A-TEX A/S

ROSENHOLMVEJ 1-5, HERNING

ANNUAL REPORT

1 JANUARY – 31 DECEMBER 2020

CVR 18 43 55 43

The Annual Report was presented
and adopted at
the Annual General Meeting of the
Company on 31. May 2021

Leif Lynggaard

Chairman of the general meeting

A-TEX

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of A-TEX A/S for the financial year 1 January - 31 December 2020.

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 2020 of the Company and of the results of the Company operations for 2020.

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

Herning, 31. May 2021

Executive Board

Miranda Shui Yau Kong

Board of Directors

Chuk Kwan Wan chairman	King Lun Paulina Au	Miranda Shui Yau 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 2020, and of the results of the Company's operations for the financial year 1 January - 31 December 2020 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 2020, 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, 31. May 2021

PRICEWATERHOUSECOOPERS
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Kim Vorret
State Authorised Public Accountant
mne33256

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

Board of Directors

Chuk Kwan Wan, chairman
King Lun Paulina Au
Miranda Shui Yau Kong

Executive Board

Miranda Shui Yau Kong

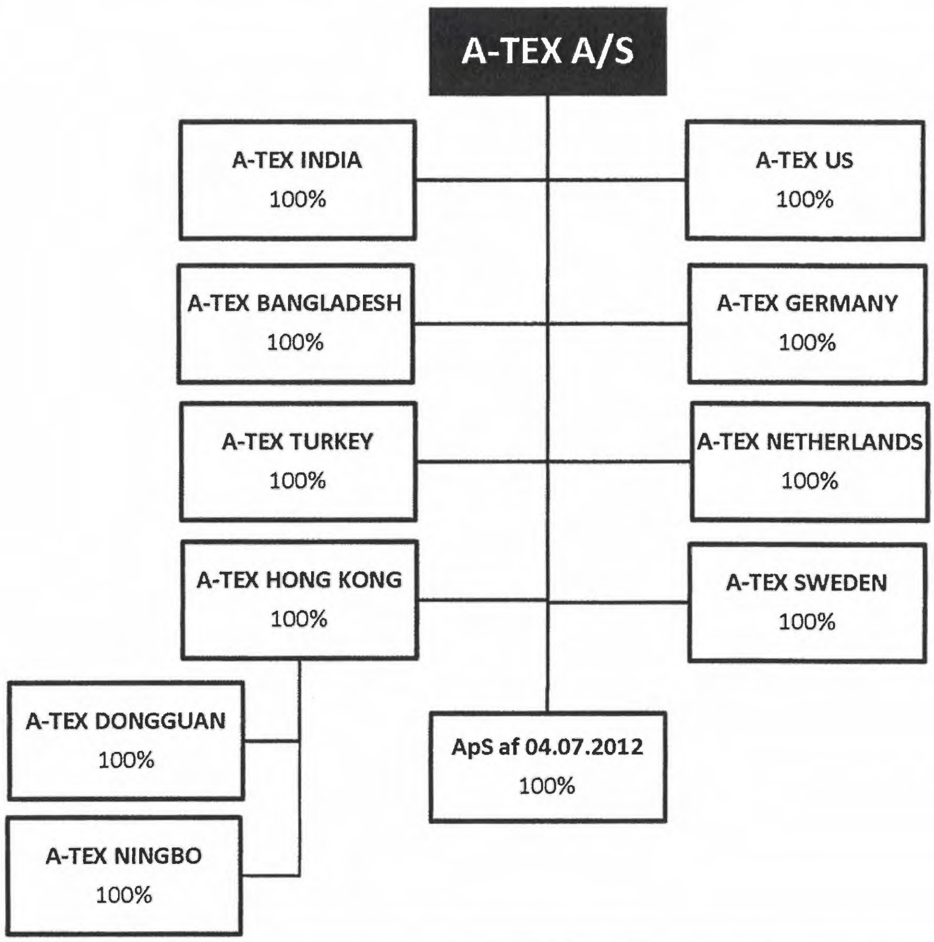
Auditors

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.

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 pride local access to supplier network, warehousing and local processing of goods for on-time shipment to the brand owners' designated garment manufacturers.

Financial Highlights

	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK
INCOME STATEMENT					
Gross profit/loss	60.190	57.631	61.369	61.879	65.266
Profit/loss before financial income and expenses	12.456	8.459	13.863	17.878	13.677
Profit/loss before tax	46.289	57.415	62.393	53.259	50.247
Net profit/loss for the year	**40.343**	**49.369**	**52.748**	**47.695**	**43.572**
BALANCE SHEET					
Fixed assets	227.819	211.505	175.711	144.568	114.485
Current assets	143.275	133.509	113.579	120.060	125.090
Assets in total	**371.094**	**345.014**	**289.290**	**264.628**	**239.537**
Equity	**312.918**	**293.066**	**242.980**	**191.267**	**189.921**
Long-term debt	77	1.645	133	100	590
Short-term debt	47.226	41.117	38.181	67.647	46.416
FINANCIAL RATIOS					
Return on assets	3,4%	2,5%	4,8%	6,8%	5,7%
Solvency ratio	84,3%	84,9%	84,0%	72,3%	79,3%
Return on equity	13,3%	18,4%	24,3%	25,0%	25,8%

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

Definitions

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

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

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

Management's Review

Financial Statements of A-TEX A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Annual Report has been prepared under the same accounting policies as last year.

Key activities

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

A-TEX Group is a part of TRIMCO Group which is a leading global supplier of brand identity products for international fashion and sports brands. We provide innovative product designs and production techniques, manage and advise on care label regulations for international markets and operate world class logistics centers, all while complying to high ethical standards. We strive to deliver a trouble-free supply chain for all our brand owners to meet market demands for quality, timelines and sustainability. Trimco Group is the combined force of CLOTEX, LABELON and A-TEX with more than 1,800 employees in 23 countries, serving more than 800 brand owners and 7,500 manufacturers around the world.

The A-TEX Group, including A-TEX A/S, has in the current financial year been focused on navigating through the global pandemic COVID-19. Before the COVID-19 outbreak, A-TEX expected a modest revenue growth and unchanged net profit for the year as compared to 2019. This was based on A-TEX's assumption of flattening global economic growth. However, the COVID-19 outbreak affected the global market and especially the important European market, which had a negative impact on both revenue and net profit for 2020. The Company's profit for the financial year 2020 is DKK 40,4 mill. against DKK 49,4 mill. in 2019. Given the circumstances of a year with COVID-19 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.

Special risks – operating risks and financial risks

Foreign exchange 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

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.

Management's Review

External environment

We care about the environment and that is why we take our social responsibility seriously. It is a vital part of our DNA. Therefore, we offer a varied range of sustainable raw materials for all purposes.

Subsequent events

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

Expectations for the year ahead

The Company expects an increasing level of activity and positive earnings in 2021 compared to 2020.

Factors of uncertainty to realize the expectations are related to the development in foreign exchange rates and the development in the COVID-19 pandemic hence how the pandemic will continue to effect the consumer retail business in the coming year.

Income Statement 1 January - 31 December

	Note	2020	2019
		TDKK	TDKK
Gross profit/loss	1	**60.190**	**57.631**
Staff expenses	2	-46.084	-46.825
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-1.650	-2.347
Profit/loss before financial income and expenses		**12.456**	**8.459**
Income from investments in subsidiaries		45.236	48.298
Financial income	4	57	1.248
Financial expenses	5	-11.460	-590
Profit/loss before tax		**46.289**	**57.415**
Tax on profit/loss for the year	6	-5.946	-8.046
Net profit/loss for the year		**40.343**	**49.369**

Balance Sheet 31 December

	Note	2020	2019
		TDKK	TDKK
Assets			
Development projects completed		277	359
Intangible assets	7	**277**	**359**
Land and buildings		30.398	30.660
Plant and machinery		260	218
Other fixtures and fittings, tools and equipment		1.202	1.478
Property, plant and equipment	8	**31.860**	**32.356**
Investments in subsidiaries	9	195.614	178.724
Deposits	10	68	66
Fixed asset investments		**195.682**	**178.790**
Fixed assets in total		**227.819**	**211.505**
Inventories	11	**5.691**	**9.874**
Trade receivables		6.694	6.647
Receivables from group enterprises		90.555	69.360
Other receivables		673	2.069
Prepayments	12	1.326	1.212
Receivables		**99.248**	**79.288**
Cash at bank and in hand		**38.336**	**44.347**
Current assets in total		**143.275**	**133.509**
Assets		**371.094**	**345.014**

Balance Sheet 31 December

	Note	2020	2019
		TDKK	TDKK
Liabilities and equity			
Share capital		1.100	1.100
Reserve for net revaluation under the equity method		191.952	175.064
Retained earnings		119.866	116.902
Proposed dividend for the year		0	0
Equity		**312.918**	**293.066**
Provision for deferred tax	14	10.873	9.186
Provisions		**10.873**	**9.186**
Lease obligations		77	105
Holiday pay obligation		0	1.540
Long-term debt	15	**77**	**1.645**
Lease obligations	15	28	28
Prepayments received from customers		1.430	347
Trade payables		3.332	5.175
Payables to group enterprises		23.090	21.206
Corporation tax		890	2.528
Other payables		18.456	11.833
Short-term debt		**47.226**	**41.117**
Total debt		**47.303**	**42.762**
Liabilities and equity		**371.094**	**345.014**

	Note
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Notes to the Annual Report

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity 1 January	1.100	175.064	116.902	293.066
Exchange adjustments relating to foreign entities	0	-20.491	0	-20.491
Net profit/loss for the year	0	37.379	2.964	40.343
Equity at 31 December	**1.100**	**191.952**	**119.866**	**312.918**

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 Financial Statements

1 Other operating income

During the COVID-19 pandemic in 2020 A-TEX A/S has applied for Government subsidy and has received wage subsidy of TDKK 2.768.

	2020	2019
	TDKK	TDKK
2 Staff expenses		
Wages and salaries	42.311	43.125
Pensions	3.230	3.186
Other social security expenses	543	514
	46.084	**46.825**
Average number of employees	**81**	**84**

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

	2020	2019
Software	324	843
Buildings	261	261
Plant and machinery	60	32
Other fixtures and fittings, tools and equipment	1.005	1.231
Loss/(profit) on sale of property, plant and equipment	0	-20
	1.650	**2.347**

4 Financial income

	2020	2019
Other financial income	57	152
Exchange adjustments	0	1.096
	57	**1.248**

5 Financial expenses

	2020	2019
Interest paid to group enterprises	260	0
Other financial expenses	422	590
Exchange adjustments	10.119	0
	11.460	**590**

6 Tax on profit/loss for the year

	2020	2019
Current tax for the year	93	1.888
Deferred tax for the year	1.687	1.190
Foreign tax	4.169	4.968
Adjustment of tax concerning previous years	-3	0
	5.946	**8.046**

Notes to the Financial Statements

7 Intangible assets	Development projects completed
	TDKK
Cost at 1 January	14.598
Additions for the year	242
Cost at 31 December	14.840
Impairment losses and amortisation at 1 January	14.239
Amortisation for the year	324
Impairment losses and amortisation at 31 December	14.563
Carrying amount at 31 December	**277**
Amortised over	3-5 years

8 Property, plant and equipment	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
	TDKK	TDKK	TDKK
Cost at 1 January	34.290	620	10.071
Additions for the year	0	102	728
Disposals for the year	0	0	-513
Cost at 31 December	34.290	722	10.286
Impairment losses and depreciation at 1 January	3.630	402	8.593
Depreciation for the year	262	60	1.004
Reversal of depreciation of disposals for the year	0	0	-513
Impairment losses and depreciation at 31 December	3.892	462	9.084
Carrying amount at 31 December	**30.398**	**260**	**1.202**
Depreciated over	50 years	3-5 years	3-5 years
Carrying amount of assets under finance leases included above	0	0	0

Notes to the Financial Statements

9 Investments in subsidiaries

	2020	2019
	TDKK	TDKK
Cost at 1 January	3.660	3.660
Exchange adjustment	0	0
Disposals for the year	0	0
Cost at 31 December	3.660	3.660
Value adjustments at 1 January	175.064	138.579
Exchange adjustment	-20.491	717
Net profit/loss for the year	45.236	48.298
Dividend to the Parent Company	-7.855	-12.530
Value adjustments at 31 December	191.954	175.064
Carrying amount at 31 December	**195.614**	**178.724**

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 Ningbo (Yu Yao) Co Ltd. *	China, Yu Yao	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 Sweden AB	Borås, Sweden	100%
ApS af 04.07.2012	Herning, Denmark	100%

* 100% owned by A-TEX Asia.

All foreign subsidiaries are rocognised and measured as seperate entities.

10 Other fixed asset investments

	Deposits
	TDKK
Cost at 1 January	66
Additions for the year	2
Cost at 31 December	68
Carrying amount at 31 December	**68**

11 Inventories

	2020	2019
	TDKK	TDKK
Finished goods and goods for resale	4.421	7.137
Prepayments for goods	1.270	2.737
	5.691	**9.874**

Notes to the Financial Statements

12 Prepayments

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

	2020	2019
	TDKK	TDKK
13 Distribution of profit		
Reserve for net revaluation under the equity method	37.379	35.769
Retained earnings	2.964	13.600
	40.343	**49.369**
14 Provision for deferred tax		
Provision for deferred tax at 1 January	9.186	7.996
Deferred tax change in profit and loss statement	1.687	1.190
Provision for deferred tax at 31 December	**10.873**	**9.186**

15 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:

	2020	2019
Lease obligations		
Between 1 and 5 years	77	105
Long-term debt	77	105
Within 1 year	28	28
	105	**133**
Holiday pay obligation		
After 5 years	0	1.540
Long-term debt	0	1.540
Within 1 year	7.051	4.934
	7.051	**6.474**

16 Contingent assets, liabilities and other financial obligations

Lease commitments

Total future commitment from operational lease contracts:

	2020	2019
Within 1 year	929	973
Between 1 and 5 years	749	701
	1.678	**1.674**
Hereoff commitment regarding lease of buildings	70	66

Notes to the Financial Statements

16 Contingent assets, liabilities and other financial obligations (continued)

Security

Bank deposits of total kDKK 38,290 with Svenska Handelsbanken AB have been placed as security for the Group's total debt with CTBC Bank co. LTD.

Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of A-TEX Holding A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

17 Related parties

Controlling interest

A-TEX Holding A/S, Denmark, owns 100% of shares in A-TEX A/S.
Labelon Group Limited, United Kingdom, owns 100% of shares in A-TEX Holding 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.
CNC Investment Limited, Cayman Islands, owns 100% of shares in Branco 3 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. (ultimate owner)

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's lenght basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

There have been no transactions with the Supervisory Board, the Executive Board, senior Officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and notrmal management remuneration.

Ownership

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

CNC Investment Limited, incorporated in the Cayman Islands, is the largest group to consolidate these financial statements.

Notes to the Financial Statements

18 Accounting Policies

The Annual Report of A-TEX A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements are presented in DKK 1,000s (TDKK).

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Labelon Group Ltd., the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86 (4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Labelon Group Ltd., the Company has not prepared a cash flow statement.

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 amortized cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised 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 recognised 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.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (Finance leases) are recognized in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalized and recognized in the balance sheet under debt, and the interest element on the lease payments is changed over the lease term to the income statement.

All other leases are considered operating leases. Payments are made under operating leases are recognized in the income statements on a straight-line basis over the lease term.

Notes to the Financial Statements

18 Accounting Policies

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.

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and 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.

Gross profit/loss

With reference to section 32 in the Danish Financial Statements Act revenue, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external 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 amortization, depreciation and impairment of intangible assets and property, plant and equipment.

Notes to the Financial Statements

18 Accounting Policies

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 are recognized in the income statement at the amounts relating to the financial year.

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 recognised in the income statement, whereas the tax attributable to equity transactions is recognised 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.

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

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

Depreciation period and residual value are reassessed annually.

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.

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 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 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.

Other fixed asset investments

Other fixed asset investments consist of deposits.

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.

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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 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 on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised 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.