

JENSEN INDUSTRIAL GROUP A/S

INDUSTRIVEJ 2, 3700 RØNNE

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2019

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 31 August 2020**

Niels Glahn

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COMPANY DETAILS

Company	JENSEN INDUSTRIAL GROUP A/S Industrivej 2 3700 Rønne CVR No.: 20 59 49 77 Established: 9 January 1998 Registered Office: Rønne Financial Year: 1 January - 31 December
Board of Directors	Jesper Munch Jensen, chairman Niels Glahn Markus Johann Schalch
Board of Executives	Markus Johann Schalch
Auditor	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of JENSEN INDUSTRIAL GROUP A/S for the financial year 1 January - 31 December 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 Company's financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

We recommend the Annual Report be approved at the Annual General Meeting.

Rønne, 31 August 2020

Board of Executives

Markus Johann Schalch

Board of Directors

Jesper Munch Jensen
Chairman

Niels Glahn

Markus Johann Schalch

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of JENSEN INDUSTRIAL GROUP 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 2019, and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of JENSEN INDUSTRIAL GROUP A/S for the financial year 1 January - 31 December 2019, 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.

Hellerup, 31 August 2020

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Ole Tjørnelund Thomsen
State Authorised Public Accountant
MNE no. mne10637

Martin Enderberg Lassen
State Authorised Public Accountant
MNE no. mne40044

FINANCIAL HIGHLIGHTS

	2019	2018	2017	2016	2015
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Income statement					
Operating profit/loss.....	58,170	121,504	136,408	-152	-156
Financial income and expenses, net.....	6,183	6,922	5,391	97,274	142,977
Profit/loss for the year before tax.....	64,353	128,426	141,799	97,122	142,821
Profit/loss for the year.....	63,105	126,925	140,659	95,811	141,418
Balance sheet					
Balance sheet total.....	1,080,824	1,048,905	1,000,587	747,358	630,153
Equity.....	708,341	695,030	623,660	499,621	422,776
Ratios					
Solvency ratio.....	65.5	66.3	62.3	66.9	67.1
Return on equity.....	9.0	19.3	25.0	20.8	45.4

The ratios stated in the list of key figures and ratios have been calculated as follows:

Solvency ratio:

$$\frac{\text{Equity, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$$

Return on equity:

$$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$$

The ratios follow in all material respects the recommendations of the Danish Finance Society.

MANAGEMENT'S REVIEW

Principal activities

JENSEN Industrial Group A/S is an intermediate holding company in the JENSEN-GROUP N.V. in Belgium.

The principal activity of the subsidiaries in the JENSEN Industrial Group was like in previous years that of production, development, and sale of machinery to industrial laundries and the textile industry, including wholly or partially owned companies having those activities.

Development in activities and financial position

The company's development resources are used to align the company's main products to the needs in the market.

Profit/loss for the year compared to future expectations

The management finds the results for the year satisfactory and in agreement with the expectations described in the Annual Report for 2018.

Significant events after the end of the financial year

JENSEN-GROUP as well as JENSEN Industrial Group are experiencing a significant slowdown in order intake and several postponements of already placed orders as a consequence of the Covid-19 crisis. Several customers serving the hospitality sector (travel and tourism) are experiencing an important decrease in their activities and have closed down their operations. We expect that many hospitality projects are going to be postponed for several months. A close monitoring process for orders is in place to assess the consequences of order postponements.

We have reacted swiftly to adapt to the new situation and several plants have adapted capacity to the new situation. Some of our plants are closed for certain stages depending on the individual workload. The JENSEN-GROUP is taking measures to guarantee the safety of its customers and its personnel and to safeguard business continuity. In addition, the capacity needs are adapted where possible and immediate actions to reduce our cost base are being implemented. The Group also monitors the support granted in several countries by the respective Authorities and aligns the level of activity with restrictions imposed by Authorities.

The JENSEN Industrial Group is of the opinion that there is no material impact on the financial statements as per December 31, 2019 of the consequences of the worldwide spread of the Covid-19 virus.

Special risks

Significant uncertainties with consequence for the operating result are developments in the market and developments in exchange rates (Euro and USD).

Environmental situation

In cooperation with local environmental authorities, efforts are made to reduce any environmental nuisance for the company's surroundings. The company does not have unresolved environmental conditions in relation to regulatory approvals.

Future expectations

Management are unable to assess for the moment the duration of the Covid-19 crisis and therefore cannot estimate the impact on our performance. This slow-down will have a significant impact on the revenue and on the profitability of the Company in both 2020 and 2021. The JENSEN-GROUP makes every effort to ensure the maximum possible business continuity and to continue production where possible in order to guarantee expected delivery dates.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2019 DKK '000	2018 DKK '000
RESULT OF EQUITY INVESTMENTS IN GROUP AND ASSOCIATED ENTERPRISES.....	1	58,755	122,357
GROSS PROFIT/LOSS.....		58,755	122,357
Administrative expenses.....		-585	-853
OPERATING PROFIT.....		58,170	121,504
Financial income.....	2	6,974	7,653
Financial expenses.....	3	-791	-731
PROFIT BEFORE TAX.....		64,353	128,426
Tax on profit/loss for the year.....	4	-1,248	-1,501
PROFIT FOR THE YEAR.....	5	63,105	126,925

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2019 DKK '000	2018 DKK '000
Equity investments in group enterprises.....		494,096	479,650
Equity investments in associated enterprises.....		47,157	50,306
Fixed asset investments.....	6	541,253	529,956
FIXED ASSETS.....		541,253	529,956
Receivables from group enterprises.....	8	322,564	436,593
Receivables from associated enterprises.....		1,531	1,493
Receivables.....		324,095	438,086
Cash and cash equivalents.....	8	215,476	80,863
CURRENT ASSETS.....		539,571	518,949
ASSETS.....		1,080,824	1,048,905

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2019 DKK '000	2018 DKK '000
Share capital.....	7	50,000	50,000
Share premium account.....		56,639	56,639
Retained earnings.....		601,702	530,091
Proposed dividend.....		0	58,300
EQUITY.....		708,341	695,030
Provisions for equity investments in group enterprises.....		71,145	62,863
PROVISION FOR LIABILITIES.....		71,145	62,863
Trade payables.....		65	65
Payables to group enterprises.....	8	300,025	289,534
Corporation tax.....		1,248	1,413
Current liabilities.....		301,338	291,012
LIABILITIES.....		301,338	291,012
EQUITY AND LIABILITIES.....		1,080,824	1,048,905
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EQUITY

	Share capital	Share premium account	Reserve for net revaluation according to equity va	Retained earnings	Proposed dividend	Total
Equity at 1 January 2019.....	50,000	56,639	0	530,091	58,300	695,030
Dividend paid					-58,300	-58,300
Exchange rate regulation foreign entities.....			6,092			6,092
Equity entries for group companies.....			2,414			2,414
Result			58,755	4,350		63,105
Received dividend from group companies.....			-72,086	72,086		
Transferred from equity method.....			4,825	-4,825		
Equity at 31 December 2019.....	50,000	56,639	0	601,702	0	708,341

NOTES

	2019 DKK '000	2018 DKK '000	Note
Result of equity investments in group and associates enterprises			1
Result of equity investments in group and associates enterprises.....	58,755	122,357	
	58,755	122,357	
Financial income			2
Group enterprises.....	500	664	
Other interest income.....	6,474	6,989	
	6,974	7,653	
Financial expenses			3
Other interest expenses.....	791	731	
	791	731	
Tax on profit/loss for the year			4
Calculated tax on taxable income of the year.....	1,248	1,413	
Adjustment of tax for previous years.....	0	88	
	1,248	1,501	
Proposed distribution of profit			5
Proposed dividend for the year.....	0	58,300	
Extraordinary dividend.....	0	60,000	
Allocation to reserve for net revaluation according to equity value method.....	58,755	122,357	
Retained earnings.....	4,350	-113,732	
	63,105	126,925	

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			Note
Fixed asset investments			6
	Equity investments in group enterprises	Equity investments in associated enterprises	
Cost at 1 January 2019.....	427,609	46,713	
Additions.....	0	7,840	
Cost at 31 December 2019.....	427,609	54,553	
Revaluation at 1 January 2019.....	1,238,406	12,723	
Exchange adjustment.....	6,072	9	
Profit/loss for the year.....	66,222	-1,420	
Equity movements.....	8,160	-5,746	
Revaluation at 31 December 2019.....	1,318,860	5,566	
Impairment losses and amortisation of goodwill at 1 January 2019.....	1,249,228	9,130	
Exchange adjustment.....	-3	-8	
Amortisation of goodwill.....	2,386	3,661	
Dividend from investments.....	71,907	179	
Impairment losses and amortisation of goodwill at 31 December 2019.....	1,323,518	12,962	
Carrying amount at 31 December 2019.....	422,951	47,157	
Investment with negative equity value method transferred to provisions.....	71,145	0	

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Note

Fixed asset investments (continued)
Investments in subsidiaries (DKK '000)

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Name and registered office	Capital	Ownership
JENSEN Holding AG, Burgdorf, Schweiz, (in CHF).....	250	100 %
JENSEN Danmark A/S, Rønne, Danmark, (in DKK).....	10,000	100 %
JENSEN Sweden Holding AB, Borås, Sverige, (in SEK).....	100	100 %
JENSEN Sweden AB, Borås, Sverige, (in SEK).....	450	100 %
JENSEN Sipano AB, Solna, Sverige, (in SEK).....	1,000	100 %
JENSEN France, Orgeval, Frankrig, (in EUR).....	1,875	100 %
JENSEN AG, Burgdorf, Schweiz, (in CHF).....	500	100 %
JENSEN GmbH, Harsum, Tyskland, (in EUR).....	5,057	100 %
JENSEN UK Ltd., Oxfordshire, England, (in GBP).....	1,350	100 %
JENSEN Asia PTE Ltd., Singapore, (in SGD).....	100	100 %
JENSEN Italia S.r.l., Italien, (in EUR).....	12,100	100 %
JENSEN Industrial Laundry Technology (Xuzhou) Co., LTD, Kina, (in CNY).....	33,210	100 %
JENSEN Austria Holding, Østrig, (in EUR).....	35	100 %
JENSEN Österreich GmbH, Østrig, (in EUR).....	221	100 %
JENSEN Japan, Japan, (in JPY).....	5,100	100 %
JENSEN Brazil, Brasilien, (in USD).....	75	100 %
JENSEN Australia, Australien, (in AUD).....	3,772	100 %
JENSEN New Zealand, New Zealand, (in NZD).....	81	100 %
JENSEN Spain, Spanien, (in EUR).....	3	100 %
JENSEN Norge, Norge, (in NOK).....	1,000	100 %
JENSEN Middle East, Mellemøsten, (i AED).....	830	100 %
JENSEN Components, Tyskland, (i EUR).....	25	100 %
Gotli Holding AG, Schweiz, (i CHF).....	800	51 %
Gotli Labs AG, Schweiz, (i EUR).....	466	51 %

Investments in associates (DKK '000)

Name and registered office	Capital	Ownership
Tolon, Tyrkiet, (in TL).....	8,500	49 %
Inwatec, Danmark, (in DKK).....	140	30 %

	2019	2018
	DKK '000	DKK '000

Share capital

Specification of the share capital:

Shares, 1,000,000 in the denomination of 50 DKK.....	50,000	50,000
	50,000	50,000

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Note

Cashpool

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JENSEN Industrial Group A/S is the owner of the group cashpool.

JENSEN Industrial Group A/S' Receivables in group enterprises and Cash are pledged for Payables to group enterprises.

The split of the cashpool in JENSEN Industrial Group A/S is as follows:

	<i>2019</i> <i>T.DKK</i>	<i>2018</i> <i>T.DKK</i>
Receivables in group enterprises	316.428	434.068
Cash, net deposit on cashpool accounts	215.476	80.862
Payables to group enterprises	<u>-300.025</u>	<u>-289.436</u>
JENSEN Industrial Group A/S' share of deposits on cashpool accounts	231.879	225.494

Contingencies etc.

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Joint liabilities

The company is jointly and severally liable together with the parent company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of JF TENURA ApS, which serves as management company for the joint taxation.

Charges and securities

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The company has provided security on current accounts with JENSEN GmbH and JENSEN Denmark A/S for bank accounts.

The company has provided guarantees to Tolon Global of DKK ('000) 6,340.

Moreover, JENSEN Industrial Group A/S has made a payment guarantee to the bank regarding the Group's other companies of DKK ('000) 198,266.

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Related parties

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The Controlling interest**Other related parties having performed transactions with the company**

The company's related parties having a significant influence comprise subsidiaries and associates as well as the companies' Board of Directors, Board of Executives and executive officers and their relatives. Related parties include also companies in which the above mentioned group of persons has material interests.

Transactions with related parties

The company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

Significant events after the end of the financial year

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JENSEN-GROUP as well as JENSEN Industrial Group are experiencing a significant slowdown in order intake and several postponements of already placed orders as a consequence of the Covid-19 crisis. Several customers serving the hospitality sector (travel and tourism) are experiencing an important decrease in their activities and have closed down their operations. We expect that many hospitality projects are going to be postponed for several months. A close monitoring process for orders is in place to assess the consequences of order postponements.

We have reacted swiftly to adapt to the new situation and several plants have adapted capacity to the new situation. Some of our plants are closed for certain stages depending on the individual workload.

The JENSEN-GROUP is taking measures to guarantee the safety of its customers and its personnel and to safeguard business continuity. In addition, the capacity needs are adapted where possible and immediate actions to reduce our cost base are being implemented. The Group also monitors the support granted in several countries by the respective Authorities and aligns the level of activity with restrictions imposed by Authorities.

The JENSEN Industrial Group is of the opinion that the worldwide spread of the Covid-19 virus is a non-adjusting event and there is no impact on the financial statements as per December 31, 2019.

Despite the Covid-19 virus, the management still considers the capital resources to be sufficient.

The management has not subsequently identified significant changes in the valuation of assets and liabilities.

Consolidated financial statements

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The company's share capital is wholly owned by JENSEN-GROUP N.V., Belgium. This company prepares consolidated financial statements in which JENSEN Industrial Group A/S is included.

The consolidated financial statements, prepared by JENSEN-GROUP N.V., may be obtained from JENSEN Industrial Group A/S, Industrivej 2, 3700 Rønne.

ACCOUNTING POLICIES

The Annual Report of JENSEN INDUSTRIAL GROUP A/S for 2019 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium enterprise.

The format of the income statement has been adjusted to the company's activities as a holding company.

The Annual Report is prepared consistently with the accounting principles applied last year.

INCOME STATEMENT

Investments in subsidiaries and associates

The income statement of the parent company recognises the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

The income statement of the owner company recognises the proportional share of the results of each associate after proportional elimination of intercompany profits/losses and deduction of amortisation of goodwill.

Administrative expenses

Administrative expenses recognise costs incurred during the year regarding management and administration of the group, inclusive of costs relating to the administrative staff, executives, office premises, office expenses, etc. and related amortisation.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Fixed asset investments

Investments in subsidiaries and associates are measured in the company's balance sheet under the equity method.

ACCOUNTING POLICIES

Investments in subsidiaries and associates are measured in the balance sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill

Acquired enterprises are recognised in the consolidated financial statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods. Upon calculation of the fair value of properties used in the business a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, built on an overall assessment of the production equipments.

Consolidated goodwill is amortised over the expected useful life determined on the basis of management's experience within the individual lines of business. Consolidated goodwill is amortised on a straight-line basis over the period of amortisation which is estimated to 10 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific condition.

Net revaluation of investments in subsidiaries and associates is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Subsidiaries and associates with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds receivables, the residual amount is recognised under provision for liabilities to the extent that the company's has a legal or actual liability to cover the subsidiary's and associates' deficit.

Impairment of fixed assets

The carrying amount of fixed assets, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, the assets are written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.

ACCOUNTING POLICIES

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the on account tax scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off 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 under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Amortised cost for short-term liabilities usually corresponds to the nominal value.

Derivative financial instruments

Derivative financial instruments are initially recognised in the Balance Sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised under receivables and payables, respectively.

Change in fair value of derivative financial instruments classified as and complying with the criteria for hedging of the fair value of a recognised asset or a recognised liability is recognised in the Income Statement together with possible changes in the fair value of the hedged asset or the hedged liability.

Change in fair value of derivative financial instruments classified as and complying with the criteria for hedging of future cash flows is recognised under receivables or payables and under equity. If the future transaction results in recognition of assets or liabilities, all amounts recognised under equity are transferred from equity and recognised under the initial cost of the asset or liability, respectively. If the future transaction results in income or expenses amounts recognised under equity are transferred to the Income Statement for the period where the Income Statement was affected by the hedged amount.

As regards possible derivative financial instruments, which do not comply with the criteria for classification as hedging instruments, any changes in fair value are recognised on a current basis in the Income Statement.

ACCOUNTING POLICIES

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

On recognition of foreign subsidiaries that are not independent entities, but integrated entities, monetary items are translated at the exchange rate on the balance sheet date. Non-monetary items are translated at the rate at the time of acquisition or at the time of subsequent revaluation or writedown of the asset. The items of the income statement are translated at the rate on the transaction date, items derived from non-monetary items being translated at the historic rates of the non-monetary item.

The income statements of foreign subsidiaries and associates fulfilling the criteria for being independent entities are translated at an average exchange rate for the month and balance sheet items are translated at the rate of exchange on the balance sheet date. Exchange differences arising from translation of the equity of foreign subsidiaries at the beginning of the year to the rates of the balance sheet date and from translation of income statements from average rate to the rates of the balance sheet date are recognised directly in the equity.

Exchange adjustment of intercompany accounts with foreign subsidiaries that are deemed to be an addition to or deduction from the equity of independent subsidiaries are recognised directly in the equity.

CASH FLOW STATEMENT

With reference to Section 86(4) of the Danish Financial Statements Act, the company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group.