

JENSEN INDUSTRIAL GROUP A/S

Industrivej 2

3700 Rønne

CVR No. 20594977

Annual Report 1 January - 31 December 2021

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 27 June 2022

Niels Glahn
Chairman

JENSEN INDUSTRIAL GROUP A/S

Contents

Company Information	3
Management's Statement	4
Independent Auditors' Report	5
Management's Review	7
Key Figures and Financial Ratios	8
Income Statement	9
Balance Sheet	10
Statement of changes in Equity	12
Notes	13
Accounting Policies	18

JENSEN INDUSTRIAL GROUP A/S

Company details

Company	JENSEN INDUSTRIAL GROUP A/S Industrivej 2 3700 Rønne
CVR No.	20594977
Date of formation	9 January 1998
Registered office	Bornholm
Supervisory Board	Jesper Munch Jensen Niels Glahn Markus Johann Schalch, Man. Director
Executive Board	Markus Johann Schalch, Man. Director
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Eventyrvej 16 4100 Ringsted CVR-no.: 33771231

JENSEN INDUSTRIAL GROUP A/S

Management's Statement

Today, Management has considered and adopted the Annual Report of JENSEN INDUSTRIAL GROUP A/S for the financial year 1 January 2021 - 31 December 2021.

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 assets, liabilities and financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January 2021 - 31 December 2021.

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

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

Rønne, 27 June 2022

Executive Board

Markus Johann Schalch
Man. Director

Supervisory Board

Jesper Munch Jensen
Chairman

Niels Glahn
Member

Markus Johann Schalch
Member

Independent Auditors' 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 2021, and of the results of the Company's operations and cash flows for the financial year 1 January 2021 - 31 December 2021 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 2021 - 31 December 2021, which comprise income statement, balance sheet, statement of cash flows, statement of changes in equity, and notes, including a summary of significant accounting policies ("financial statements").

Basis of 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 responsibility for the financial statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control 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.

The auditor's responsibility 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

Independent Auditors' Report

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.

Ringsted, 27 June 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No. 33771231

Brian Petersen
State Authorised Public Accountant
mne28701

Nikolaj Frausing Borch
State Authorised Public Accountant
mne44062

Management's Review

The Company's 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 the financial situation

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

The result for the year compared to the expected development

Considering a year with a worldwide pandemic, the management finds the results for the year satisfactory and in agreement with the expectations described in the Annual Report for 2020.

Significant events after the end of the financial year

For 2021, JENSEN industrial Group's subsidiaries had an increase in order intake compared to the year before. The investment climate has improved, though not fully normalized yet. The subsidiaries are at the moment hit by material shortage and price increases driven among other of the close downs in China due to the pandemic, global logistic challenges with subsequent increasing freight rates and the war in Ukraine, which might affect the result. Though, with the restructuring measures we did during last year, we are confident that we will continue to weather the storm also considering the financial headroom that we have created. We are prudent in our outlook but remain optimistic in anticipation of a return to previous levels of order intake in 2022 as the hospitality industry and the market fully.

Financial risk

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

The gradually recovery after the pandemic have a positive impact on the revenue and result, but the duration of material shortage and the subsequently price increases have a negative impact on the costs and result. Management are not able to assess the duration - and/or exact consequences - of these global incidents at the moment, but confident that the company will come out of these challenges, and regain its positive results.

Key Figures and Financial Ratios

The development in the Company's key figures and financial ratios can be described as follows:

	2021	2020	2019	2018	2017
Income Statement (DKK '000)					
Operating profit/loss of main activities	68.634	40.821	58.171	121.504	136.408
Net financial income and expenses	2.804	2.777	6.183	6.922	5.391
Profit/loss for the year before tax	70.718	43.598	64.354	128.426	141.799
Profit/loss for the year	70.236	43.014	63.106	126.925	140.659
Balance sheet (DKK '000)					
Total assets	1.385.637	1.162.063	1.080.824	1.048.905	1.000.587
Total equity	798.936	741.036	708.341	695.030	623.660
Key ratios					
Equity ratio (%)	57,66	63,77	65,54	66,26	62,33
Return on equity (%)	9,12	5,94	8,99	19,25	25,04

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

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

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

JENSEN INDUSTRIAL GROUP A/S**Income Statement**

	Note	2021 DKK '000	2020 DKK '000
Income from investments in group enterprises and associates	2	68.634	41.311
Gross result		68.634	41.311
Administrative expenses		-720	-490
Profit from ordinary operating activities		67.914	40.821
Financial income	3	4.048	5.271
Financial expenses	4	-1.244	-2.494
Profit from ordinary activities before tax		70.718	43.598
Tax expense on ordinary activities	5	-482	-584
Profit	6	70.236	43.014

JENSEN INDUSTRIAL GROUP A/S

Balance Sheet as of 31 December

	Note	2021 DKK '000	2020 DKK '000
Assets			
Equity investments in group enterprises	7, 8	634.863	474.571
Equity investments in associates	8, 9	22.612	47.289
Financial non-current assets		657.475	521.860
Non-current assets		657.475	521.860
Receivables from group enterprises	10	220.654	291.758
Receivables from associates		1.510	1.525
Receivables		222.164	293.283
Other securities and equity investments		214.553	66.862
Current investments		214.553	66.862
Cash and cash equivalents	10	291.445	280.058
Current assets		728.162	640.203
Assets		1.385.637	1.162.063

JENSEN INDUSTRIAL GROUP A/S

Balance Sheet as of 31 December

	Note	2021 DKK '000	2020 DKK '000
Liabilities and equity			
Share capital	11	50.000	50.000
Share premium		56.639	56.639
Reserve for current value of hedging		-1.217	-178
Reserve for currency adjustments foreign entities		-7.015	-9.872
Retained earnings		670.529	629.902
Proposed dividend recognised in equity		30.000	14.545
Equity		798.936	741.036
Provisions for investments in group enterprises	7	83.092	82.684
Provisions		83.092	82.684
Trade payables		65	65
Payables to group enterprises	10	503.303	337.744
Tax payables		241	534
Short-term liabilities other than provisions		503.609	338.343
Liabilities other than provisions within the business		503.609	338.343
Liabilities and equity		1.385.637	1.162.063
Contingent liabilities	12		
Collaterals and assets pledged as security	13		
Related parties	14		

JENSEN INDUSTRIAL GROUP A/S

Statement of changes in Equity

	Share capital	Share premium	Reserve for net re- valuation ac- cording to equity method	Reserve for current value of hedging	Reserve for currency adjustments foreign entities	Retained earnings	Proposed dividend recognised in equity	Total
Equity 1 January 2021	50.000	56.639	0	-178	-9.872	629.902	14.545	741.036
Dividend paid							-14.545	-14.545
Change of investments through net exchange differences					2.857			2.857
Value adjustments of equity			391					391
Profit (loss)			68.634			-28.398	30.000	70.236
Adjustments of hedging instruments at fair value				-1.039				-1.039
Transfer for coverage of losses			-1.185			1.185		0
Distributed dividends from group enterprises			-67.840			67.840		0
Equity 31 December 2021	50.000	56.639	0	-1.217	-7.015	670.529	30.000	798.936

Notes

1. Significant events after the end of the financial year

For 2021, JENSEN industrial Group's subsidiaries had an increase in order intake compared to the year before. The investment climate has improved, though not fully normalized yet. The subsidiaries are at the moment hit by material shortage and price increases driven among other of the close downs in China due to the pandemic, global logistic challenges with subsequent increasing freight rates and the war in Ukraine, which might affect the result. Though, with the restructuring measures we did during last year, we are confident that we will continue to weather the storm also considering the financial headroom that we have created. We are prudent in our outlook but remain optimistic in anticipation of a return to previous levels of order intake in 2022 as the hospitality industry and the market fully.

2. Income from investments in group enterprises and associates

	2021 DKK '000	2020 DKK '000
Income from investments in group enterprises	68.634	41.311
	68.634	41.311

3. Financial income

Other finance income from group enterprises	529	364
Other finance income	3.519	4.907
	4.048	5.271

4. Financial expenses

Other finance expenses	1.244	2.494
	1.244	2.494

5. Tax expense

Calculated tax on taxable income of the year	482	584
	482	584

6. Proposed distribution of profit

Proposed dividend for the year	30.000	14.545
Allocation to reserve for net revaluation according to equity method	68.634	41.311
Retained earnings	-28.398	-12.842
	70.236	43.014

Notes

	2021 DKK '000	2020 DKK '000
7. Equity investments in group enterprises		
Cost at the beginning of the year	427.609	427.609
Addition in connection with merger and purchase of enterprise	126.930	0
Transfers during the year from other items	15.000	0
Cost at the end of the year	569.539	427.609
Revaluations at the beginning of the year	1.351.856	1.318.860
Change due to a foreign currency translation adjustment	9.284	-5.038
Profit/loss for the year	78.219	38.415
Equity movements	555	-381
Transfers during the year from other items	7.762	0
Revaluations at the end of the year	1.447.676	1.351.856
Depreciation and amortisation at the beginning of the year	-1.387.578	-1.323.518
Change due to foreign currency translation adjustment	81	-173
Amortisation for the year	-9.882	-2.064
Dividend from investments	-63.605	-61.823
Transfers during the year from other items	-4.460	0
Impairment losses and amortisation at the end of the year	-1.465.444	-1.387.578
Carrying amount at the end of the year	551.771	391.887
Investments with negative equity value transferred to provisions	83.092	82.684
	83.092	82.684

Positive differences arising on initial measurement of subsidiaries at net asset value amounts to DKK ('000) 100.759

Notes

8. Disclosure in equity investments in group enterprises and associates

Group enterprises

Name and registered office	Share held in	
	Capital	%
JENSEN Holding AG, Burgdorf, Schweiz, (in CHF '000)	250	100,00
JENSEN Denmark A/S, Rønne, Danmark, (in DKK '000)	10.000	100,00
JENSEN Sweden Holding AB, Borås, Sverige, (in SEK '000)	100	100,00
JENSEN Sweden AB, Borås, Sverige, (in SEK '000)	450	100,00
JENSEN Sipano AB, Solna, Sverige, (in SEK '000)	1.000	100,00
JENSEN France, Orgeval, Frankrig, (in EUR '000)	1.875	100,00
JENSEN AG, Burgdorf, Schweiz, (in CHF '000)	500	100,00
JENSEN Gmbh, Harsum, Tyskland, (in EUR '000)	5.057	100,00
JENSEN UK Ltd., Oxfordshire, England, (in GBP '000)	1.350	100,00
JENSEN Asia PTE Ltd., Singapore, (in SGD '000)	100	100,00
JENSEN Italia S.r.l., Italien, (in EUR '000)	12.100	100,00
JENSEN Industrial Laundry Technology (Xuzhou) Co., LTD, Kina, (in CNY '000)	33.210	100,00
JENSEN Austria Holding, Østrig, (in EUR '000)	35	100,00
JENSEN Österreich Gmbh, Østrig, (in EUR '000)	221	100,00
JENSEN Japan, Japan, (in JPY '000)	5.100	100,00
JENSEN Brazil, Brasilien, (in USD '000)	75	100,00
JENSEN Australia, Australien, (in AUD '000)	3.772	100,00
JENSEN New Zealand, New Zealand, (in NZD '000)	81	100,00
JENSEN Spain, Spanien, (in EUR '000)	3	100,00
JENSEN Norge, Norge, (in NOK '000)	1.000	100,00
JENSEN Middle East, Mellemøsten, (in AED '000)	830	100,00
JENSEN Components, Schweiz, (in CHF '000)	25	51,00
Gotli Holding AG, Schweiz, (in CHF '000)	800	51,00
Gotli Labs AG, Schweiz, (in CHF '000)	466	51,00
Inwatec, Danmark, (in DKK '000)	140	70,00

Associates

Name and registered office	Share held in	
	Capital	%
Tolon, Tyrkiet, (in TL '000)	8.500	49,00

Notes

	2021 DKK '000	2020 DKK '000
9. Equity investments in associates		
Cost at the beginning of the year	54.553	54.553
Transfers during the year to other items	-15.000	0
Cost at the end of the year	39.553	54.553
Revaluations at the beginning of the year	9.868	5.566
Change due to a foreign currency translation adjustment	-9	-67
Profit/loss for the year	2.778	8.781
Equity movements	-164	-4.412
Transfers during the year to other items	-7.762	0
Revaluations at the end of the year	4.711	9.868
Depreciation and amortisation at the beginning of the year	-17.132	-12.962
Change due to foreign currency translation adjustment	-6.499	-70
Amortisation for the year	-2.481	-3.821
Impairment losses for the year	0	-279
Transfers during the year to other items	4.460	0
Impairment losses and amortisation at the end of the year	-21.652	-17.132
Carrying amount at the end of the year	22.612	47.289

10. Cashpool

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:

	2021 DKK '000	2020 DKK '000
Receivables in group enterprises	210.043	280.931
Cash, net deposit on cashpool accounts	179.903	205.650
Cash, net deposit outside cashpool accounts	111.542	74.408
Cash and cash equivalent	291.445	280.058
Payables to group enterprises	-503.303	-337.744
JENSEN Industrial Group A/S' share of deposits on cashpool accounts	-113.357	223.245

Notes

11. Share capital

Allocation of share capital:

Number		Nominal value DKK	2021 DKK '000	2020 DKK '000
1.000.000	shares of	50	50.000	50.000
<u>1.000.000</u>			<u>50.000</u>	<u>50.000</u>

12. Contingent liabilities

The company is jointly taxed with the other enterprises in the group and are jointly and severally liable for the taxes that concern the joint taxation 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.

13. Collaterals and securities

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 and JENSEN Components Gmbh of DKK ('000) 8.978.

Moreover, JENSEN Industrial Group A/S has made a payment guarantee to the bank regarding the Group's other companies of DKK ('000) 84.687.

JENSEN Industrial Group A/S has provided security on mortgage in JENSEN Denmark A/S of DKK ('000) 42.345.

14. Related parties

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.

Consolidated Financial Statements

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 2021 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium-size enterprises.

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.

Consolidated Financial Statements

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.

Reporting currency

The annual report is presented in Danish kroner.

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.

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

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.

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,

Accounting Policies

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.

Income statement

Income from equity interests 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.

In connection with transfers, potential profits are recognised when the economic rights related to the sold equity interests are transferred, however, at the earliest when the profit has been realised or is regarded as realisable. Moreover, realised losses other than impairments are included where identified.

Administration 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

Equity investments in group enterprises and associates

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

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

Accounting Policies

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.

Fixed asset investments also include public quoted shares that are not expected to be disposed of. These shares are measured at market value (quoted price) on the balance sheet date.

Impairment of fixed assets

The carrying amount of fixed assets 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 recoverable amount is lower than the carrying amount, the asset is written down to the carrying amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

Receivables

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

Securities recognised in current assets

Securities recognized under current assets comprise listed bonds, which are measured at fair value on the balance sheet date. The fair value is calculated on the basis of the most recently quoted selling price.

Equity investments recognised as current assets comprise securities admitted for trading on a regulated market, which are measured at fair value at the reporting date. Fair value is calculated using prices quoted in the most recent transactions.

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

Accounting Policies

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.

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.