A-TEX A/S

ROSENHOLMVEJ 1-5, HERNING

ANNUAL REPORT

1 JANUARY – 31 DECEMBER 2017

CVR 18 43 55 43

The Annual Report was presented
and adopted at
the Annual General Meeting of the
Company on 30. May 2018

Leif Lynggaard
Chairman of the general meeting

A-TEX

Contents

Management's Statement

The Executive and Supervisory Boards have today considered and adopted the Annual Report of A-TEX A/S for the financial year 1 January - 31 December 2017.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31. December 2017 and of the results of the Company's operations for 2017.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Herning, 30. May 2018

Executive Board

Miranda Kong

Supervisory Board

Chuk Kwan Wan chairman	Wai Yee Lam	Miranda Kong

Independent Auditor's Report

To the shareholders of A-TEX A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017, and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of A-TEX A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

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

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

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.

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

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

Herning, 30. May 2018

PRICEWATERHOUSECOOPERS
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Henrik Skjøtt Sørensen
State Authorised Public Accountant
mne26807

Company Information

The Company	**A-TEX A/S** Rosenholmsvej 1-5 DK-7400 Herning Telephone: 96 29 00 00 Facsimile; 96 29 40 30 Website; www.a-tex.com E-mail: info@a.tex.com
	CVR no: 18 43 55 43
	Founded: 22 March 1995
	Financial Year: 1 January – 31 December
	Municipality of reg. office: Herning, Denmark
Supervisory Board	Chuk Kwan Wan, chairman Wai Yee Lam Miranda Kong
Executive Board	Miranda Kong
Auditors	PriceWaterhouseCoopers Statsautoriseret Revisionspartnerselskab Platanvej 4 7400 Herning
Consolidated Financial Statements	The Company and subsidiaries are included in the Consolidated Financial Statements of the ultimate parent Labelon Group Ltd, Braintree, Essex, United Kingdom.

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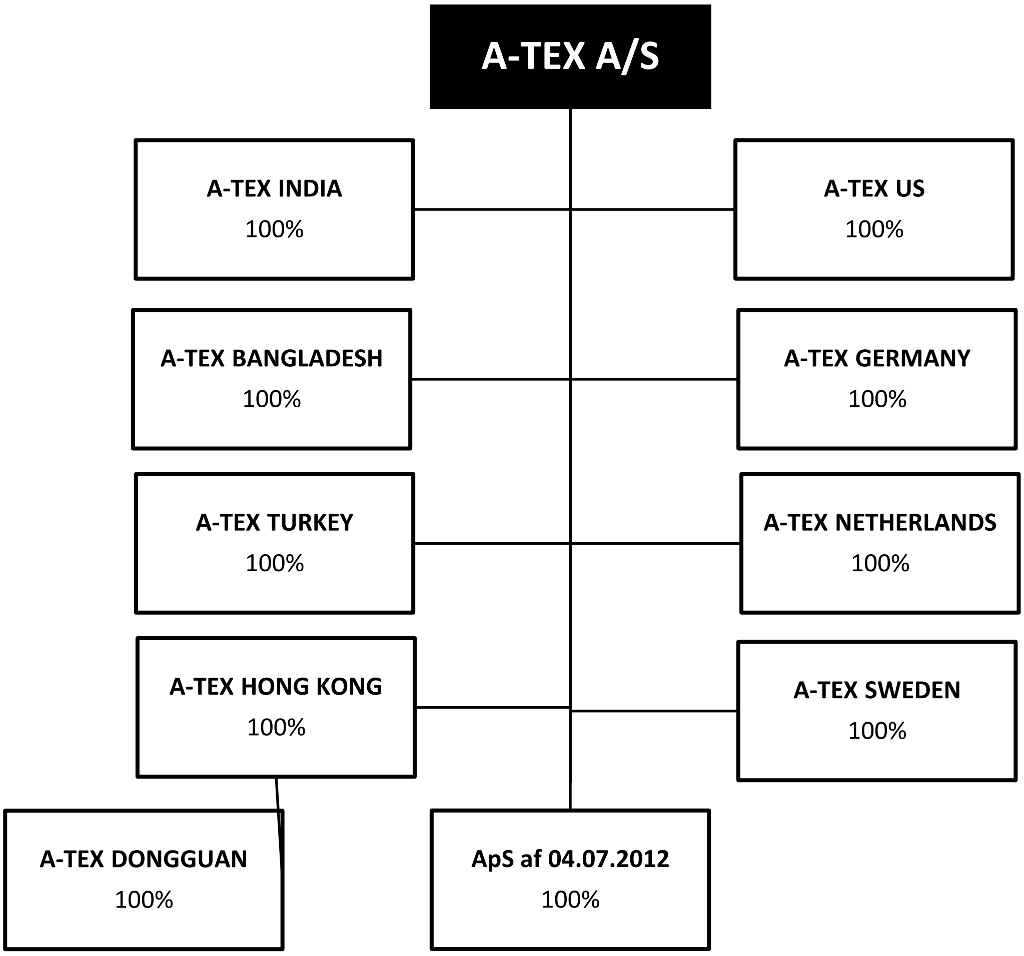
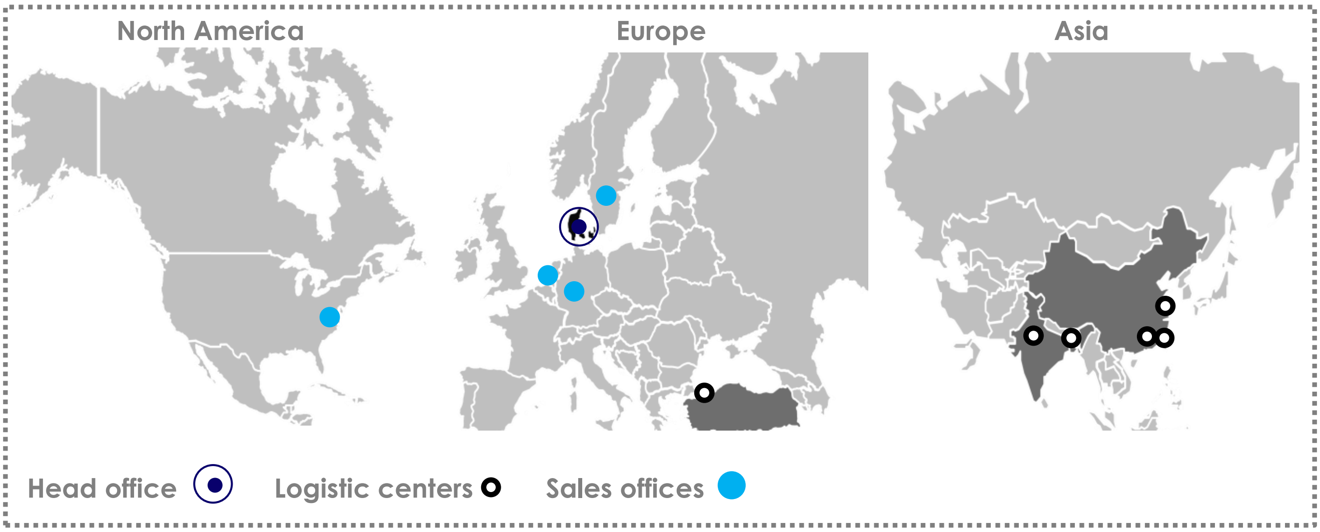
Group Chart and Geographical Overview



GLOBAL COVERAGE



Local sales office representation has been established in several European countries and the US which enhances market awareness with key brand owners.

Logistics centres established in the main garment manufacturing regions which provide local access to supplier network, warehousing and local processing of goods for on-time shipment to the brand owners' designated garment manufacturers.

Key Figures

	2017 mDKK	2016 mDKK	2015 mDKK	2014 mDKK	2013 mDKK
INCOME STATEMENT					
Gross profit/loss	62,8	66,4	65,7	58,9	63,7
Profit/loss before financial income and expenses	17,9	13,7	11,8	11,2	13,7
Profit/loss before tax	53,3	50,2	32,7	34,5	17,3
Net profit/loss for the year	**47,7**	**43,6**	**26,8**	**28,6**	**13,6**
BALANCE SHEET					
Fixed assets	144,6	114,5	83,1	84,1	60,3
Current assets	120,1	125,1	105,4	48,0	60,8
Assets in total	**264,6**	**239,5**	**188,5**	**132,1**	**121,1**
Equity	**191,3**	**189,9**	**147,3**	**62,2**	**51,1**
Long-term debt	0,1	0,6	0,3	16,9	32,8
Short-term debt	67,6	46,4	38,0	51,0	36,5
FINANCIAL RATIOS	6	3	3	2	1
Profit margin	35,0%	22,5%	18,5%	17,5%	20,8%
Return on assets	6,8%	5,7%	6,3%	8,5%	11,3%
Solvency ratio	72,3%	79,3%	78,2%	47,1%	42,2%
Return on equity	25,0%	25,8%	25,6%	50,5%	22,3%

The financial ratios have been calculated in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts.

Definitions

Profit margin
$$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$$

Return on assets
$$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$$

Solvency ratio
$$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$$

Return on equity
$$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$$

Review

Main activity

The main activity has as previous years been trading in Brand identification accessories to the textile industry. A-TEX is one of the leading global suppliers of identity creating branding items – including labels, hang tags, badges, packaging solutions and store decorations for leading international fashion brands. We offer our customers innovative design and deliverance on time - as a result of effective and high quality logistic solutions. The products are sold in numerous countries, primarily to brand owners in Europe and US

Development in activities and financial conditions

The A-TEX Group, including A-TEX A/S, has in the current financial year been focused on continuous development of the activities, cost management and consolidation of the previous years' expansions and investments. The Group now has a global distribution network for servicing the European and American customers and A-TEX is therefore well prepared to respond to the customers' requirements in the future.

A-TEX Group is a part of TRIMCO Group which is a leading global player within the industry for garment accessories with more than 1,200 employees across 19 countries and well renown in-house design, production and logistic capabilities. TRIMCO is the overall shell for the three individual brands: A-TEX (based in DK), Clotex (based in Hong Kong) and Labelon (based in UK).

The Company's profit for the financial year 2017 is DKK 47,7 mill. against DKK 43,6 mill. in 2016 and in line with expectations. The result is considered to be satisfactory.

A continued, intense focus on the sourcing and logistics set-up, has brought increased competitive advantage and has created a solid platform for future growth in both activity and earnings. To strengthen and to keep the Group's market position, there will be a continued focus on design, product development and IT systems, that support the Group's product- and logistics solutions. In addition the high focus on supplier management will continue as the CSR strategy is deeply integrated in the general business strategy.

Specific risks

Financial risks

Because of the activities abroad, the Group's transactions are affected by the development in a number of currencies. The foreign exchange risk is hedged through attempted disposition of purchases and sales in the same currency. No speculative currency dispositions has been made.

The Group follows a fiscal policy that operates with as low risk as possible.

Research and development activities

The Group doesn't undertake research or development, but there are however ongoing adjustments of the Group's product portfolio so it meets market requirements.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Review

Expectations for the year ahead

The Company expects an increasing level of activity and positive earnings in 2018 compared to 2017.

Factors of uncertainty to realize the expectations are related to the development in foreign exchange rates and the consumer retail business in general.

Income Statement 1 January - 31 December

	Note	2017	2016
		kDKK	kDKK
Gross profit/loss		**62.754**	**66.379**
Staff expenses	1	-41.605	-48.536
Depreciation, amortisation and impairment of intangible and tangible assets	2	-3.271	-4.166
Profit/loss before financial income and expenses		**17.878**	**13.677**
Income from investments in subsidiaries	3	48.303	34.968
Financial income	4	288	2.256
Financial expenses	5	-13.210	-654
Profit/loss before tax		**53.259**	**50.247**
Tax on profit/loss for the year	6	-5.564	-6.675
Net profit/loss for the year	12	**47.695**	**43.572**

Balance Sheet 31 December

	Note	2017	2016
		kDKK	kDKK
Assets			
Development projects completed		2.055	3.373
Intangible assets	7	**2.055**	**3.373**
Land and buildings		31.182	31.444
Plant and machinery		61	48
Other fixtures and fittings, tools and equipment		1.273	1.740
Property, plant and equipment	8	**32.516**	**33.232**
Investments in subsidiaries	9	109.935	77.819
Deposits	10	62	61
Fixed asset investments		**109.997**	**77.880**
Fixed assets in total		**144.568**	**114.485**
Inventories		**3.247**	**3.897**
Trade receivables		5.266	5.552
Receivables from group enterprises		51.569	64.397
Other receivables		2.387	5.436
Prepayments	11	1.690	3.858
Receivables		**60.912**	**79.243**
Cash at bank and in hand		**55.901**	**41.912**
Current assets in total		**120.060**	**125.052**
Assets		**264.628**	**239.537**

Balance Sheet 31 December

	Note	2017	2016
		kDKK	kDKK
Liabilities and equity			
Share capital		1.100	1.100
Reserve for net revaluation under the equity method		106.275	74.048
Retained earnings		83.892	114.773
Equity		**191.267**	**189.921**
Provision for deferred tax	13	5.614	2.648
Provisions		**5.614**	**2.648**
Lease liability		100	590
Long-term debt	14	**100**	**590**
Lease liability	14	460	616
Trade payables		2.235	4.126
Payables to group enterprises		52.752	23.199
Corporation tax		1.416	5.062
Other payables		10.784	13.375
Short-term debt		**67.647**	**46.378**
Total debt		**67.747**	**46.968**
Liabilities and equity		**264.628**	**239.537**
Contingent assets, liabilities and other financial obligations	15		
Related parties and ownership	16		

Statement of Changes in Equity

Equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	kDKK			
Equity 1 January	1.100	74.048	114.773	189.921
Exchange adjustments relating to foreign entities	0	-14.732	-37	-14.769
Other equity movements	0	-847	847	0
Extraordinary dividend paid	0	0	-31.580	-31.580
Net profit/loss for the year	0	48.303	-608	47.695
Dividends received from subsidiaries	0	-497	497	0
	1.100	**106.275**	**83.892**	**191.267**

The share capital consists of 1,100 shares of a nominal value of DKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

Notes to the Annual Report

		2017	2016
		kDKK	kDKK
1	**Staff expenses**		
	Wages and salaries	37.431	43.748
	Pensions	2.808	3.109
	Other social security expenses	491	566
	Other staff expenses	875	1.113
		41.605	**48.536**
	Including remuneration to the Executive and Supervisory Boards:		
	Executive Board	0	0
	Supervisory Board	0	0
		0	**0**
	Average number of employees	79	86
2	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**		
	Software	1.782	2.268
	Buildings	261	264
	Plant and machinery	32	27
	Other fixtures and fittings, tools and equipment	1.164	1.600
	Loss/(profit) on sale of property, plant and equipment	32	7
		3.271	**4.166**
3	**Income from investments in subsidiaries**		
	Share of profit/loss of subsidiaries	48.303	34.968
		48.303	**34.968**
4	**Financial income**		
	Other financial income	288	31
	Exchange adjustments	0	2.225
		288	**2.256**
5	**Financial expenses**		
	Other financial income	452	654
	Exchange adjustments	12.758	0
		13.210	**654**
6	**Tax on profit/loss for the year**		
	Current tax for the year	1.051	3.538
	Deferred tax for the year	2.966	-133
	Foreign tax	1.547	3.171
	Adjustment of tax concerning previous years	0	99
		5.564	**6.675**

Notes to the Annual Report

7 Intangible assets

	Development projects completed
	kDKK
Cost at 1 January	14.276
Additions for the year	464
Disposals for the year	-261
Cost at 31 December	14.479
Impairment losses and depreciation at 1 January	10.903
Depreciation for the year	1.782
Reversal of depreciation of disposals for the year	-261
Impairment losses and depreciation at 31 December	12.424
Carrying amount at 31 December	**2.055**
Depreciated over	3-5 years

8 Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
	kDKK	kDKK	kDKK
Cost at 1 January	34.290	359	10.937
Additions for the year	0	45	729
Disposals for the year	0	0	-3.002
Cost at 31 December	34.290	404	8.664
Impairment losses and depreciation at 1 January	2.846	311	9.197
Depreciation for the year	262	32	1.163
Reversal of depreciation of disposals for the year	0	0	-2.969
Impairment losses and depreciation at 31 December	3.108	343	7.391
Carrying amount at 31 December	**31.182**	**61**	**1.273**
Depreciated over	50 years	3-5 years	3-5 years
Carrying amount of assets under finance leases included above	0	0	540

Notes to the Annual Report

9 Investments in subsidiaries	2017	2016
	kDKK	kDKK
Cost at 1 January	3.771	3.771
Exchange adjustment	-37	0
Additions for the year	-74	0
Cost at 31 December	3.660	3.771
Value adjustments at 1 January	74.048	41.152
Exchange adjustment	-14.732	-991
Net profit/loss for the year	48.303	34.968
Dividend to the Parent Company	-497	-1.081
Other equity movements, net	-847	0
Value adjustments at 31 December	106.275	74.048
Carrying amount at 31 December	**109.935**	**77.819**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
A-TEX Asia Ltd.	Hong Kong	100%
A-TEX Trading (Dongguan) Co Ltd. *	China, Dongguan	100%
A-TEX Tekstil Tic Ltd.	Istanbul, Turkey	100%
A-TEX International Ltd.	Dhaka, Bangladesh	100%
A-TEX (India) Private Ltd.	Delhi, India	100%
A-TEX US Inc.	New York, USA	100%
A-TEX Germany GmbH	Bochum, Germany	100%
A-TEX Netherlands b.V	Amsterdam, Holland	100%
A-TEX Branding Ltd.	Leceister, UK	100%
A-TEX Sweden AB	Borås, Sweden	100%
ApS af 04.07.2012	Herning, Denmark	100%

* 100% owned by A-TEX Asia.

10 Other fixed asset investments	Deposits
Cost at 1 January	61
Additions for the year	1
Cost at 31 December	62
Carrying amount at 31 December	**62**

11 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance and subscriptions.

Notes to the Annual Report

		2017	2016
		kDKK	kDKK
12	**Distribution of profit**		
	Paid extraordinary dividend for the year	31.580	0
	Proposed dividend for the year	0	0
	Reserve for net revaluation under the equity method	48.303	34.968
	Retained earnings	-32.188	8.604
		47.695	**43.572**
13	**Deferred tax**		
	Provision for deferred tax at 1 January	2.648	2.781
	Deferred tax change in profit and loss statement	2.966	-133
	Provision for deferred tax at 31 December	**5.614**	**2.648**

14 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.
The debt falls due for payment as specified below:

Lease liability

	2017	2016
Between 1 and 5 years	100	590
Long-term debt	100	590
Within 1 year	460	616
	560	**1.206**

15 Contingent assets, liabilities and other financial obligations

Lease commitments

Total future commitment from operational lease contracts:

	2017	2016
Within 1 year	687	834
Between 1 and 5 years	281	327
	968	**1.161**
Hereoff commitment regarding lease of buildings	62	111

Security

Bank deposits of total kDKK 55,877 with Svenska Handelsbanken AB have been placed as security for the Group's total debt with CTBC Bank co. LTD.

Contingent liabilities

The subsidiary A-TEX Branding Ltd. (Company No. 7151386) is exempt from audit of accounts for 2017 under the requirements of the UK Companies Act 2006 section 479A. A-TEX A/S guarantees all outstanding liabilities that A-TEX Branding Ltd. is subject to at 31 December 2017.

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income.

Notes to the Annual Report

16 Related parties and ownership

Controlling interest

A-TEX Holding A/S, Denmark, owns 100% of shares in A-TEX A/S.
P-AT 2012 A/S, Denmark, owns 60,7% of shares in A-TEX Holding A/S.
Labelon Group Limited, United Kingdom, owns 39,3% of shares in A-TEX Holding and 100 % of share in P-AT 2012 A/S
TRIMCO International Holdings Limited, British Virgin Islands, owns 100% of shares in Labelon Group Limited.
Brandco 3 Limited, Hong Kong, owns 100% of shares in TRIMCO International Holdings Limited.
Next Harvest Limited, Cayman Islands, owns 100% of shares in Brandco 3 Limited.
First Harvest Limited, Cayman Islands, owns 100% of shares in Next Harvest Limited.
Fermo Limited, Cayman Islands, owns 100% of shares in Next Harvest Limited.
CNC Investment Limited, Cayman Islands, owns 100% of shares in Fermo Limited.
CNC Corporation Limited, Cayman Islands, owns 100% of shares in CNC Investment Limited.
CNC Consolidated Limited, Cayman Islands, owns 100% of shares in CNC Corporation Limited.
Continuity CNC Capital Limited, Cayman Islands, owns 87,7% of shares in CNC Consolidated Limited.
Continuity Capital Pte Ltd, Singapore, owns 81,8% of shares in Continuity CNC Capital Limited.
Concordant Investments Pte Ltd, Singapore, owns 100% of shares in Continuity Capital Pte Ltd.

Concordant Investments Pte Ltd, Singapore is the ultimative owner.

The group has been aquired by Affinity Asia Pacific Fund IV after the balance sheet date.

Transactions

Apart from intercompany transactions eliminated in the Group Financial Statements and normal management remuneration, there have been no other transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties.

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or atleast 5% of the share capital:

A-TEX Holding A/S
Rosenholmvej 1-5
7400 Herning

Consolidation

A-TEX A/S and subsidiaries are included in the consolidated statements of Labelon Group Ltd.
- Office address: Unit 10, Chilford Court, Rayne Road, Braintree, Essex, CM7 2QS, United Kingdom
- Registered office address: 1 Park Row, Leeds, LS1 5AB, United Kingdom
- United Kingdom company registration number: 05218660

Accounting Policies

Basis of Preparation

The Financial Statements of A-TEX A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium enterprises of reporting class C.

With reference to section 112 in the Danish Financial Statements Act the consolidated Financial Statements have not been disclosed. The Financial Statements of A-TEX A/S and subsidiaries are included in the Consolidated Financial Statements of Labelon Group Ltd., United Kingdom.

With reference to section 86 in the Danish Financial Statements Act the Cash Flow Statement have not been disclosed. The Cash Flow Statements of A-TEX A/S and subsidiaries are included in the Consolidated Financial Statements of Labelon Group Ltd., United Kingdom, which also include a Consolidated Cash Flow Statement.

The accounting policies applied remain unchanged from previous years.

The Annual Report is presented in DKK 1,000s (kDKK).

Recognition and measurement

Revenues are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized cost are recognized.

Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognized in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognized directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognized in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Accounting Policies

Income statement

Gross profit/loss

With reference to section 32 in the Danish Financial Statements Act revenue, expenses for raw materials and consumables and other external expenses have been summarized into the item "Gross profit/loss" in the income statement.

Revenue

Revenue from the sale of goods for resale and finished goods is recognized in the income statement when delivery and transfer of risk has been made before year end. Revenue is recognized exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as administration expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortization, depreciation and impairment losses

Amortization, depreciation and impairment losses comprise amortization, depreciation and impairment of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses comprise interest, realized and unrealized exchange adjustments, amortization of mortgage loans as well as extra payments and repayment under the on account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognized in the income statement, whereas the tax attributable to equity transactions is recognized directly in equity.

The Company is jointly taxed with Danish related companies. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes. P-AT 2012 A/S is administrator in the joint taxation.

Accounting Policies

Balance Sheet

Intangible assets

On initial recognition, intangible assets are measured at cost.

Development costs comprise costs, salaries and amortisation directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable, and where the technical feasibility, sufficient resources and a potential future market or development opportunities in the Company are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement when incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 3 years and is not to exceed 5 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Administration buildings	50 years
Plant and machinery	3-7 years
Other fixtures and fittings, tools and equipment	1-7 years
Leasehold improvements	2-7 years

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortization and depreciation

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Accounting Policies

Investments in subsidiaries

Investments in subsidiaries and associates are recognized and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealized intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in subsidiaries and associates.

Subsidiaries and associates with a negative net asset value are recognized at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognized in provisions.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realizable value.

The net realizable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realizable value is determined allowing for marketability, obsolescence and development in expected sales sum.

The cost of goods for resale, raw materials and consumables equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortized cost and net realizable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity - dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the

basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realized, either by elimination in tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallize as current tax. Any changes in deferred tax due to changes to tax rates are recognized in the income statement.

Accounting Policies

Current tax receivables and liabilities

Current tax liabilities and receivables are recognized in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on account taxation scheme are recognized in the income statement in financial income and expenses.

Financial debts

Fixed-interest loans, such as mortgage loans and loans from credit institutions, are recognized initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortized cost; the difference between the proceeds and the nominal value is recognized as an interest expense in the income statement over the loan period. Mortgage loans are measured at amortized cost, which for cash loans corresponds to the remaining loan.

Amortized cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortized cost, substantially corresponding to nominal value.