



Rynkeby Foods A/S

Vestergade 30
5750 Ringe
CVR No. 19982912

Annual report 2019

The Annual General Meeting adopted the
annual report on 29.05.2020

Peter Frank Andersen
Managing Director

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Entity details

Entity

Rynkeby Foods A/S

Vestergade 30

5750 Ringe

CVR No.: 19982912

Registered office: Faaborg-Midtfyn

Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Claus Thomas Hinderer, Chairman

Lene Bøjden Lindstrøm

Jose Marti Cos

Ulrich Bunk

Sidney Lins Coffeng, Deputy chairman

Kim Smedegaard Nielsen

Executive Board

Peter Frank Andersen, Managing Director

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P. O. Box 1600

0900 Copenhagen C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Rynkeby Foods A/S for the financial year 01.01.2019 - 31.12.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019.

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

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

Ringe, 29.05.2020

Executive Board

Peter Frank Andersen
Managing Director

Board of Directors

Claus Thomas Hinderer
Chairman

Lene Bøjden Lindstrøm

Jose Marti Cos

Ulrich Bunk

Sidney Lins Coffeng
Deputy chairman

Kim Smedegaard Nielsen

Independent auditor's report

To the shareholders of Rynkeby Foods A/S

Opinion

We have audited the financial statements of Rynkeby Foods A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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 judgement and maintain professional scepticism 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Odense, 29.05.2020

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Tim Kjær-Hansen

State Authorised Public Accountant

Identification No (MNE) mne23295

Lars Rynord

State Authorised Public Accountant

Identification No (MNE) mne28680

Management commentary

Financial highlights

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
Key figures					
Revenue	922,655	981,693	1,025,976	711,979	26,248
Gross profit/loss	225,816	164,905	182,632	109,483	2,033
Operating profit/loss	27,804	(383,472)	(1,471)	6,355	410
Net financials	(7,723)	(3,309)	(2,432)	-10,005	(20)
Profit/loss for the year	12,107	(381,081)	(9,030)	(6,460)	299
Total assets	962,882	1,005,639	1,342,820	1,478,258	5,875
Investments in property, plant and equipment	27,379	331,075	225,337	466,881	33
Equity	693,980	681,868	1,062,950	1,071,980	1,915
Cash flows from (used in) operating activities	60,470	8,106	61,531	83,638	569
Cash flows from (used in) investing activities	(17,631)	(134,288)	(114,255)	(863,404)	58
Cash flows from (used in) financing activities	(46,822)	143,052	21,146	813,525	(5,279)
Average number of employees	259	251	206	197	0
Ratios					
Gross margin (%)	24.47	16.80	17.80	15.38	7.75
Net margin (%)	1.31	(38.82)	(0.88)	(0.91)	1.14
Return on equity (%)	1.76	(43.68)	(0.85)	(1.20)	15.6
Equity ratio (%)	72.07	67.80	79.16	72.52	32.60
Revenue per employee	3,562	3,911	4,980	3,614	

The financial highlights include the financial statements of;

2015: Valsøllille Most ApS 01.01.2015 - 31.12.2015.

2016: Valsøllille Most ApS 01.01.2016 – 31.12.2016 and Rynkeby Foods A/S 18.05.2016 – 31.12.2016.

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

Gross margin (%):

$\frac{\text{Gross profit/loss}}{\text{Revenue}} * 100$

Revenue

Net margin (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Revenue}}$

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Revenue per employee:

$\frac{\text{Revenue}}{\text{Average number of employees}}$

Primary activities

The primary business activity of Rynkeby Foods A/S is to develop, produce and sell fruit-based drinks and cordials which are sold mainly in Denmark, Sweden, Finland, and Norway.

Development in activities and finances

Rynkeby Foods A/S (RFAS) realized a revenue of DKK 923m in the financial year 2019 and a profit after income taxes for the year of DKK 12m.

Overall, the Danish juice and cordials market decreased by 2.5 % in value in 2019 and decreased by 3.7 % in volume; after a growth of 5,7 % in value and a growth of 3,3 % in volume in 2018.

Rynkeby Foods A/S increased the branded market share on the total juice market from 31.7 % to 33.0 %. The growth primarily came from the ambient market where the (re)launch of the Rynkeby Rigtig series, in both organic and conventional varieties, performed very well.

After being acquired by Eckes-Granini in 2016, RFAS enlarged the range of products and significant amounts were invested in new production facilities, impacting the financial performance for the year 2018 with several extraordinary events and leading to an overall unsatisfactory financial performance for 2018.

In close cooperation between RFAS and the Eckes-Granini Group a plan was agreed late in 2018 and carefully followed through in 2019. The objective was to reduce costs by bringing waste down and efficiency up. The main part of the plan was increasing competences in the organization through training and courses, both when it comes to competences regarding new systems, technologies, way-of-working and procedures. Also new systems, processes and structures were implemented as part of the total plan.

The business plan had both larger and faster effects than anticipated and resulted in a satisfying improvement of the profitability of RFAS in 2019.

Senior Management is convinced that expected future cash flows based on the restructured business platform will be reached and be in line with previous expectations.

Investments

During 2019, DKK 18m were invested in new equipment, mainly follow-up investments from the big investments in the previous years in production facilities.

Unusual circumstances affecting recognition and measurement

Except for the circumstances referred to above, nothing has been regarded as unusual.

Outlook

Expectations for the Danish juice and cordials market are that ambient juice and cordials will be stable or slightly decline and that chilled juice will increase its growth rate.

Given the COVID-19 situation in Denmark, sales to especially hotels, restaurants and canteens have declined significant and even though restrictions are being repealed, lower sales are expected for the rest of 2020.

Although RFAS sells most of the volume through retailers, the restrictions and changed consumer behaviours because of the COVID-19 virus will have a negative effect on the profitability of RFAS in 2020.

The planned reduction of the production costs in the RFAS supply chain are still ongoing and thus further improvements are expected.

Early in 2019 RFAS (re)launched Rynkeby Rigtig Juice. This launch has been one of the most successful launches in the history of RFAS. We expect to continue the successful development of the last year's biggest initiatives Rynkeby Rigtig Juice and of God Morgen juice.

Given the uncertainties from the COVID-19 situation, we foresee an EBIT up till 20% lower than 2019.

Particular risks

Price risks

The company's primary purchase of raw material (orange and apple concentrate) is done through the Eckes-Granini central procurement function. The company seeks through the Eckes-Granini Group to hedge purchases and prices of raw material within a reasonable time frame.

Currency risks

The company makes its main purchase in EUR and is accordingly exposed to currency risks with respect to its current operation. Also, the company makes many of its sales transactions in EUR, with a similar currency risk

Environmental performance

The company is carrying on environmentally sound operations with focus on product quality and production environment.

Research and development activities

The company is continuing its development activities to constantly improve and build on its products and competitive strength. The ownership of Eckes-Granini offers several improvements and benefits also in relation to R&D activities.

Statutory report on corporate social responsibility

Rynkeby Foods A/S has created a CSR policy for the company's social responsibility and has joined the UN Global compact.

Rynkeby Foods A/S' CSR report may be found at:

<http://www.unglobalcompact.org> by searching for Rynkeby Foods.

Rynkeby Foods A/S has created a CSR policy for the company's social responsibility and has joined the UN Global Compact. The CSR report may be found at:

<https://www.rynkeby.dk/rynkeby/csr.aspx>

Statutory report on the underrepresented gender

Target for the Executive Board

The Executive Board consists of 4 owner-appointed members and 2 employee-nominated members. It is the company's goal to provide a gender composition among top management of 1 of the underrepresented gender (here female) in 2021. The current status is that none of the 4 owner-nominated members are at present female. There have not been any changes in the Executive Board in 2019.

Gender equality in other management levels of Rynkeby Foods A/S It is management's assessment that a balanced gender ratio leads to increased satisfaction, as genders handle professional and personal situations in different ways, together they will provide better solutions and results.

Rynkeby Food A/S works towards increasing the number of the underrepresented gender in all management levels in the organization. The target is an equal 50/50 distribution. By the end of 2019, the ration of the underrepresented gender is 41 % in all levels of management. Through our recruitment and promotion work we expect to be able to increase the underrepresented gender ratio, if candidates with the right qualifications can be found.

Events after the balance sheet date

No events have occurred after the balance sheet date, which would influence the evaluation of this annual report. The Covid-19 situation in Denmark has not had and is not expected to have a significant impact on RFAS financial position.

Income statement for 2019

	Notes	2019 DKK'000	2018 DKK '000
Revenue	2	922,655	981,693
Other operating income	3	41,704	14,418
Cost of sales		(550,680)	(637,088)
Other external expenses	4	(187,863)	(194,118)
Gross profit/loss		225,816	164,905
Staff costs	5	(141,883)	(148,369)
Depreciation, amortisation and impairment losses	6	(56,129)	(400,008)
Operating profit/loss		27,804	(383,472)
Other financial expenses	7	(7,723)	(3,309)
Profit/loss before tax		20,081	(386,781)
Tax on profit/loss for the year	8	(7,974)	5,700
Profit/loss for the year	9	12,107	(381,081)

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK'000	2018 DKK'000
Acquired intangible assets		83,553	86,666
Acquired trademarks		169,073	172,718
Goodwill		182,530	191,068
Intangible assets	10	435,156	450,452
Land and buildings		87,967	72,747
Plant and machinery		192,548	236,572
Other fixtures and fittings, tools and equipment		3,410	4,741
Property, plant and equipment in progress		11,251	4,313
Property, plant and equipment	11	295,176	318,373
Fixed assets		730,332	768,825
Raw materials and consumables		30,188	35,325
Work in progress		1,981	1,763
Manufactured goods and goods for resale		42,374	45,086
Inventories		74,543	82,174
Trade receivables		77,582	66,856
Receivables from group enterprises		58,104	61,365
Other receivables		2,350	893
Income tax receivable		1,055	854
Prepayments	12	2,205	3,978
Receivables		141,296	133,946
Cash		16,711	20,694
Current assets		232,550	236,814
Assets		962,882	1,005,639

Equity and liabilities

	Notes	2019 DKK'000	2018 DKK'000
Contributed capital	13	30,000	30,000
Retained earnings		663,980	651,868
Equity		693,980	681,868
Deferred tax	14	18,072	11,236
Provisions		18,072	11,236
Mortgage debt		11,193	14,834
Other payables		4,260	0
Non-current liabilities other than provisions	15	15,453	14,834
Current portion of non-current liabilities other than provisions	15	3,667	3,662
Trade payables		93,236	104,640
Payables to group enterprises		103,580	150,029
Other payables	16	34,894	39,370
Current liabilities other than provisions		235,377	297,701
Liabilities other than provisions		250,830	312,535
Equity and liabilities		962,882	1,005,639
Events after the balance sheet date	1		
Contingent liabilities	18		
Assets charged and collateral	19		
Related parties with controlling interest	20		
Transactions with related parties	21		

Statement of changes in equity for 2019

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	30,000	651,873	681,873
Profit/loss for the year	0	12,107	12,107
Equity end of year	30,000	663,980	693,980

Cash flow statement for 2019

	Notes	2019 DKK'000	2018 DKK'000
Operating profit/loss		27,804	(383,472)
Amortisation, depreciation and impairment losses		56,129	400,008
Working capital changes	17	(17,732)	1,094
Cash flow from ordinary operating activities		66,201	17,630
Financial expenses paid		(4,557)	(3,309)
Income taxes refunded/(paid)		(1,174)	(6,215)
Cash flows from operating activities		60,470	8,106
Acquisition etc of intangible assets		(993)	(89,477)
Acquisition etc of property, plant and equipment		(16,644)	(45,839)
Sale of property, plant and equipment		6	1,028
Cash flows from investing activities		(17,631)	(134,288)
Repayments of loans etc		(3,635)	(3,606)
Repayment of debt to group enterprises		(43,187)	146,658
Cash flows from financing activities		(46,822)	143,052
Increase/decrease in cash and cash equivalents		(3,983)	16,870
Cash and cash equivalents beginning of year		20,694	3,824
Cash and cash equivalents end of year		16,711	20,694
Cash and cash equivalents at year-end are composed of:			
Cash		16,711	20,694
Cash and cash equivalents end of year		16,711	20,694

Notes

1 Events after the balance sheet date

No events have occurred after the balance sheet date, which would influence the evaluation of this annual report. The Covid-19 situation in Denmark has not had and is not expected to have a significant impact on RFAS financial position.

2 Revenue

	2019	2018
	DKK'000	DKK'000
Retail	480,307	505,899
Industry	442,348	475,794
Total revenue by activity	922,655	981,693

3 Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

4 Fees to the auditor appointed by the Annual General Meeting

	2019	2018
	DKK'000	DKK'000
Statutory audit services	693	582
Tax services	26	29
Other services	895	607
	1,614	1,218

5 Staff costs

	2019	2018
	DKK'000	DKK'000
Wages and salaries	133,457	138,701
Pension costs	5,007	4,958
Other social security costs	3,419	4,710
	141,883	148,369
Average number of full-time employees	259	251

	Remuneration of management 2019 DKK'000	Remuneration of management 2018 DKK'000
Total amount for management categories	2,460,584	2,028
	2,460,584	2,028

6 Depreciation, amortisation and impairment losses

	2019 DKK'000	2018 DKK'000
Amortisation of intangible assets	16,294	31,237
Impairment losses on intangible assets	0	334,000
Depreciation of property, plant and equipment	39,841	35,754
Profit/loss from sale of intangible assets and property, plant and equipment	(6)	(983)
	56,129	400,008

7 Other financial expenses

	2019 DKK'000	2018 DKK'000
Financial expenses from group enterprises	1,506	1,623
Other financial expenses	6,217	1,686
	7,723	3,309

8 Tax on profit/loss for the year

	2019 DKK'000	2018 DKK'000
Current tax	972	0
Change in deferred tax	6,836	(5,700)
Adjustment concerning previous years	166	0
	7,974	(5,700)

9 Proposed distribution of profit and loss

	2019 DKK'000	2018 DKK'000
Retained earnings	12,107	(381,081)
	12,107	(381,081)

10 Intangible assets

	Acquired intangible assets DKK'000	Acquired trademarks DKK'000	Goodwill DKK'000
Cost beginning of year	94,063	182,277	586,587
Additions	993	0	0
Disposals	(1,068)	0	0
Cost end of year	93,988	182,277	586,587
Amortisation and impairment losses beginning of year	(7,394)	(9,558)	(395,519)
Amortisation for the year	(4,111)	(3,646)	(8,538)
Reversal regarding disposals	1,068	0	0
Amortisation and impairment losses end of year	(10,437)	(13,204)	(404,057)
Carrying amount end of year	83,551	169,073	182,530

The amortisation period for acquired intangible assets (trademarks) is based on the acquired trademark being of strategical nature, having a strong market position and the long-term earning history. The amortisation period is assessed to be 50 years.

The amortisation period for goodwill is based on the strategical importance of the acquired entity, the strong market position, the historical employee turnover rate and the long-term earnings profile. The amortisation period is assessed to be 25 years.

11 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	179,388	426,501	32,456	4,313
Transfers	25,723	(25,723)	0	0
Additions	725	7,519	1,480	17,655
Disposals	0	0	(3,127)	(10,717)
Cost end of year	205,836	408,297	30,809	11,251
Depreciation and impairment losses beginning of year	(106,641)	(189,929)	(27,716)	0
Transfers	(1,335)	1,335	0	0
Depreciation for the year	(9,893)	(27,155)	(2,793)	0
Reversal regarding disposals	0	0	3,110	0
Depreciation and impairment losses end of year	(117,869)	(215,749)	(27,399)	0
Carrying amount end of year	87,967	192,548	3,410	11,251

12 Prepayments

Prepayments consist of prepaid insurance and other prepaid costs related to subsequent financial years.

13 Share capital

	Number	Par value DKK'000	Nominal value DKK'000
Contributed capital	30,000	1	30,000
	30,000		30,000

14 Deferred tax

	2019 DKK'000	2018 DKK'000
Changes during the year		
Beginning of year	11,236	1,240
Recognised in the income statement	6,836	(5,700)
Other changes	0	15,696
End of year	18,072	11,236

15 Non-current liabilities other than provisions

	Due within 12 months 2019 DKK'000	Due within 12 months 2018 DKK'000	Due after more than 12 months 2019 DKK'000	Outstanding after 5 years 2019 DKK'000
Mortgage debt	3,667	3,662	11,193	'0
Other payables	0	0	4,260	'0
	3,667	3,662	15,453	0

16 Other payables

	2019 DKK'000	2018 DKK'000
VAT and duties	2,788	3,694
Wages and salaries, personal income taxes, social security costs, etc payable	3,531	2,320
Holiday pay obligation	15,790	19,730
Other costs payable	12,785	13,626
	34,894	39,370

17 Changes in working capital

	2019 DKK'000	2018 DKK'000
Increase/decrease in inventories	7,632	(8,307)
Increase/decrease in receivables	(10,413)	70,118
Increase/decrease in trade payables etc	(14,790)	(60,717)
Other changes	(161)	
	(17,732)	1,094

18 Contingent liabilities

Rental and lease commitments total DKK 13,318k. (2018: DKK 12,005k).

19 Assets charged and collateral

Payment guarantees provided amount to DKK 500k (2018: DKK 500k).

A charge of DKK 85,000k on land and buildings at a carrying amount of DKK 87,967k has been provided as security for mortgage debt of DKK 14,860k.

20 Related parties with controlling interest

Related parties with a controlling interest in Rynkeby Foods A/S:

Eckes-Granini International GmbH, Ludwig-Platz 1, 55268 Nieder-Olm, Germany.

Eckes-Granini Group GmbH, Ludwig-Platz 1, 55268 Nieder-Olm, Germany.

The above company holds the entire share capital of the Company, and is the ultimate owner of the Company.

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Eckes-Granini Group GmbH, Ludwig-Platz 1, 55268 Nieder-Olm, Germany

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Eckes-Granini Group GmbH, Ludwig-Platz 1, 55268 Nieder-Olm, Germany

21 Transactions with related parties

	Parent DKK'000	Other related parties DKK'000
Gross sale	2	339,843
Raw material	181,360	783
Admin fee and royalties	835	2,906
IT costs	9,052	0
Interest	1,506	0
Purchase of fixed assets	154	0
Receivables	15,696	42,289
Liabilities other than provisions	103,077	454

Accounting policies

Reporting class

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

The accounting policies applied to these financial statements are consistent with those applied last year except for implementation of IFRIC 23 and related adjustments to prior years. The implementation of IFRIC 23 has had no effect on the result and equity.

Non-comparability

A minor reclassification has been made between cost of sales, other external expenses and other operating income. A minor reclassification between other payables and trade payables have also been made. The comparative figures have been restated regarding all the above.

Recognition and measurement

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

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

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

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

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

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date.

Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date.

Fixed assets that have been purchased in foreign currencies are translated using the exchange rate in effect at the transaction date.

Income statement

Revenue

Income from sale of manufactured goods and goods for resale is recognised in revenue when the most significant risks and rewards have been transferred to the buyer, and the income can be calculated reliably and is likely to be received. The time of transfer of the most significant risks and rewards is based on standard terms of delivery.

Revenue is measured at fair value of the payment agreed exclusive of VAT and other levies collected for third parties. All types of discounts are recognised in revenue.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

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

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

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

Other financial expenses

Other financial expenses comprise interest expenses, net capital losses on securities, payables and transactions in foreign currencies, as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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

Balance sheet**Goodwill**

Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile, the level of the employee turnover rate and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets.

The amortisation periods used are 25 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc

Intellectual property rights etc. comprise acquired trademarks, software and know-how.

Trademarks

Intellectual property rights acquired are measured at cost less accumulated amortisation. Trademarks are amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each trademark. Although trademarks are valued based on an infinite useful life, the useful life for accounting purposes are qualified to have a finite useful life. Useful life is further determined based on an assessment of whether the trademark are strategically, the marked position and a long-term earnings history.

The amortisation periods used are 50 years.

Software

Acquired intangible assets comprise acquired software services. Acquired intangible assets are measured at cost less accumulated amortisation. Software is amortised straight-line over its estimated useful life.

The amortisation periods used are 3 years.

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

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour costs.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

Cost of a combined asset is divided into small components depreciated individually if their useful lives vary.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	10-30 years
Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	5 years

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits or losses are recognised in depreciation in the income statement.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at cost based on weighted average prices comprising both direct and indirect production costs, and is written down to a net realisable value if assessed to be lower.

Cost of goods for resale, raw materials and consumables consists of purchase price plus delivery costs.

Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs. Indirect production costs comprise indirect materials and labour costs, costs of maintenance and depreciation of machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs incurred to execute sale and is determined allowing for marketability, obsolescence and development of the expected selling price.

Receivables

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

Write-downs for bad and doubtful debts is made when objective evidence of impairment is deemed to exist that an amount receivable or a portfolio of receivables is impaired. If such objective evidence of impairment of an individual amount receivable exists, a write-down for impairment is made on an individual level.

Receivables for which no objective evidence of impairment exists on an individual level are reviewed for impairment on a portfolio level. Portfolios are primarily based on the debtors' registered office and a credit rating of such debtors in accordance with the Company's and the Group's credit risk management policy. The objective indicators applied to portfolios have been defined based on historical loss experience.

Impairment losses are determined as the difference between the carrying amount of receivables and the present value of estimated cash flows, including the realisable value of any collateral received. The effective interest rate for each amount receivable or a portfolio of receivables is used as a discount rate.

Income tax payable or receivable

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

Deferred tax is measured in accordance with the balance-sheet liability method of all temporary differences between the carrying amount and tax-based value of assets and liabilities. However, deferred tax on temporary differences regarding non-amotisable goodwill and other items for which temporary differences have occurred at the time of acquisition without affecting the results or taxable income is not recognised. Where the computation of the tax base can be made according to varying tax rules, deferred tax is measured on the basis of Management's planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised at the amount at which they are expected to be used, either by setting off tax on future earnings or by a set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Adjustments are made for deferred tax on eliminations of unrealised intercompany profits and losses. Deferred tax is measured based on the tax regulations and tax rates of the relevant countries that will be in effect according to law at the balance sheet date when the deferred tax is estimated to crystallise as current tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Mortgage debt

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

Other financial liabilities

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

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with activities and fixed asset investments, and purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash.