A-TEX A/S

ANNUAL REPORT

1 JANUARY – 31 DECEMBER **2015**

CVR 18 43 55 43

The Annual Report was presented
and adopted at
the Annual General Meeting of the
Company on 26 May 2016

Chairman

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 2015.

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 2015 and of the results of the Company's operations for 2015.

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, 26 May 2016

Executive Board

Miranda Kong

Supervisory Board

Christoph Rubeli chairman	Florian Marquis	Miranda Kong

Independent Auditor's Report

To the shareholders of A-TEX A/S

Independent auditors' report on the financial statements

We have audited the financial statements of A-TEX A/S for the financial year 1 January – 31 December 2015, which comprise income statement, balance sheet and notes including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility 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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2015 and of the results it's operations for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Statements Act.

Independent Auditor's Report

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Århus, 26 May 2016

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Claus Hammer-Pedersen
State Authorised Public Accountant

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

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.

Supervisory Board

Christoph Rubeli, chairman
Florian Marquis
Miranda Kong

Executive Board

Miranda Kong

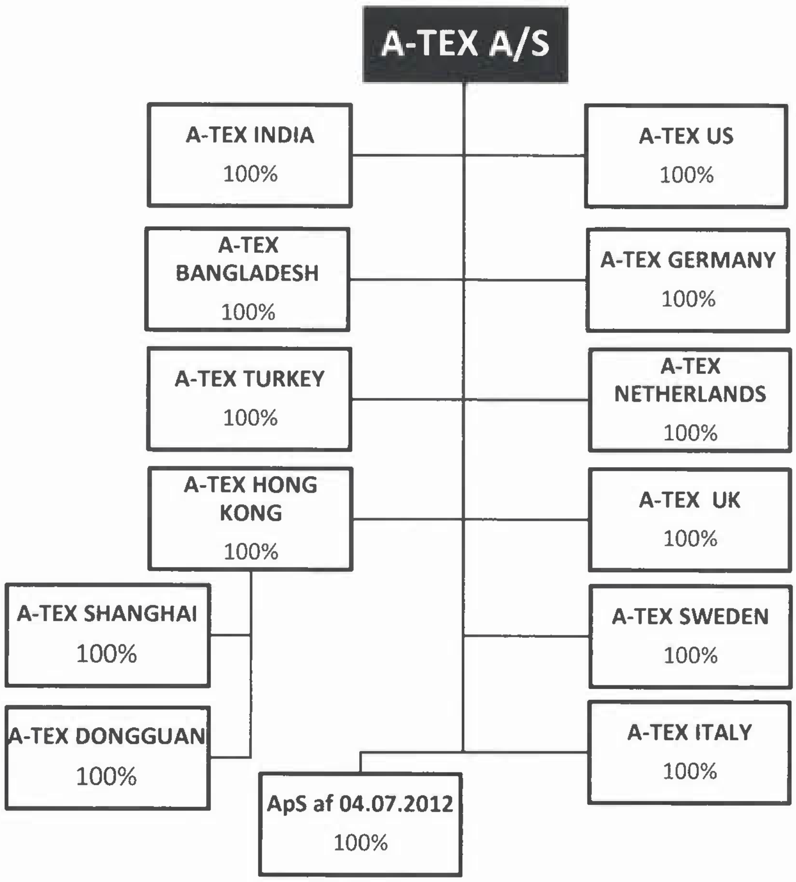
Auditors

Ernst & Young
Godkendt Revisionspartnerselskab
Værkmestergade 25
8000 Århus C

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.

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

	2015 mDKK	2014 mDKK	2013 mDKK	2012 mDKK	2011 mDKK
INCOME STATEMENT					
Gross profit/loss	65,7	58,9	63,7	59,2	52,6
Profit/loss before financial income and expenses	11,8	11,2	13,7	4,9	-4,4
Profit/loss before tax	32,7	34,5	17,3	16,1	0,6
Net profit/loss for the year	**26,8**	**28,6**	**13,6**	**15,8**	**-0,2**
BALANCE SHEET					
Fixed assets	83,1	84,1	60,3	44,0	53,9
Current assets	105,4	48,0	60,8	79,3	71,0
Assets in total	**188,5**	**132,1**	**121,1**	**123,3**	**124,9**
Equity	**147,3**	**62,2**	**51,1**	**59,4**	**34,6**
Long-term debt	0,3	16,9	32,8	19,0	34,5
Short-term debt	106,1	142,0	140,3	139,9	144,6
FINANCIAL RATIOS					
Profit margin	18,5%	17,5%	20,8%	7,1%	-6,2%
Return on assets	6,3%	8,5%	11,3%	3,9%	-3,5%
Solvency ratio	78,2%	47,1%	42,2%	48,2%	27,7%
Return on equity	25,6%	50,5%	24,6%	33,7%	-0,5%

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

Development in activities and financial conditions

The A-TEX Group, hereunder A-TEX A/S, has in the current financial year been focused on continuous development of the activities 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.

In 2015 A-TEX Group became a part of Trimco Group as the former majority shareholder sold the shares after 3 years' ownership. After the acquisition of A-TEX, Trimco Group is now 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 2015 was DKK 26,8 mill. against DKK 28,6 mill. in 2014 and in line with expectations. 2015 was – as past years – a challenging year for the textile industry as the retail business on most markets was characterized by a general slowdown. In this light the result is seen as 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 does not 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 have occurred after the reporting period at 31 December 2015 that could affect the Group's financial position significantly.

Expectations for the year ahead

The Company expects an increasing level of activity and positive earnings in 2016 compared with 2015.

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	2015	2014
		kDKK	kDKK
Gross profit/loss		**65.747**	**58.908**
Staff expenses	1	-50.555	-44.189
Depreciation, amortisation and impairment of intangible and tangible assets	2	-3.404	-3.507
Profit/loss before financial income and expenses		**11.788**	**11.212**
Income from investments in subsidiaries	3	23.281	22.874
Financial income	4	28	3.189
Financial expenses	5	-2.363	-2.795
Profit/loss before tax		**32.734**	**34.480**
Tax on profit/loss for the year	6	-5.950	-5.900
Net profit/loss for the year		**26.784**	**28.580**

Distribution of profit

Proposed dividend for the year	0	12.000
Reserve for net revaluation under the equity method	23.281	22.874
Retained earnings	3.503	-6.294
	26.784	**28.580**

Balance Sheet 31 December

	Note	2015	2014
		kDKK	kDKK
Assets			
Development projects completed		5.042	5.140
Development projects in progress		0	1.162
Intangible assets	7	**5.042**	**6.302**
Land and buildings		32.072	32.327
Plant and machinery		62	124
Other fixtures and fittings, tools and equipment		947	1.078
Property, plant and equipment	8	**33.081**	**33.529**
Investments in subsidiaries	9	44.923	44.269
Deposits	10	59	0
Fixed asset investments		**44.982**	**44.269**
Fixed assets in total		**83.105**	**84.100**
Inventories		**4.957**	**6.306**
Trade receivables		8.185	9.439
Receivables from group enterprises		56.230	26.694
Other receivables		5.791	4.374
Prepayments		1.109	908
Receivables		**71.315**	**41.415**
Cash at bank and in hand		**29.082**	**252**
Current assets in total		**105.354**	**47.973**
Assets		**188.459**	**132.073**

Balance Sheet 31 December

Liabilities and equity

	Note	2015 kDKK	2014 kDKK
Share capital		1.100	1.100
Reserve for net revaluation under the equity method		41.152	40.498
Retained earnings		105.085	8.612
Proposed dividend for the year		0	12.000
Equity	11	**147.337**	**62.210**
Provision for deferred tax		2.344	1.941
Provisions		**2.344**	**1.941**
Mortgage loans		0	16.586
Lease liability		349	313
Long-term debt	12	**349**	**16.899**
Mortgage loans	12	0	1.203
Credit institutions	12	0	11.967
Lease liability	12	315	158
Trade payables		3.365	3.818
Payables to group enterprises		18.983	20.798
Corporation tax		2.960	2.146
Other payables		12.806	10.933
Short-term debt		**38.429**	**51.023**
Total debt		**38.778**	**67.922**
Liabilities and equity		**188.459**	**132.073**
Contingent assets, liabilities and other financial obligations	13		
Related parties and ownership	14		

Notes to the Annual Report

	2015	2014
	kDKK	kDKK
1 Staff expenses		
Wages and salaries	44.987	39.219
Pensions	3.471	3.079
Other social security expenses	602	647
Other staff expenses	1.495	1.244
	50.555	**44.189**
Including remuneration to the Executive and Supervisory Boards:		
Executive Board	5.473	3.781
Supervisory Board	354	250
	5.827	**4.031**
Average number of employees	90	90

2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Software	2.031	1.565
Buildings	272	272
Plant and machinery	62	69
Other fixtures and fittings, tools and equipment	1.039	1.601
	3.404	**3.507**

3 Income from investments in subsidiaries

Share of profit/loss of subsidiaries	23.281	22.874
	23.281	**22.874**

4 Financial income

Other financial income	28	82
Exchange adjustments	0	3.107
	28	**3.189**

5 Financial expenses

Other financial income	1.299	2.795
Exchange adjustments	1.064	0
	2.363	**2.795**

6 Tax on profit/loss for the year

Current tax for the year	1.774	1.550
Deferred tax for the year	402	1.195
Foreign tax	3.774	3.122
Adjustment of tax concerning previous years	0	33
	5.950	**5.900**

Notes to the Annual Report

7 Intangible assets	Development projects completed	Development projects in progress
	kDKK	kDKK
Cost at 1 January	12.465	1.162
Transfer/ correction	-439	0
Additions for the year	149	624
	1.786	-1.786
Cost at 31 December	13.961	0
Impairment losses and depreciation at 1 January	7.325	0
Transfer/ correction	-439	0
Depreciation for the year	2.033	0
Impairment losses and depreciation at 31 December	8.919	0
Carrying amount at 31 December	**5.042**	**0**
Depreciated over	3-5 years	0

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	34.806	346	7.511
Additions for the year	17	0	908
Cost at 31 December	34.823	346	8.419
Impairment losses and depreciation at 1 January	2.479	222	6.433
Depreciation for the year	272	62	1.039
Reversal of depreciation of disposals for the year	0	0	0
Impairment losses and depreciation at 31 December	2.751	284	7.472
Carrying amount at 31 December	**32.072**	**62**	**947**
Depreciated over	50 years	3-5 years	3-5 years
Carrying amount of assets under finance leases included above	0	0	690

Notes to the Annual Report

9 Investments in subsidiaries

	2015	2014
	kDKK	kDKK
Cost at 1 January	3.771	2.668
Additions for the year	0	1.103
Cost at 31 December	3.771	3.771
Value adjustments at 1 January	40.498	17.901
Exchange adjustment	2.652	3.897
Net profit/loss for the year	23.281	22.874
Dividend to the Parent Company	-25.279	-4.174
Value adjustments at 31 December	41.152	40.498
Carrying amount at 31 December	**44.923**	**44.269**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
A-TEX Asia Ltd.	Hong Kong	100%
A-TEX Trading (Shanghai) Co Ltd. *	China, Shanghai	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 Italy S.r.l.	Padova, Italy	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	0
Additions for the year	59
Cost at 31 December	59
Value adjustments at 1 January	0
Value adjustment for the year	0
Value adjustments at 31 December	0
Carrying amount at 31 December	**59**

Notes to the Annual Report

11 Equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	kDKK	kDKK	kDKK	kDKK	kDKK
Equity 1 January	1.100	40.498	8.612	12.000	62.210
Exchange adjustments relating to foreign entities	0	2.652	0	0	2.652
Cash capital addition	0	0	67.894	0	67.894
Ordinary dividend paid	0	0	0	-12.000	-12.000
Fair value adjustment of hedging instruments,net	0	0	-203	0	-203
Net profit/loss for the year	0	23.281	3.503	0	26.784
Dividends received from subsidiaries	0	-25.279	25.279	0	0
Equity 31 December	**1.100**	**41.152**	**105.085**	**0**	**147.337**

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.

12 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:

	2015	2014
	kDKK	kDKK
Mortgage loans		
After 5 years	0	10.527
Between 1 and 5 years	0	6.059
Long-term debt	0	16.586
Within 1 year	0	1.203
	0	**17.789**
Credit institutions		
After 5 years	0	0
Between 1 and 5 years	0	0
Long-term debt	0	0
Within 1 year	0	15.000
Other short-term debt to credit institutions	0	-3.033
Short-term debt	0	11.967
	0	**11.967**
Lease liability		
After 5 years	0	0
Between 1 and 5 years	349	313
Long-term debt	349	313
Within 1 year	315	158
	664	**471**

Notes to the Annual Report

13 Contingent assets, liabilities and other financial obligations

Lease commitments

Total future commitment from operational lease contracts:

	2015 kDKK	2014 kDKK
Within 1 year	1.220	1.149
Between 1 and 5 years	897	1.250
After 5 years	0	0
	2.117	**2.399**
Hereoff commitment regarding lease of buildings	240	0

Security

Bank deposits of total kDKK 29,082 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 2015 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 2015.

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

14 Related parties and ownership

Controlling interest

A-TEX Holding A/S, Rosenholmsvej 1-5, 7400 Herning, majory share holder.
Labelon Group Ltd., United Kingdom, ultimate owner.

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 2015 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 112,1 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 used in the preparation of the financial statements are changed from reporting class C (large) to C (medium) under the Danish Financial Statements Act. The change has no effect on the reported numbers.

The accounting policies applied remain unchanged from previous years.

The Annual Report for 2015 is presented in DKK 1,000s (kDKK).

Recognition and measurement

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

Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, 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 recognised 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 recognised 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 recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised 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 recognised 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 recognised in the income statement when delivery and transfer of risk has been made before year end. Revenue is recognised 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.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments, amortisation of mortgage loans as well as extra payments and repayment under the onaccount 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.

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.

Accounting Policies

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 amortisation 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.

Investments in subsidiaries

Investments in subsidiaries and associates are recognised 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 unrealised 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).

Accounting Policies

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 recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Inventories

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

The net realisable 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 realisable 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 amortised 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 realised, 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 crystallise as current tax. Any changes in deferred tax due to changes totax rates are recognised in the income statement.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised 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 onaccount taxation scheme are recognised in the income statement in financial income and expenses.

Accounting Policies

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 amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period. Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan.

Amortised 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 amortised cost, substantially corresponding to nominal value.