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LTP GROUP A/S

Bryghuspladsen 8
1473 København K
Central Business Registration
No 17974246

Annual report 2018

The Annual General Meeting adopted the annual report on 14.05.2019

Chairman of the General Meeting

Name: Morten Østergaard

Member of Deloitte Touche Tohmatsu Limited

Contents

Entity details

Entity
LTP GROUP A/S
Bryghuspladsen 8
1473 København K

Central Business Registration No (CVR): 17974246
Registered in: København
Financial year: 01.01.2018 - 31.12.2018

Board of Directors
Jon Skovhus Knudsen, Chairman
Morten Østergaard
Astrid Haug
Peter Midtgaard
Frank Lorenz

Executive Board
Morten Østergaard, Chief Executive Officer

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Papirfabrikken 26
8600 Silkeborg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of LTP GROUP A/S for the financial year 01.01.2018 - 31.12.2018.

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

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

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 14.05.2019

Executive Board

Morten Østergaard
Chief Executive Officer

Board of Directors

Jon Skovhus Knudsen Chairman	Morten Østergaard	Astrid Haug
Peter Midtgaard	Frank Lorenz	

Independent auditor's report

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group’s and the Parent’s financial position at 31.12.2018, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

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

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of

Independent auditor's report

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 consolidated financial statements and these parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s and the Parent’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent auditor's report

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 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.

Silkeborg, 14.05.2019

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Peter Mølkjær
State Authorised Public Accountant
Identification No (MNE) mne24821

Heidi Julitta Østergaard Jensen
State Authorised Public Accountant
Identification No (MNE) mne34163

Management commentary

	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000	2014 DKK'000
Financial highlights					
Key figures					
Revenue	614.121	510.202	439.018	412.026	349.964
Gross profit/loss	174.514	150.563	130.553	126.518	109.510
Operating profit/loss	47.643	44.128	40.840	47.542	45.831
Net financials	9.560	1.290	7.918	7.840	5.981
Profit/loss for the year	49.939	40.142	42.443	47.538	44.024
Total assets	353.786	272.486	216.037	210.148	178.767
Investments in property, plant and equipment	37.104	15.441	8.963	10.919	2.963
Equity	214.194	188.613	156.271	144.426	115.601
Average invested capital incl goodwill	156.862	131.579	114.180	95.050	82.209
Ratios					
Gross margin (%)	28,4	29,5	29,7	30,7	31,3
Net margin (%)	8,1	7,9	9,7	11,5	12,6
Return on invested capital incl goodwill (%)	30,8	33,9	36,2	50,4	59,0
Revenue/Invested capital incl goodwill	3,9	3,9	3,8	4,3	4,3
Return on equity (%)	24,8	23,3	28,2	36,6	42,4
Equity ratio (%)	60,5	69,2	72,3	68,7	64,7

Financial highlights are defined and calculated in accordance with the Danish Finance Society.

Ratios	**Calculation formula**	**Calculation formula reflects**
Gross margin (%)	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Revenue}}$	The entity's operating profitability.
Return on invested capital incl goodwill (%)	$\frac{\text{EBITA x 100}}{\text{Average invested capital incl goodwill}}$	The return generated by the entity on the investors' funds.
Revenue/Invested capital incl goodwill	$\frac{\text{Revenue}}{\text{Average invested capital incl goodwill}}$	Turnover rate of capital employed by the entity.
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.

EBITA (Earnings Before Interest, Tax and Amortisation) is defined as operating profit plus the year's amortisation of and impairment losses relating to intangible assets including goodwill.

Invested capital including goodwill is defined as net working capital plus the carrying amount of property, plant and equipment and intangible assets as well as accumulated amortisation of intangible assets including goodwill, and less other provisions and long-term operating liabilities. Accumulated impairment losses relating to goodwill are not added.

Net working capital is defined as inventories, receivables and other operating current assets net of trade payables and other short-term operating liabilities. Income taxes receivable and payable as well as cash are not included in net working capital.

Management commentary

Primary activities
LTP Group is a global manufacturer of textile related products from two main divisions; Garment and Contract Furniture. We produce from 8 fully-owned factories in Europe and Asia.

The Garment division produce and serve +60 premium brands within active sport, outdoor, athleisure and sustainable fashion. The products are manufactured by more than 1000 employees in our four Bluesign® /GOTS certified factories in Lithuania, Belarus, Ukraine and Vietnam.

The Contract furniture division produce and serve more than 30 brands in office/public seating and in design furniture. The productions are managed from 4 factories in Lithuania employing more than 600 employees.

From an associated company upholstery for home furniture is manufactured.

The main markets are in North Europe.

Development in activities and finances
LTP Group concluded 2018 by presenting a satisfying group profit before tax of DKK 57.202k versus DKK 45,418k in 2017, fully in line with the stated expected level. Revenue grew by 22%, however increasing production costs and investments to support future growth lowered the net profit for the year.

LTP Contract Furniture has expanded their production facility by +10.000 sqm to serve the increasing demand for high quality upholstery.

Changes in accounting policies
The Entity has changes in the accounting policy for valuation of land and buildings with reference to the description in accounting policies. The change in the accounting policy has an effect on equity as per 01.01.2017 of 1,963k. Comparative figures for the years 2014-2016 has not been adjusted according to the new accounting policy.

Outlook
Management expects continued double-digit growth in revenue and an estimated profit of DKK 55-60 mill. Both divisions has a strong momentum in there market segments where the demand are strong even the general economic climate is uncertain.

Particular risks
Risk management
LTP's activities involve a number of general and specific commercial and financial risks which may have impact on LTP Group's future growth, activities, financial position and results. Management strive to limit the risks that can be controlled and mitigated by LTP. Policies and procedures have been determined to ensure efficient management of the identified risks.

The risks which are deemed to have the largest potential impact on LTP's business are described below. The risks are not ranked in any order of priority.

Management commentary

Industry

In most markets being a manufacturer within textile is characterized by tough price competition, increased demands for sustainable production and materials, and the competition in getting qualified workers.

Attract and retain employees

LTP focuses on developing individual employees, on career development and on delegating responsibility to the employees. Further LTP strive to offer competitive terms of pay and employment.

Financial risk

The result and equity of LTP Group are impacted by a number of financial risks, including foreign exchange risks, interest rate risks, liquidity risks and credit risks as well as by the risk that the conditions of the international trade are changed. LTP Group does not engage in speculative transactions.

The credit risk policy includes an ongoing credit assessment, and credit insurance are established on a case by case basis.

LTP Group's credit facilities carry floating interest rate. The development in interest is linked to Euribor 6 months.

Currency exposure is mainly managed with a natural hedge. Some exposure is present between VND/USD and EUR/USD. No forward cover has been entered into.

IT security

The majority of the operation and maintenance of networks and servers, back-up, access and firewalls has been outsourced to an external partner. The outsourcing ensures an on-going update of security software and limits the risk of breakdowns.

Insurance

The company insurance matters and risks are assessed annually in corporation with insurance brokers. Properties, operating equipment and inventories are covered on a replacement cost.

Statutory report on corporate social responsibility

Corporate social responsibility policies

Creating a sustainable world is a business imperative, and LTP Group 's management is committed to ensure that the Group meets its social and environmental responsibilities. Strengthening our business activities for the future is essential, and for LTP Group it comprehend a consciousness on the environmental and social footprint. One of the elements in our core values is Care - Care for People and Care for the Environment.

Management commentary

LTP support the sustainable development goals defined by UNDP:

As part of the actions planned for 2018 LTP Group participated in the SDG Accelerator Program, A UNDP program aiming to accelerate business solutions for the Sustainable Development Goals (SDGs). The program is funded by The Danish Industry Foundation and is tested in Denmark in 2018 and 2019 involving 30 Danish small and mid-sized industrial companies. The aim is to roll out the program in the Nordics and globally.

LTP Groups presence in several markets with a diversity in culture requires a frame of reference for social responsibility and ethical behavior. The code of Conduct sets the standard for us and our business partners, and we have a focus on corporate social responsibility and adherence to the UN Global Compact Principles. Out of the 17 principles the most relevant for LTP Group are:

○ Human rights ○ Labor standards ○ Environment ○ Anti-corruption

Human rights and Labor Standards

Human rights and Labor standards are principles that LTP Group continually focuses upon, and as an employer of approximately 1.700 people from a variety of cultures and locations, we believe our focus will lead to a shared view in these areas and ensure an ethical approach to employee rights and a Safe and Healthy Working Environment for all employees.

LTP Group warrants to cease from any discrimination regarding race, skin color, religion, political, sexual orientation, gender, national origin or social rank or status. Discrimination is cruel to individuals, minority groups and people in general.

Acknowledgement of the freedom of association and the right to collective bargaining, if not restricted by national laws of the factory/subcontractor/supplier, is always respected by LTP Group. Working by free is essential, and LTP Group takes a strong stance against any form of forced or compulsory labor, and all employees are regulated by contracts ensuring their rights as employees as well as transparency in the relation between employer and employee.

LTP Group has global policies in place for ensuring a safe work environment and local procedures to ensure we comply with all local safety legislation at our locations.

The global policies comprise of the Code of Conduct as set by the Federation of Danish Textile & Clothing. All our factories are reviewed from the defined LTP factory standard, which is setting the standards in terms of safety and labor rights.

Management commentary

The polices in each location are governed by certificates as described below. Each of the business units in LTP group has specific certificates within CSR. LTP Garment having four legal units and four own factories holds the following certificates:

	Certificate	Validity
LTP UAB, Kaunas, Lithuania	BlueSign System® GOTS	No expire 31 December 2019
LTP Vietnam Ltd, Ho Chi Minh City, Vietnam	BlueSign System® Danish embassy FWF	No expire
LTP Belvit, Vitebsk, Belarus	BlueSign System® GOTS	No expire 31 December 2019
LTP Ukraine, Lviv, Ukraine	GOTS	31 December 2019

BlueSign System® puts the whole production chain in focus. It has focus on the product itself, in terms of sound materials, and also the chain of production, from raw materials to finished products. The certification covers: Resource productivity, consumer safety, water emissions, air emissions and occupational health and safety.

GOTS - Global Organic Textile Standard was developed through collaboration by leading standard setters with the aim of defining requirements that are recognised world-wide and that ensure the organic status of textiles from harvesting of the raw materials through environmentally and socially responsible manufacturing all the way to labelling in order to provide credible assurance to the consumer. Each production step is checked, no chemicals are used.

Fair Wear Foundation (FWF) is a European multi-stakeholder initiative working to improve workplace conditions in the garment and textile industry. Governed by labour unions, NGOs and business associations, FWF verifies that its member companies implement the FWF Code of Labour Practices in their supply chains. FWF is acting is risk countries.

LTP Group recognize the risk of breach of human rights and working conditions in the supply chain. LTP Group see traceability as essential for identifying and improving social conditions. In the Garment division a Business Partner Program for subcontractors and suppliers are setting the minimum requirements to respect labor standards and human rights.

An initiative to create transparency and connection between sewers and consumers has been initiated in 2018 as part of the SDG Accelerator Program. The platform & labelling concept aims to build a concept which could go far beyond our own network and could improve the working conditions for millions of sewers. In 2018 the development of the concept and introduction to key partners has been completed. Our target for 2019 is to make a proto project and have 2-3 customers validating the idea and join.

Management commentary

Environment

LTP Group care about the environment, and we continuously aim to minimize our environmental footprint. LTP Group has chosen the following focus areas: Combatting Climate changes and Efficient use of water, energy and chemicals.

Joint forces

In 2018 LTP expanded the corporation with BEMZ – a Swedish online platform where you can buy new covers for your IKEA sofa. LTP is now delivering a full-service setup from shipping swatches, manufacturing covers, logistics and return handling. From this platform consumers can renew their home furniture and make sofas more long-lasting. We believe BEMZ represent a strong trend in the market to buy more sustainable products. LTP is focused on supporting these kind of business ideas both from a sustainable and business point of view.

Combatting Climate changes

The *global polices* as mentioned above is serving the focus on social responsibility as well as the environmental impact from our production processes and our chosen sourcing. It is the policy of LTP to maintain all certificates.

LTP Contract Furniture is FSC-certified. FSC is a rigorous, credible forest certification system. The Forest Stewardship Council™ (FSC) ensures the full supply chain to follow rigid ecological, social and financial standards. In 2018 4 customers used FSC certified wood corresponding to around 10% of the wood used. *The goal* towards end 2020 is have 20% of the wood FSC certified.

The policy relating to limiting the impact on the environmental footprint has brought LTP Group's focus toward sustainable solutions in our productions. The focus has been reducing the use of plastic and glue. The products produced in LTP Group involves the use of plastics bags. The focus for LTP is to replace the use of traditional plastic bags with recycle plastic bags. *The short-term goal* by end of 2020 is to have 25% of these plastic bags replaced by recycled plastic. In LTP Garment we buy 1,5 mill bags per year. In 2018 suppliers are identified, and recycled bags are presented to the customers for approvals. LTP Garment now offer recycled plastic bags as part of the standard offering, and in 2018 2% of the plastic bags outgoing from the production in Lithuania were in recycled plastic. In LTP Contract furniture the 2019 activities are to find suppliers and introduce to customers.

Today all plastic packaging received is send for recycling.

LTP Contract furniture strive to use only water-based glues in production, yet some solvent based glues are still used. In 2018 LTP Contract furniture use of solvent based glue was identified, and the search for substitutes were initiated, and will continue in 2019.

Efficient use of water, energy and chemicals

LTP Group's policy in energy consumption strive to limit the consumption in all processes and to reduce the CO_2 emission per production hour in fully owned factories. Up to 2018 several activities have been implemented in the largest production units to reduce the CO_2 emission, and further actions for 2019 have been defined as listed in the below table:

Management commentary

	Implemented	2019 Action
LTP UAB, Kaunas, Lithuania	100% green Lithuanian electricity from renewable sources	No actions
LTP Texdan UAB, Kedainiu,, Lithuania	Energy audit completed 100% green Lithuanian electricity from renewable sources Solar panels installed, covering 10% of total electricity used	Renewal of heating system
LTP Vietnam Ltd, Ho chi Minh City, Vietnam	All light in the factory are based on LED light	Sourcing of green energy
LTP Belvit, Vitebsk, Belarus	No actions	Sourcing of green energy
LTP Ukraine LLC, Lviv, Ukraine	No actions	Sourcing of green energy

In 2019 LTP Group expect to be able to set valid goals for the CO_2 emission going forward.

Anti-corruption

LTP Group focuses on preventing corruption.

Defined standardized customer contracts ensure that our closest business partners adopt the same strict approach.

The largest risk within the area of anti-corruption is seen in LTP presence in Vietnam. A strict Anti-corruption and fraud policy has been implemented. The policy and related procedures are audited every quarter by an external audit company, and actioned are immediately take if any non-compliance is detected.

The goal for 2019 will be to follow-up on the results from the external audits and secure all routines further.

Statutory report on the underrepresented gender

Pursuant to the Danish Companies Act, the Board has set a target for the proportion of General Meeting-elected female board members of at least 20% (corresponding to 1 female in the Board of directors with 5 members elected at the general meeting). The present proportion og General Meeting-elected female board members is 1 female and 4 males. The target proportion is met.

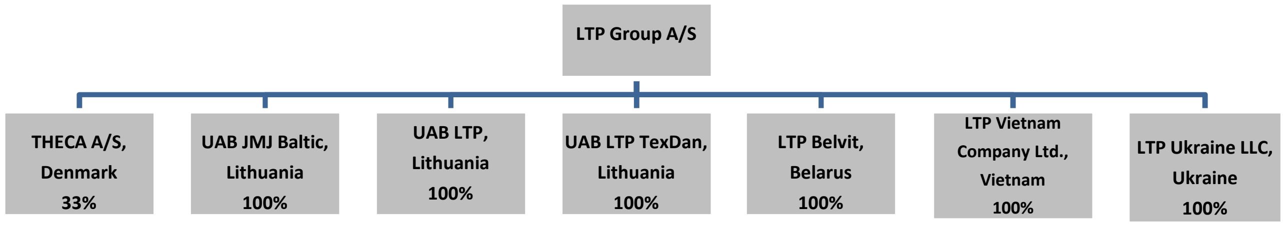
For other layers of management, no policies have been set as there are less than 50 employees in the Danish Company and there is not any requirements for policies for the under-represented gender in foreign subsidiaries.

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.

Management commentary

Group Overview



Consolidated income statement for 2018

	Notes	2018 DKK	2017 DKK
Revenue	1	614.121.295	510.201.593
Other operating income		810.068	750.375
Cost of sales		(406.428.152)	(336.820.979)
Other external expenses	2	(33.989.127)	(23.568.304)
Gross profit/loss		**174.514.084**	**150.562.685**
Staff costs	3	(119.551.292)	(100.291.060)
Depreciation, amortisation and impairment losses	4	(7.268.092)	(6.143.579)
Other operating expenses		(52.078)	0
Operating profit/loss		**47.642.622**	**44.128.046**
Income from investments in associates		8.289.394	5.708.612
Other financial income		2.785.562	575.748
Other financial expenses		(1.515.091)	(4.993.986)
Profit/loss before tax		**57.202.487**	**45.418.420**
Tax on profit/loss for the year	5	(7.263.556)	(5.276.895)
Profit/loss for the year	6	**49.938.931**	**40.141.525**

Consolidated balance sheet at 31.12.2018

	Notes	2018 DKK	2017 DKK
Completed development projects		502.525	856.022
Acquired intangible assets		666.363	223.516
Development projects in progress		10.000.000	0
Intangible assets	7	**11.168.888**	**1.079.538**
Land and buildings		52.585.951	28.486.409
Plant and machinery		1.424.640	0
Other fixtures and fittings, tools and equipment		17.042.512	13.029.650
Leasehold improvements		6.943.804	5.827.761
Property, plant and equipment in progress		308.376	2.532.882
Property, plant and equipment	8	**78.305.283**	**49.876.702**
Investments in associates		26.795.323	22.437.417
Other receivables		1.576.862	2.051.579
Fixed asset investments	9	**28.372.185**	**24.488.996**
Fixed assets		**117.846.356**	**75.445.236**
Raw materials and consumables		79.924.611	51.864.329
Work in progress		22.981.575	28.606.250
Prepayments for goods		11.516.331	14.603.328
Inventories		**114.422.517**	**95.073.907**
Trade receivables		67.061.382	60.579.529
Receivables from associates		0	2.344
Deferred tax	11	1.482.699	1.266.288
Other receivables		16.357.888	5.815.418
Income tax receivable		0	156.766
Prepayments		675.862	144.866
Receivables		**85.577.831**	**67.965.211**
Cash		**35.939.718**	**34.001.622**
Current assets		**235.940.066**	**197.040.740**
Assets		**353.786.422**	**272.485.976**

Consolidated balance sheet at 31.12.2018

	Notes	2018 DKK	2017 DKK
Contributed capital		500.000	500.000
Reserve for net revaluation according to the equity method		26.128.656	21.770.750
Other statutory reserves		548.320	548.320
Retained earnings		187.017.313	165.793.622
Equity		**214.194.289**	**188.612.692**
Deferred tax	11	298.373	0
Provisions		**298.373**	**0**
Mortgage debt		22.707.634	3.543.951
Non-current liabilities other than provisions	12	**22.707.634**	**3.543.951**
Current portion of long-term liabilities other than provisions	12	3.196.781	3.417.812
Bank loans		2.085.358	126.517
Prepayments received from customers		27.047.606	18.562.741
Trade payables		65.903.416	42.965.126
Income tax payable		1.467.314	487.002
Other payables		15.204.597	13.552.037
Deferred income		1.681.054	1.218.098
Current liabilities other than provisions		**116.586.126**	**80.329.333**
Liabilities other than provisions		**139.293.760**	**83.873.284**
Equity and liabilities		**353.786.422**	**272.485.976**
Associates	10		
Unrecognised rental and lease commitments	14		
Assets charged and collateral	15		
Transactions with related parties	16		
Subsidiaries	17		

Consolidated statement of changes in equity for 2018

	Contributed capital DKK	Revaluation reserve DKK	Reserve for net revaluation according to the equity method DKK	Other statutory reserves DKK
Equity beginning of year	500.000	4.748.804	21.770.750	548.320
Changes in accounting policies	0	(4.748.804)	0	0
Adjusted equity, beginning of year	**500.000**	**0**	**21.770.750**	**548.320**
Extraordinary dividend paid	0	0	0	0
Exchange rate adjustments	0	0	68.512	0
Dividends from associates	0	0	(4.000.000)	0
Profit/loss for the year	0	0	8.289.394	0
Equity end of year	**500.000**	**0**	**26.128.656**	**548.320**

	Retained earnings DKK	Proposed extraordinary dividend DKK	Total DKK
Equity beginning of year	159.081.731	0	186.649.605
Changes in accounting policies	6.711.890	0	1.963.086
Adjusted equity, beginning of year	**165.793.621**	**0**	**188.612.691**
Extraordinary dividend paid	0	(24.000.000)	(24.000.000)
Exchange rate adjustments	(425.844)	0	(357.332)
Dividends from associates	4.000.000	0	0
Profit/loss for the year	17.649.537	24.000.000	49.938.931
Equity end of year	**187.017.314**	**0**	**214.194.290**

Consolidated cash flow statement for 2018

	Notes	2018 DKK	2017 DKK
Operating profit/loss		47.447.304	44.128.046
Amortisation, depreciation and impairment losses		7.268.092	6.143.579
Working capital changes	13	(2.764.325)	5.302.603
Cash flow from ordinary operating activities		**51.951.071**	**55.574.228**
Financial income received		2.785.562	575.748
Financial expenses paid		(1.515.091)	(4.993.986)
Income taxes refunded/(paid)		(6.016.949)	(5.704.972)
Cash flows from operating activities		**47.204.593**	**45.451.018**
Acquisition etc of intangible assets		(10.532.398)	(154.759)
Acquisition etc of property, plant and equipment		(35.636.592)	(14.316.506)
Dividends received from associates		4.000.000	4.000.000
Cash flows from investing activities		**(42.168.990)**	**(10.471.265)**
Loans raised		20.390.516	0
Repayments of loans etc		(1.446.864)	(1.566.279)
Dividend paid		(24.000.000)	(10.000.000)
Cash flows from financing activities		**(5.056.348)**	**(11.566.279)**
Increase/decrease in cash and cash equivalents		**(20.745)**	**23.413.474**
Cash and cash equivalents beginning of year		33.875.105	10.461.631
Cash and cash equivalents end of year		**33.854.360**	**33.875.105**
Cash and cash equivalents at year-end are composed of:			
Cash		35.939.718	34.001.622
Short-term debt to banks		(2.085.358)	(126.517)
Cash and cash equivalents end of year		**33.854.360**	**33.875.105**

Notes to consolidated financial statements

1. Revenue

Pursuant to the derogations in section 96 (1) of the Danish Financial Statements Act the Company has not disclosed distribution of revenue across segments as Management estimates that the specification could cause significant damage to the Company.

	2018 DKK	2017 DKK
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	55.500	45.000
Other assurance engagements	238.370	163.940
Tax services	92.901	7.500
Other services	96.025	152.700
	482.796	**369.140**

Fees to foreign auditors not appointed by the Annual General Meeting included in above amount to DKK 238k relating to other assurance engagements (DKK 164k in 2017) and DKK 85k to tax services (DKK 0k in 2017).

	2018 DKK	2017 DKK
3. Staff costs		
Wages and salaries	98.893.536	83.233.078
Pension costs	908.817	657.600
Other social security costs	19.748.939	16.400.382
	119.551.292	**100.291.060**
Average number of employees	**1.693**	**1.518**

	Remunera-tion of manage-ment 2018 DKK	Remunera-tion of manage-ment 2017 DKK
Total amount for management categories	3.488.496	3.423.414
	3.488.496	**3.423.414**

Remuneration of Management is present on a total amount for management categories with reference to Section 98b (3) of Danish Financial Statements Act.

	2018 DKK	2017 DKK
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	645.850	506.203
Depreciation of property, plant and equipment	6.622.242	5.637.376
	7.268.092	**6.143.579**

Notes to consolidated financial statements

	2018 DKK	2017 DKK
5. Tax on profit/loss for the year		
Current tax	7.154.027	5.850.698
Change in deferred tax	82.929	(582.713)
Adjustment concerning previous years	26.600	8.910
	7.263.556	**5.276.895**

	2018 DKK	2017 DKK
6. Proposed distribution of profit/loss		
Extraordinary dividend distributed in the financial year	24.000.000	10.000.000
Transferred to reserve for net revaluation according to the equity method	8.289.394	5.708.612
Retained earnings	17.649.537	24.432.911
	49.938.931	**40.141.523**

	Completed develop-ment projects DKK	Acquired intangible assets DKK	Develop-ment projects in progress DKK
7. Intangible assets			
Cost beginning of year	1.767.485	959.333	0
Exchange rate adjustments	0	(28.171)	0
Transfers	0	2.042.319	0
Additions	0	532.398	10.000.000
Disposals	0	(110.471)	0
Cost end of year	**1.767.485**	**3.395.408**	**10.000.000**
Amortisation and impairment losses beginning of year	(911.463)	(735.817)	0
Exchange rate adjustments	0	21.145	0
Transfers	0	(1.832.483)	0
Amortisation for the year	(353.497)	(292.353)	0
Reversal regarding disposals	0	110.463	0
Amortisation and impairment losses end of year	**(1.264.960)**	**(2.729.045)**	**0**
Carrying amount end of year	**502.525**	**666.363**	**10.000.000**

Development projects

Development projects in progress comprise of the new IT system applied in the Group. The new IT system will create optimization in operations across the group companies.

Notes to consolidated financial statements

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improve-ments DKK
8. Property, plant and equipment				
Cost beginning of year	43.933.614	0	41.418.409	6.486.813
Exchange rate adjustments	33.691	39.537	(147.579)	(81.384)
Transfers	28.128.869	269.483	438.535	1.270.204
Additions	1.377.881	734.218	8.053.228	925.116
Disposals	0	0	(1.769.965)	(430.710)
Cost end of year	**73.474.055**	**1.043.238**	**47.992.628**	**8.170.039**
Revaluations beginning of year	11.511.007	0	0	0
Changes in accounting policies	(11.511.007)	0	0	0
Transfers	(3.628.401)	554.444	(1.102.165)	0
Revaluations end of year	**(3.628.401)**	**554.444**	**(1.102.165)**	**0**
Depreciation and impairment losses beginning of year	(29.267.723)	0	(28.388.759)	(659.052)
Changes in accounting policies	13.820.518	0	0	0
Exchange rate adjustments	(103.025)	(1.083)	80.033	(5.557)
Transfers	51.031	0	1.923.836	(23.071)
Depreciation for the year	(1.760.504)	(171.959)	(4.151.225)	(538.554)
Reversal regarding disposals	0	0	688.164	0
Depreciation and impairment losses end of year	**(17.259.703)**	**(173.042)**	**(29.847.951)**	**(1.226.234)**
Carrying amount end of year	**52.585.951**	**1.424.640**	**17.042.512**	**6.943.805**

Notes to consolidated financial statements

	Property, plant and equipment in progress DKK
8. Property, plant and equipment	
Cost beginning of year	2.532.882
Exchange rate adjustments	36.916
Transfers	(28.227.854)
Additions	26.014.035
Disposals	(47.603)
Cost end of year	**308.376**
Revaluations beginning of year	0
Changes in accounting policies	0
Transfers	0
Revaluations end of year	**0**
Depreciation and impairment losses beginning of year	0
Changes in accounting policies	0
Exchange rate adjustments	0
Transfers	0
Depreciation for the year	0
Depreciation and impairment losses end of year	0
Depreciation and impairment losses end of year	**0**
Carrying amount end of year	**308.376**

Notes to consolidated financial statements

	Investments in associates DKK	Other receivables DKK
9. Fixed asset investments		
Cost beginning of year	666.667	2.051.579
Exchange rate adjustments	0	(67.568)
Additions	0	145.125
Disposals	0	(552.274)
Cost end of year	**666.667**	**1.576.862**
Revaluations beginning of year	21.770.750	0
Exchange rate adjustments	68.512	0
Share of profit/loss for the year	8.289.394	0
Dividend	(4.000.000)	0
Revaluations end of year	**26.128.656**	**0**
Carrying amount end of year	**26.795.323**	**1.576.862**

	Registered in	Equity interest %
10. Associates		
Theca A/S	Aarhus	33,3

	2018 DKK	2017 DKK
11. Deferred tax		
Intangible assets	(111.000)	(188.000)
Property, plant and equipment	(187.373)	0
Liabilities other than provisions	1.146.670	1.069.288
Tax losses carried forward	336.029	385.000
	1.184.326	**1.266.288**
Changes during the year		
Beginning of year	1.266.288	
Recognised in the income statement	(82.929)	
Other changes	967	
End of year	**1.184.326**	

Deferred tax asset is expected to be actualised in future earnings in the Group over the next 3-5 years.

Notes to consolidated financial statements

	Due within 12 months 2018 DKK	Due within 12 months 2017 DKK	Due after more than 12 months 2018 DKK	Outstanding after 5 years DKK
12. Liabilities other than provisions				
Mortgage debt	3.196.781	3.417.812	22.707.634	5.883.194
	3.196.781	**3.417.812**	**22.707.634**	**5.883.194**

	2018 DKK	2017 DKK
13. Change in working capital		
Increase/decrease in inventories	(19.348.610)	(18.619.500)
Increase/decrease in receivables	(16.954.386)	(3.347.223)
Increase/decrease in trade payables etc	33.538.671	27.269.326
	(2.764.325)	**5.302.603**

	2018 DKK	2017 DKK
14. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**4.698.441**	**6.475.000**

15. Assets charged and collateral

Mortgage debt is secured by way of mortgages on properties. The carrying amount of mortgaged properties amounts to DKK 36,724k.

16. Transactions with related parties

The Group did not carry out any substantial transactions with related parties that were not concluded on market conditions. According to Section 98c (7) of the Danish Financial Statements Act, information is provided only about transactions that have not been concluded on commen market conditions.

	Registered in	Equity interest %
17. Subsidiaries		
UAB LTP TexDan	Kedainiai, Lithuania	100,0
UAB LTP	Kaunas, Lithuania	100,0
UAB JMJ Baltic	Kaunas, Lithuania	100,0
LTP Belvit	Vitebsk, Belarus	100,0
LTP Vietnam Company Limited	Ho Chi Minh City, Vietnam	100,0
LTP Ukraine LLC	Lviv, Ukraine	100,0

Parent income statement for 2018

	Notes	2018 DKK	2017 DKK
Revenue		14.039.610	11.830.543
Cost of sales		(61.953)	(169.459)
Other external expenses		(3.555.134)	(2.853.122)
Gross profit/loss		**10.422.523**	**8.807.962**
Staff costs	1	(10.774.788)	(8.633.106)
Depreciation, amortisation and impairment losses	2	(353.497)	(353.497)
Operating profit/loss		**(705.762)**	**(178.641)**
Income from investments in group enterprises		39.922.513	36.114.704
Income from investments in associates		8.289.394	5.708.612
Other financial income	3	2.938.074	1.409.203
Other financial expenses		(4.837)	(3.375.354)
Profit/loss before tax		**50.439.382**	**39.678.524**
Tax on profit/loss for the year	4	(500.451)	463.000
Profit/loss for the year	5	**49.938.931**	**40.141.524**

Parent balance sheet at 31.12.2018

	Notes	2018 DKK	2017 DKK
Completed development projects		502.525	856.022
Intangible assets	6	**502.525**	**856.022**
Investments in group enterprises		147.708.759	134.309.186
Receivables from group enterprises		6.919.412	4.937.700
Investments in associates		26.795.323	22.437.417
Other receivables		270.936	125.811
Fixed asset investments	7	**181.694.430**	**161.810.114**
Fixed assets		**182.196.955**	**162.666.136**
Receivables from group enterprises		31.745.482	28.123.686
Receivables from associates		0	2.344
Deferred tax	10	0	197.000
Other receivables		157.418	89.403
Income tax receivable		0	156.766
Prepayments	8	78.387	144.866
Receivables		**31.981.287**	**28.714.065**
Cash		**3.291.195**	**687.740**
Current assets		**35.272.482**	**29.401.805**
Assets		**217.469.437**	**192.067.941**

Parent balance sheet at 31.12.2018

	Notes	2018 DKK	2017 DKK
Contributed capital	9	500.000	500.000
Reserve for net revaluation according to the equity method		160.920.432	144.385.900
Retained earnings		52.773.858	43.726.792
Equity		**214.194.290**	**188.612.692**
Deferred tax	10	111.000	0
Provisions		**111.000**	**0**
Bank loans		209.251	126.517
Trade payables		439.929	365.059
Payables to group enterprises		0	828.394
Income tax payable		13.837	0
Other payables		2.501.130	2.135.279
Current liabilities other than provisions		**3.164.147**	**3.455.249**
Liabilities other than provisions		**3.164.147**	**3.455.249**
Equity and liabilities		**217.469.437**	**192.067.941**
Unrecognised rental and lease commitments	11		
Assets charged and collateral	12		
Transactions with related parties	13		

Parent statement of changes in equity for 2018

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed extraordinary dividend DKK
Equity beginning of year	500.000	142.422.814	43.726.792	0
Changes in accounting policies	0	1.963.086	0	0
Adjusted equity, beginning of year	**500.000**	**144.385.900**	**43.726.792**	**0**
Extraordinary dividend paid	0	0	0	(24.000.000)
Exchange rate adjustments	0	(357.333)	0	0
Dividends from group enterprises	0	(29.836.510)	29.836.510	0
Dividends from associates	0	(4.000.000)	4.000.000	0
Profit/loss for the year	0	50.728.375	(24.789.444)	24.000.000
Equity end of year	**500.000**	**160.920.432**	**52.773.858**	**0**

	Total DKK
Equity beginning of year	186.649.606
Changes in accounting policies	1.963.086
Adjusted equity, beginning of year	**188.612.692**
Extraordinary dividend paid	(24.000.000)
Exchange rate adjustments	(357.333)
Dividends from group enterprises	0
Dividends from associates	0
Profit/loss for the year	49.938.931
Equity end of year	**214.194.290**

Notes to parent financial statements

	2018 DKK	2017 DKK
1. Staff costs		
Wages and salaries	9.821.583	7.939.850
Pension costs	908.817	657.600
Other social security costs	44.388	35.656
	10.774.788	**8.633.106**
Average number of employees	**7**	**5**

	Remunera-tion of manage-ment 2018 DKK	Remunera-tion of manage-ment 2017 DKK
Total amount for management categories	3.488.496	3.423.414
	3.488.496	**3.423.414**

Remuneration of Management is present on a total amout for management categories with reference to Section 98b (3) of the Danish Financial Statements Act.

	2018 DKK	2017 DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	353.497	353.497
	353.497	**353.497**

	2018 DKK	2017 DKK
3. Other financial income		
Financial income arising from group enterprises	1.448.852	1.374.483
Other interest income	1.489.222	34.720
	2.938.074	**1.409.203**

	2018 DKK	2017 DKK
4. Tax on profit/loss for the year		
Current tax	192.451	0
Change in deferred tax	308.000	(463.000)
	500.451	**(463.000)**

Notes to parent financial statements

	2018 DKK	2017 DKK
5. Proposed distribution of profit/loss		
Extraordinary dividend distributed in the financial year	24.000.000	10.000.000
Transferred to reserve for net revaluation according to the equity method	50.728.375	42.841.655
Retained earnings	(24.789.444)	(12.700.131)
	49.938.931	**40.141.524**

	Completed develop-ment projects DKK
6. Intangible assets	
Cost beginning of year	1.767.485
Cost end of year	**1.767.485**
Amortisation and impairment losses beginning of year	(911.463)
Amortisation for the year	(353.497)
Amortisation and impairment losses end of year	**(1.264.960)**
Carrying amount end of year	**502.525**

Completed development projects comprise the IT system applied in the Group.

Notes to parent financial statements

7. Fixed asset investments	Investments in group enterprises DKK	Receivables from group enterprises DKK	Investments in associates DKK	Other receivables DKK
Cost beginning of year	10.944.036	5.956.039	666.667	125.811
Exchange rate adjustments	0	26.520	0	0
Additions	1.222.986	4.471.660	0	145.125
Cost end of year	**12.167.022**	**10.454.219**	**666.667**	**270.936**
Revaluations beginning of year	121.402.064	0	21.770.750	0
Changes in accounting policies	1.963.086	0	0	0
Exchange rate adjustments	(425.884)	0	68.512	0
Share of profit/loss for the year	39.922.513	0	8.289.394	0
Dividend	(29.836.510)	0	(4.000.000)	0
Investments with negative equity value depreciated over receivables	2.516.468	0	0	0
Revaluations end of year	**135.541.737**	**0**	**26.128.656**	**0**
Impairment losses beginning of year	0	(1.018.339)	0	0
Investments with negative equity value depreciated over receivables	0	(2.516.468)	0	0
Impairment losses end of year	**0**	**(3.534.807)**	**0**	**0**
Carrying amount end of year	**147.708.759**	**6.919.412**	**26.795.323**	**270.936**

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

	Registered in	Corporate form	Equity interest %
Investments in associates comprise:			
Theca A/S	Aarhus	Limited liability company	33,3

8. Prepayments

Prepayments under currents assets relate to costs in subsequent periods.

Notes to parent financial statements

	Number	Par value DKK	Nominal value DKK
9. Contributed capital			
Shares	500	1.000	500.000
	500		**500.000**

	2018 DKK	2017 DKK
10. Deferred tax		
Intangible assets	111.000	188.000
Tax losses carried forward	0	(385.000)
	111.000	**(197.000)**
Changes during the year		
Beginning of year	(197.000)	
Recognised in the income statement	308.000	
End of year	**111.000**	

	2018 DKK	2017 DKK
11. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**846.563**	**27.000**

12. Assets charged and collateral

The Entity has guaranteed the subsidiaries’ debt to Sydbank. The subsidiaries’ bank debt amounts to DKK 0 as of 31.12.2018.

13. Transactions with related parties

The Entity did not carry out any substantial transactions with related parties that were not concluded on market conditions. According to Section 98c (7) of the Danish Financial Statements Act, information is provided only about transactions that have not been concluded on commen market conditions.

Accounting policies

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

Changes in accounting policies
LTP Group has historically measured land and bulidings under the revaluation model according to the Danish Financial Statements Act article 41. Group management has concluded that the fair value of the land and bulidings is subject to a high degree of untertainty. It is Group management's assessment that changing accounting principle to measuring land and bulidings at cost less accumulated depreciation and impairment losses according to the Danish Financial Statements act article 36 results in financial statements providing more reliable and more relevant information about the effects of the groups transactions, financial position and financial performance.

The change in accounting principles is applied retrospectivelly in accordance with principles for changing accounting policies. Comparative figures has been adjusted.

The change in accounting policy for measurement of land and buildings has a positive effect on equity and total assets of 1,963k as per 01.01.2017 aswell as a negative effect on profit of the year of 59k for 2017 and 59k for 2018.

The cash flows has not been affected by the change in policy.

Except from change in policy of measurement of land and buildings accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

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

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

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

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

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

Accounting policies

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. Reference is made to group overview on page 13.

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

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

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

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. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. 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. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

The uniting-of-interests method is applied on acquisition of enterprises, mergers, demergers, contributions of assets and exchanges of shares, etc where the enterprises concerned are controlled by the Parent. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies and accounting estimates. The difference between the

Accounting policies

consideration agreed and the carrying amount of the acquiree is recognised in equity. The comparative figures are restated.

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Income statement
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.

Other operating income
Other operating income comprises income from rental.

Cost of sales
Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

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 as well as social security contributions, pension contributions, etc for entity staff.

Accounting policies

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to intangible assets and property, plant and equipment comprise depreciation, amortisation 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.

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 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 or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet
Intellectual property rights etc
Intellectual property rights etc comprise development projects completed.

Completed development projects comprises software. Software is measured at cost less accumulated depreciation and impairment losses. The cost of software comprises costs that are directly and indirectly attributable to the development projects completed and in progress.

Software is amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. The amortisation period used is five years.

Accounting policies

Development projects are written down to the lower of recoverable amount and carrying amount.

Intellecual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property right 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. For self-manufactured assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Indirect production costs in the form of indirect attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

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	10-20 years
Plant and machinery	2-10 years
Leasehold improvements	2-5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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 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.

Accounting policies

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.

Investments in associates
Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised pro rata internal profits and losses.

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

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

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

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

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

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

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

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.

Accounting policies

Deferred tax assets, including the tax base of tax loss carry forwards, 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.

Cash
Cash comprises cash in hand and bank deposits.

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

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.

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

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

Deferred income
Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

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 and short-term securities with an insignificant price risk less short-term bank loans.