to DKK 1,347 thousand, which is in accordance with Management's expectations.

### Outlook

Management expects to realise an earnings improvement for 2017 because of expected improvements of earnings in the Company's group enterprises.

### 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 2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
<b>Gross profit</b>		<b>1.820.863</b>	<b>10.425</b>
Depreciation, amortisation and impairment losses	1	(341.177)	(802)
<b>Operating profit/loss</b>		<b>1.479.686</b>	<b>9.623</b>
Income from investments in associates		0	6.764
Other financial income	2	241.436	129
Other financial expenses	3	(322.998)	(2.336)
<b>Profit/loss before tax</b>		<b>1.398.124</b>	<b>14.180</b>
Tax on profit/loss for the year	4	(50.634)	(936)
<b>Profit/loss for the year</b>		<b>1.347.490</b>	<b>13.244</b>
<b>Proposed distribution of profit/loss</b>			
Retained earnings		1.347.490	13.244
		<b>1.347.490</b>	<b>13.244</b>

## Consolidated balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Acquired rights		1.050.000	1.312
<b>Intangible assets</b>	5	<b>1.050.000</b>	<b>1.312</b>
Other fixtures and fittings, tools and equipment		93.352	172
<b>Property, plant and equipment</b>	6	<b>93.352</b>	<b>172</b>
<b>Fixed assets</b>		<b>1.143.352</b>	<b>1.484</b>
Manufactured goods and goods for resale		13.826.922	13.085
<b>Inventories</b>		<b>13.826.922</b>	<b>13.085</b>
Trade receivables		6.177.412	12.644
Receivables from group enterprises		158.463	1.614
Deferred tax		0	1.761
Other receivables		74.854	0
<b>Receivables</b>		<b>6.410.729</b>	<b>16.019</b>
Other investments		1.898.279	382
<b>Other investments</b>		<b>1.898.279</b>	<b>382</b>
<b>Cash</b>		<b>9.706.966</b>	<b>10.801</b>
<b>Current assets</b>		<b>31.842.896</b>	<b>40.287</b>
<b>Assets</b>		<b>32.986.248</b>	<b>41.771</b>

## Consolidated balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Contributed capital		500.000	500
Retained earnings		18.791.077	17.444
<b>Equity</b>		<b>19.291.077</b>	<b>17.944</b>
Deferred tax		87.000	0
<b>Provisions</b>		<b>87.000</b>	<b>0</b>
Trade payables		9.522.647	17.011
Income tax payable		181.734	1.860
Other payables		3.903.790	4.956
<b>Current liabilities other than provisions</b>		<b>13.608.171</b>	<b>23.827</b>
<b>Liabilities other than provisions</b>		<b>13.608.171</b>	<b>23.827</b>
<b>Equity and liabilities</b>		<b>32.986.248</b>	<b>41.771</b>
Contingent liabilities	8		

## Consolidated statement of changes in equity for 2016

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
Equity beginning of year	500.000	17.443.587	17.943.587
Profit/loss for the year	0	1.347.490	1.347.490
<b>Equity end of year</b>	<b>500.000</b>	<b>18.791.077</b>	<b>19.291.077</b>

## Consolidated cash flow statement for 2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Operating profit/loss		1.479.686	9.623
Amortisation, depreciation and impairment losses		341.177	802
Working capital changes	7	(2.892.546)	905
<b>Cash flow from ordinary operating activities</b>		<b>(1.071.683)</b>	<b>11.330</b>
Financial income received		241.436	129
Financial income paid		(322.998)	(2.336)
Income taxes refunded/(paid)		119.214	365
Other cash flows from operating activities		0	537
<b>Cash flows from operating activities</b>		<b>(1.034.031)</b>	<b>10.025</b>
Sale of property, plant and equipment		0	31.344
Sale of fixed asset investments		0	21.270
Dividends received from associates		0	2.000
<b>Cash flows from investing activities</b>		<b>0</b>	<b>54.614</b>
Instalments on loans etc		0	(18.299)
Incurrence of debt to group enterprises		1.455.916	0
Repayment of debt to group enterprises		0	(35.166)
<b>Cash flows from financing activities</b>		<b>1.455.916</b>	<b>(53.465)</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>421.885</b>	<b>11.174</b>
Cash and cash equivalents beginning of year		11.183.360	9
<b>Cash and cash equivalents end of year</b>		<b>11.605.245</b>	<b>11.183</b>
Cash and cash equivalents at year-end are composed of:			
Cash		9.706.966	10.801
Securities		1.898.279	382
<b>Cash and cash equivalents end of year</b>		<b>11.605.245</b>	<b>11.183</b>

## Notes to consolidated financial statements

	<b>2016 DKK</b>	<b>2015 DKK'000</b>
<b>1. Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	262.500	263
Depreciation of property, plant and equipment	78.677	626
Profit/loss from sale of intangible assets and property, plant and equipment	0	(87)
	<b>341.177</b>	<b>802</b>
	<b>2016 DKK</b>	<b>2015 DKK'000</b>
<b>2. Other financial income</b>		
Financial income arising from group enterprises	109.478	0
Fair value adjustments	57.981	28
Other financial income	73.977	101
	<b>241.436</b>	<b>129</b>
	<b>2016 DKK</b>	<b>2015 DKK'000</b>
<b>3. Other financial expenses</b>		
Financial expenses from group enterprises	64.963	1.583
Other financial expenses	258.035	753
	<b>322.998</b>	<b>2.336</b>
	<b>2016 DKK</b>	<b>2015 DKK'000</b>
<b>4. Tax on profit/loss for the year</b>		
Tax on current year taxable income	261.034	1.824
Change in deferred tax for the year	16.381	(603)
Adjustment concerning previous years	(226.781)	(285)
	<b>50.634</b>	<b>936</b>
		<b>Acquired rights DKK</b>
<b>5. Intangible assets</b>		
Cost beginning of year		2.625.000
<b>Cost end of year</b>		<b>2.625.000</b>
Amortisation and impairment losses beginning of year		(1.312.500)
Amortisation for the year		(262.500)
<b>Amortisation and impairment losses end of year</b>		<b>(1.575.000)</b>
<b>Carrying amount end of year</b>		<b>1.050.000</b>

## Notes to consolidated financial statements

	<b>Other fixtures and fittings, tools and equipment DKK</b>	
<b>6. Property, plant and equipment</b>		
Cost beginning of year		310.067
<b>Cost end of year</b>		<b>310.067</b>
Depreciation and impairment losses beginning of the year		(138.038)
Depreciation for the year		(78.677)
<b>Depreciation and impairment losses end of the year</b>		<b>(216.715)</b>
<b>Carrying amount end of year</b>		<b>93.352</b>
	<b>2016 DKK</b>	<b>2015 DKK'000</b>
<b>7. Change in working capital</b>		
Increase/decrease in inventories	(741.501)	(3.165)
Increase/decrease in receivables	6.391.325	(5.713)
Increase/decrease in trade payables etc	(8.542.370)	9.783
	<b>(2.892.546)</b>	<b>905</b>

### 8. Contingent liabilities

The Company participates in a Danish joint taxation arrangement with other Danish consolidated companies. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.



## Parent income statement for 2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
<b>Gross loss</b>		<b>(228.538)</b>	<b>(203)</b>
Depreciation, amortisation and impairment losses	1	0	124
<b>Operating profit/loss</b>		<b>(228.538)</b>	<b>(79)</b>
Income from investments in group enterprises		1.540.830	6.437
Income from investments in associates		0	6.764
Other financial income	2	162.872	82
Other financial expenses	3	(190.847)	(1.147)
<b>Profit/loss before tax</b>		<b>1.284.317</b>	<b>12.057</b>
Tax on profit/loss for the year	4	63.173	1.187
<b>Profit/loss for the year</b>		<b>1.347.490</b>	<b>13.244</b>
<b>Proposed distribution of profit/loss</b>			
Transferred to reserve for net revaluation according to the equity method		(1.459.170)	0
Retained earnings		2.806.660	13.244
		<b>1.347.490</b>	<b>13.244</b>

## Parent balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Investments in group enterprises		16.806.167	18.266
<b>Fixed asset investments</b>	5	<b>16.806.167</b>	<b>18.266</b>
<b>Fixed assets</b>		<b>16.806.167</b>	<b>18.266</b>
Receivables from group enterprises		2.494.670	1.614
Deferred tax		0	1.837
Income tax receivable		147.854	297
<b>Receivables</b>		<b>2.642.524</b>	<b>3.748</b>
Other investments		1.793.380	280
<b>Other investments</b>		<b>1.793.380</b>	<b>280</b>
<b>Cash</b>		<b>43.567</b>	<b>2</b>
<b>Current assets</b>		<b>4.479.471</b>	<b>4.030</b>
<b>Assets</b>		<b>21.285.638</b>	<b>22.296</b>

## Parent balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Contributed capital	6	500.000	500
Reserve for net revaluation according to the equity method		9.499.530	10.959
Retained earnings		9.291.547	6.485
<b>Equity</b>		<b>19.291.077</b>	<b>17.944</b>
Payables to group enterprises		1.773.311	4.239
Other payables		221.250	113
<b>Current liabilities other than provisions</b>		<b>1.994.561</b>	<b>4.352</b>
<b>Liabilities other than provisions</b>		<b>1.994.561</b>	<b>4.352</b>
<b>Equity and liabilities</b>		<b>21.285.638</b>	<b>22.296</b>
Contingent liabilities	7		
Mortgages and securities	8		
Related parties with controlling interest	9		

## Parent statement of changes in equity for 2016

	<b>Contributed capital DKK</b>	<b>Reserve for net revaluation according to the equity method DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
Equity beginning of year	500.000	10.958.700	6.484.887	17.943.587
Profit/loss for the year	0	(1.459.170)	2.806.660	1.347.490
<b>Equity end of year</b>	<b>500.000</b>	<b>9.499.530</b>	<b>9.291.547</b>	<b>19.291.077</b>

## Notes to parent financial statements

	<b>2016 DKK</b>	<b>2015 DKK'000</b>
<b>1. Depreciation, amortisation and impairment losses</b>		
Profit/loss from sale of intangible assets and property, plant and equipment	0	(124)
	<b>0</b>	<b>(124)</b>
	<b>2016 DKK</b>	<b>2015 DKK'000</b>
<b>2. Other financial income</b>		
Financial income arising from group enterprises	107.777	82
Fair value adjustments	55.095	0
	<b>162.872</b>	<b>82</b>
	<b>2016 DKK</b>	<b>2015 DKK'000</b>
<b>3. Other financial expenses</b>		
Financial expenses from group enterprises	190.660	1.146
Interest expenses	187	1
	<b>190.847</b>	<b>1.147</b>
	<b>2016 DKK</b>	<b>2015 DKK'000</b>
<b>4. Tax on profit/loss for the year</b>		
Tax on current year taxable income	(68.554)	(297)
Change in deferred tax for the year	5.381	(622)
Adjustment concerning previous years	0	(268)
	<b>(63.173)</b>	<b>(1.187)</b>
		<b>Investment s in group enterprises DKK</b>
<b>5. Fixed asset investments</b>		
Cost beginning of year		7.306.637
<b>Cost end of year</b>		<b>7.306.637</b>
Revaluations beginning of year		10.958.700
Share of profit/loss for the year		1.540.830
Dividend		(3.000.000)
<b>Revaluations end of year</b>		<b>9.499.530</b>
<b>Carrying amount end of year</b>		<b>16.806.167</b>

## Notes to parent financial statements

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>
Investments in associates comprise:			
HLC-Lautrup Scandinavian Chemicals A/S	Copenhagen	A/S	100,0
Via Stresa ApS	Copenhagen	ApS	100,0

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK</u>
<b>6. Contributed capital</b>			
Ordinary shares	500	1000	500.000
	<b>500</b>		<b>500.000</b>

### 7. Contingent liabilities

The Company participates in a Danish joint taxation arrangement with other Danish consolidated companies. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

### 8. Mortgages and securities

The Entity has guaranteed the subsidiary HLC-Lautrup Scandinavian Chemicals A/S' bank balance. There is no maximum limit of the guarantee.

### 9. Related parties with controlling interest

Related parties with a controlling interest regarding the HLC Holding A/S Group:

- Lautrup Swiss SA, Rue de Hesse 12, 1204 Geneva, Switzerland.

Other related parties with whom the HLC Holding A/S Group has had transactions in 2016:

- Enterprises, in which Lautrup Swiss SA has controlling interest as well as the Company's Executive Board and Board of Directors.

Transactions between related parties and the HLC Holding A/S Group in 2016:

- The Group has balances with enterprises, in which Lautrup Swiss SA has controlling interest. Balances carry interest equal to the market rate.

Transactions with related parties have been carried out at arm's length.

## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied for this 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. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

### Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of 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' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

## Accounting policies

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

### Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life, however, no more than 20 years. Negative differences in amount (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet under deferred income, and they are recognised in the income statement when such adverse development is realised.

### Profits or losses from divestment of equity investments

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses.

### 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 one 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.

### 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 is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.



## Accounting policies

### Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

### 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 write-downs 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 write-downs of receivables recognised in current assets.

### Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

### 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.

### Income from investments in associates

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after 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 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 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.

## Accounting policies

### Balance sheet

#### Intellectual property rights etc

Intellectual property rights etc comprise acquired intellectual property rights.

Acquired intellectual property rights are measured at cost less accumulated amortisation. The amortisation period for rights exceeds five years, as the rights are amortised over their remaining duration which normally represents 10 years.

Acquired intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

#### 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	10-50 years
Other fixtures and fittings, tools and equipment	3-5 years

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

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

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.

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 weighted average prices and net realisable value.

## Accounting policies

Cost consists of purchase price plus delivery costs.

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 write-downs for bad and doubtful debts.

### Other investments

Securities recognised under current assets comprise unlisted bonds and investments measured at fair value (market price) at the balance sheet date.

### Cash

Cash comprises cash in hand and bank deposits.

### Deferred tax

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

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

Deferred tax relating to re-taxation of previously deducted losses of foreign subsidiaries is recognised based on a specific assessment of the purpose of the individual subsidiary.

### Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

### Other financial liabilities

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

### Income tax receivable or payable

Current tax payable or receivable 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.

## Accounting policies

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.

Cash and cash equivalents comprise cash less short-term bank debt.