



Tel.: +45 39 15 52 00
koebenhavn@bdo.dk
www.bdo.dk

BDO Statsautoriseret revisionsaktieselskab
Havneholmen 29
DK-1561 København V
CVR no. 20 22 26 70

HILLARY DENMARK APS
HAVNEHOLMEN 29, 1561 KØBENHAVN V
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2023

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 5 July 2024**

Edward Samuel Gelbard

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 25 00 02 50

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COMPANY DETAILS**Company**

Hillary Denmark ApS
Havneholmen 29
1561 Copenhagen V

CVR No.: 25 00 02 50
Established: 1 November 1999
Municipality: Copenhagen
Financial Year: 1 January - 31 December

Executive Board

Edward Samuel Gelbard

Auditor

BDO Statsautoriseret revisionsaktieselskab
Havneholmen 29
1561 Copenhagen V

MANAGEMENT'S STATEMENT

Today the Executive Board have discussed and approved the Annual Report of Hillary Denmark ApS for the financial year 1 January - 31 December 2023.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In my opinion the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of Group's and the Company's assets, liabilities and financial position at 31 December 2023 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2023.

The Management Commentary includes in my opinion a fair presentation of the matters dealt with in the Commentary.

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

Copenhagen, 5 July 2024

Executive Board

Edward Samuel Gelbard

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Hillary Denmark ApS

Opinion

We have audited the Consolidated Financial Statements and the Annual Financial Statements of the Company of Hillary Denmark ApS for the financial year 1 January - 31 December 2023, which comprise income statement, Balance Sheet, statement of changes in equity, cash flows, notes and a summary of significant accounting policies for both the Group and the Parent Company. The Consolidated Financial Statements and the Annual Financial Statements of the Company are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2023 and of the results of the Group and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

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 Consolidated Financial Statements and the Annual Financial Statements of the Company" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Consolidated Financial Statements and the Annual Financial Statements of the Company

Management is responsible for the preparation of Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Consolidated Financial Statements and the Annual Financial Statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company, Management is responsible for assessing the Group's and the Parent 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 Consolidated Financial Statements and the Annual Financial Statements of the Company unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Consolidated Financial Statements and the Annual Financial Statements of the Company.

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:

INDEPENDENT AUDITOR'S REPORT

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Annual Financial Statements of the Company, 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 Group's and the Parent 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 Consolidated Financial Statements and the Annual Financial Statements of the Company and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent 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 Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Annual Financial Statements of the Company, including the disclosures, and whether the Consolidated Financial Statements and the Annual Financial Statements of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Consolidated Financial Statements and the Annual Financial Statements of the Company does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements and the Annual Financial Statements of the Company, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Consolidated Financial Statements and the Annual Financial Statements of the Company or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that Management Commentary is in accordance with the Consolidated Financial Statements and the Annual Financial Statements of the Company and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management Commentary.

INDEPENDENT AUDITOR'S REPORT

Copenhagen, 5 July 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Ole C. K. Nielsen
State Authorised Public Accountant
MNE no. mne23299

FINANCIAL HIGHLIGHTS OF THE GROUP

	2023 EUR '000	2022 EUR '000	2021 EUR '000	2020 EUR '000	2019 EUR '000
Income statement					
Net revenue.....	58.575	60.858	45.145	45.807	43.940
Gross profit/loss.....	14.480	11.069	6.629	16.150	13.757
Operating profit/loss of main activities...	6.145	1.995	6.764	5.189	2.912
Financial income and expenses, net.....	-663	-407	-458	-1.214	-676
Profit/loss for the year before tax.....	5.482	1.588	6.305	3.975	2.236
Profit/loss for the year.....	4.783	1.576	6.231	3.237	1.648
Results for the year without minority interests.....	1.850	499	2.457	2.446	-1.768
Balance sheet					
Total assets.....	45.227	39.394	40.166	37.088	36.059
Equity.....	20.324	19.024	21.364	13.503	10.266
Cash flows					
Cash flows from operating activities.....	10.906	3.241	9.462	3.940	-5.744
Cash flows from investing activities.....	-10.359	-4.750	-13.101	775	-18.510
Cash flows from financing activities.....	2.813	-3.910	9.875	-251	12.718
Total cash flows.....	3.360	-5.419	6.236	4.464	-11.536
Investment in property, plant and equipment.....	-10.913	-6.660	-2.312	-3.186	0
Key ratios					
Return on invested capital.....	42.2	15.3	0.0	0.0	0.0
Equity ratio.....	21.5	26.3	33.3	25.1	19.0
Return on equity.....	24.3	7.8	35.7	27.2	14.0

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

Invested capital:	$\frac{\text{NWC} + \text{intangible and tangible assets (ex goodwill)} - \text{provisions} - \text{other operating liabilities, non-current}}{\text{Average invested capital}}$
Return on invested capital:	$\frac{\text{Operating Profit/loss adjusted for goodwill amortisation} \times 100}{\text{Average invested capital}}$
Equity ratio:	$\frac{\text{Equity (ex. minorities), at year-end} \times 100}{\text{Total assets, at year-end}}$
Return on equity:	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

MANAGEMENT COMMENTARY

Principal activities

The principal activity of Hilary Denmark ApS comprise, as in previous years, in that of a holding company. The investments are today focused on companies in the field of recycling plastic and the manufacturing of plastic products.

The core of the holdings are in the Plasta Group with headquarters in Vilnius Lithuania. The group companies main activities are in recycling of post-consumer plastic waste, manufacturing of plastic (LDPE & LLDPE) bags, sacks and films and the sale of these products.

In addition to these main activities the group contains a company focused on renting property as well as another company that performs engineering activities and relating technical consultations. The Plasta group has production sites in Lithuania and Sweden and sales offices in the Baltics, Sweden and Germany.

The products are sold mainly in Northern Europe (Scandinavia, Baltics, Germany and Benelux).

Unusual matters

Management does not consider that any there are any unusual matters to report for the year.

Recognition and measurement uncertainty

Management does not consider that any there are any uncertainties relating to recognition and measurement.

Development in activities and financial and economic position

On a Hillary level the focus has been on the development of Plasta Holdings. Hillary has on a board level been involved in the investment decisions and implementation of investments in the group companies. Hillary is in the process of evaluating new investment opportunities but as of today no decisions have been made.

In 2023 the Plasta group expanded with the acquisition of 100% of the shares of the Lithuanian plastics manufacturer Gerove based in Kaunas. The group is constantly developing its activities with further investments and innovations in recycling technology and new product offers. In 2023 the multi year project of automatic optical recycling of household waste plastic was taken online. The project has been a success and is an important component in the profitability of the group and in its efforts towards being the market leader in sustainable plastic film products. The Plasta group is the only, to Hillary known, producer that has third party certification for household content in its products. With this certification the group has in 2024 been able to create a new product range and brand, ECO Plasta, focused on Business-to-Business sales.

Profit/loss for the year compared to the expected development

The results of EUR -696 365 for Hillary Denmark were not in line with expected results with the level of last year, which was around 0,4 - 0,5 mio. EUR. The reason for the deviation is the write off of loan that was disputed.

The consolidated net result of EUR 4 782 602 for group companies was in line with expectations of a profit within the range of 4-6 mio EUR.

The economic downturn in Europe has, to a degree, impacted the demand for the group products but the companies have realized higher margins on sales than forecasted and have thus managed to stay within budget. The expectation is that the slight decrease in demand is temporary and due to the economic downturn. The group companies in the meantime working on new product development and production efficiency.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the Company's financial position.

MANAGEMENT COMMENTARY

Financial risks

Hillary Denmark has in 2023 decreased its liquidity through dividend to the owner. As the holdings have been quite profitable in 2023 there are ongoing discussions as to if there should be dividend paid to the shareholders. No final decision has been made as of today.

The assessment of the holding investments is positive and that the companies are well positioned to increase profitability in the coming years.

Exchange rate exposure is nonexistent as the company exclusively trades in Euro. The outstanding payables or debts are limited and the risk exposure to increasing interest rates is very limited.

A longstanding loan to an individual related to purchases of shares was disputed and the decision makers of Hillary Denmark did not want to take the fight concerning this debt and made the decision to write the loan off. There are no current significant outstanding payables.

The group companies have considerable sales and purchase activities, gives credit to customers and is in a high investment phase. This means that there is a substantial need for working capital. Increased debt has been taken up, but the results are covering the cash flow needed. Hillary management is keeping an eye on group company cash flows and currently feel that all is under control. One of the group companies has significant purchases in foreign currency. In the beginning of 2024, a currency hedging policy was adopted and implementation is proceeding. All production sites have some form of hedging on electricity that varies from site to site.

Special risks

The group's main risks are in the competitive environment between producers of similar profile, costs of input materials and energy.

Lack of necessary raw materials is a special risk of note. Regulations in certain EU-countries have increased the demand for recycled PE meaning that the market for post-consumer waste plastic and granulated post-consumer plastic tightened and the availability of certain grades of material disappeared. This is both a risk and opportunity for the group. The opportunity lies in the fact that the group has a significant understanding and capability in recycling of post-consumer waste plastic and manufacturing of granules. Therefore it is well placed to take advantage of the increased demand for such products. The investments into sorting and processing of household plastic waste that are partly completed in AB Plasta the Plasta group has mitigated the risk for sourcing waste plastic for waste bags as the supply of household waste plastic is abundant and there are currently few that can recycle such grades of waste plastic.

Another notable risk is the availability of electricity. Due to geopolitical issues and dependency on Russia for electricity, oil and gas the question of available supply of energy has become a topic. All manufacturing made by the group companies is powered by electricity. In 2023 the group companies have had no issues with electricity but this should still be considered a risk element. The risk is judged as minor as even if brown outs were to occur it would have a small impact on the performance of the group companies.

Environmental situation

In Hillary Denmark ApS itself there are no significant environmental or climate risks. The investment strategy is with a focus on environmental positive investments.

The group's focus is on the recycling of post-consumer waste plastics and is in its core devoted to making a positive contribution to the environment by decreasing the CO₂ through the avoidance of burning of plastic, depletion of natural resources and pollution. There is currently no master plan for environmental impact but this is, as it has always been, a key part of the ethos of the group companies.

In 2023 the Plasta Group companies presented its ESG strategy with focus areas and targets for the group companies.

The full strategy can be read here: <https://plastagroup.com/wp-content/uploads/2023/10/Plasta->

MANAGEMENT COMMENTARY

Environmental situation (continued)

Group-Sustainability-ESG-Strategy-2023-2025-FINAL230918.pdf

In the group there is a very clear and outspoken objective to use as much post usage (collected) recycled plastic as possible with a minimal CO2 footprint compared to alternatives. When considering any type of investment, the possibility for usage or production of recycled collected plastic is a very important factor in the decision making process. A clear example of this is the latest group acquisition, Rullpack AB, that has decreased its usage of virgin petroleum based plastic and increased its usage of post-consumer plastic from 30% to 60%.

All major subsidiaries are ISO 9001 certified, and one has ISO 140001 certification.

Knowledge resources

Knowledge and skills are the foundation to any successful business. In Hillary Denmark there is a significant confidence placed in its trusted consultants to offer expertise in potential investment areas. The management is highly experienced in the field of recycled plastics and plastic bags.

With regards to the group companies, it is key to continuously improve the ability, skill and qualifications of employees. This is achieved through on-site training sessions, during which practical skills are developed, and through opportunities for participating in off-site new skill development.

Focus will in the coming year be on recruiting senior staff with extensive industrial knowledge that can further enhance the skill dissipation within the group companies.

Research and development activities

Hillary is looking at expansion of its portfolio of Holdings. The company is researching which areas to invest in.

The group companies are expanding the scope of their activities and modernizing the production processes. Great attention is paid to projects that will lead to more cost and production efficient ways of handling raw materials. In 2023 the Plasta Group went live with its automatic optical plastic waste sorting equipment. This development will allow for reduced labor costs, reduced cost of material, securing the availability of input material and is also a step forward in the mission to recycle all polyethylene waste material put on the market.

Additional investments into production efficiency such as new equipment and enhancements on current equipment will be made in 2024 and will be continued in the years ahead.

The group companies are constantly developing their markets through expansion within already existing geographical markets and segments but also in new market segments through the development of new products for various applications within the scope of waste bags and films.

Future expectations

For Hillary Denmark the expectations for 2024 are a stable year with limited activity. The company is constantly on the lookout for good investment opportunities but is in no rush to hurry into investments. The net result is expected to be in the range of -350 to 700 t.EUR.

The group companies are well positioned for 2024 and the plan for turnover growth through increased volume of sold products. Margins are expected to be maintained on similar level as for 2023. It is expected that the European economic situation will improve during the year and inflation to get under control leading to increased opportunities for sales.

The consolidated net result is expected to be in the range of 4,5 - 5 mio EUR.

Treasury shares

The parent company in the Group UAB Plasta Holdings acquired 1 166 395 ordinary shares from the 3rd largest shareholder.

Tresary shares were purchased during the year by the company of EUR 2.000.000 from to shareholders

MANAGEMENT COMMENTARY

in order to buy them out. The treasury has a nominal value of EUR 933.116 corresponding to 5,73% of the share capital. The treasury shares are expected to be withdrawn in 2024.

Corporate social responsibility (CSR) report

Business model

- The main activities of Hillary Denmark is as a holding company with a focus on recycled plastics.
- The main activities of the group companies are in recycling of post-consumer plastic waste through mechanical recycling, the manufacturing of plastic bags and films and the sale of bags and films.
- The group conducts the bulk of its activities in northern Europe (Baltics, Scandinavia, Germany and Benelux)

In 2023 the group companies have done extensive work on developing group wide policies and KPIs for environmental, social and corporate governance. Input from experts in each field, employees, suppliers, clients and stakeholders has made up the basis for the policies. In 2023 the group company AB Plasta prepared and applied for Ecovadis certification and was rewarded with a silver certificate in 2024.

Environmental and climate matters

The main concern associated with the business activities performed by Hillary Denmark is that the company invests in companies that have a negative environmental and climate impacts. The company manages these risks by carefully evaluating all investments and conducting detailed due diligence through documentation and legal research prior to investments to determine the likelihood of such risks. When seeking out potential investments the company actively seeks opportunities where it can contribute to improve the environmental impact of the acquisition.

No official policy is implemented as the rules and regulations of the governing bodies where the company is active are judged to offer adequate guidance and control.

On a group level the principal risks associated with the business activities are the impact of the production and products on the environment and climate. Being that plastics, derived from petroleum, is the main component of the groups products the group companies have a great responsibility and opportunity to impact the environment. Through the extensive recycling efforts and usage of post-consumer waste plastic instead of virgin plastics the group companies take on this responsibility and decreases the impact of plastic in the environment. The group activities decrease the burning of plastics and avoidance of landfill build up causing less release of carbon dioxide. The recycling activities also decreases the need for additional petroleum extraction.

In the group there is a very clear and outspoken objective to use as much post-consumer recycled plastic as possible with a minimal CO₂ footprint compared to alternatives. Today the vast majority (approximately 90%) of the products produced are from recycled post-consumer waste plastic. When considering any type of investment, the possibility for usage or production of recycled collected plastic is a very important factor in the decision-making process.

Further to the extensive usage of recycled post-consumer waste plastics the group always aims for resource savings to reduce pollution and choosing the most environmentally considerate alternative possible for its processes such as the usage of green or fossil free energy.

Other concerns associated with the business activities are the handling of waste material from the production. The group companies work with governmental and municipal agencies to ensure the best possible handling and control of such risks. The target is a zero waste production. Constant R&D is carried out in order to achieve the zero waste target.

The Plasta Group environmental policy is available here: <https://plastagroup.com/our-commitment/>

All group companies are required to uphold the laws and regulations of the countries in which they operate.

MANAGEMENT COMMENTARY

Corporate social responsibility (CSR) report (continued)

Social and employee matters

The main concern associated with social and employee matters in the business activities performed by Hillary Denmark is that the company invests in companies with a negative social and employment impacts. The company manages these risks by carefully evaluating all investments and conducting detailed due diligence through documentation and legal research prior to investments to determine the likelihood of such risks.

No official policy for internal social and employee matters is implemented as the rules and regulations of the governing bodies where the company is active are judged to offer adequate guidance and control.

On a group level the principal concerns associated to social and employee matters within the business activities are that a group company would breach the rights and responsibilities it / they have towards employees and their working conditions. As all group companies conduct their activities and adheres to regulation within EU-countries with stringent regulation and follow up of treatment of employees the risks are managed. There is limited usage of sub-contractors outside of the EU but it does occur. In such cases the group companies make sure to investigate and require documentation supporting that social and employee matters are handled in a satisfactory way.

The Plasta Group social and employee policies are available here: <https://plastagroup.com/our-commitment/> All group companies follow at a minimum the regulations set out in the ILO convention. All group companies are required to uphold the laws and regulations of the countries in which they operate.

Respect for human rights

The main concerns associated with human rights issues within the business activities performed by Hillary Denmark is that the company invests in companies with a negative impact on human rights. The company manages these risks by carefully evaluating all investments and conducting detailed due diligence through documentation and legal research prior to investments to determine the likelihood of such risks.

No official policy is implemented for internal treatment of human rights as the rules and regulations of the governing bodies where the company is active are judged to offer adequate guidance and control.

On a group level the principal concern associated human rights issues within the business activities are that a group company would breach human rights in association with demands placed on the work force or through action caused by subcontractors.

As all group companies conduct its activities and adheres to regulation within EU-countries with stringent regulation with regards to human rights the risks are managed. There is limited usage of subcontractors outside of the EU but it does occur. In such cases the group companies make sure to investigate and require documentation supporting that social and employee matters are handled in a satisfactory way.

The Plasta Group human rights policies and supplier code of ethics are available here: <https://plastagroup.com/our-commitment/>

All group companies are required to uphold the laws and regulations of the countries in which they operate.

Anti-corruption and bribery matters

The main concerns associated with anti-corruption and bribery matters within the business activities performed by Hillary Denmark is that the company invests in companies that has or is engaged in corruption and or bribery. The company manages these concerns and risks by carefully evaluating all investments and conducting detailed due diligence through documentation and legal research prior to investments to determine the likelihood of such risks.

No official policy is implemented for internal handling of anti-corruption and bribery matters as the

MANAGEMENT COMMENTARY

Corporate social responsibility (CSR) report (continued)

rules and regulations of the governing bodies where the company is active are judged to offer adequate guidance and control.

On a group level the principal concerns associated with anti-corruption and bribery matters within the business activities are that a group company would engage in corruption or bribery in order to further its possibilities for sales or avoid legal requirements alternatively to accept forms of bribes and not act in the best interest of the company. As all group companies conduct its activities and adheres to regulation within EU-countries with stringent regulation and control with regards to corruption and bribery the risks are managed.

The Plasta Group corruption and bribery prevention policy is available here: <https://plastagroup.com/our-commitment/>

All group companies are required to uphold the laws and regulations of the countries in which they operate.

Report of target figures and policies for the under-represented gender

Gender distribution within Management for the Plasta Group

2023

Number of members of the supreme management body.....	5
Under-represented gender, share in % of the supreme management body.....	0%
Number of people at other management levels.....	11
Under-represented gender, share in % at other management levels.....	36%

Target figures for the supreme management body

Status of meeting the target figures set for the supreme management body

Hillary:

The company does not have any formal employees and only a shareholder making board type decisions. They are therefore exempt.

The Plasta Group does not have target figures for gender division.

Target figures for other management levels

Policy for other management levels

Hillary:

The acting director is male and so is the representative of the shareholder. There is no plan to employ any additional people in the organization and therefore target figures for gender division are not relevant.

The company falls under the rules for exemption of accounting for under-represented gender.

The Plasta Group does not have target figures for gender division.

Data ethics

Hillary Denmark and its subsidiaries (held asset companies) are aware and mindful of data collected and make sure that all data is secure and protected. There is no group wide policy on data ethics (as per the principles from Jan 2021) or data protection but the companies have data and privacy policies in accordance with GDPR that they adhere to. These policies include statements on dealing with data collected that can be deemed sensitive from a personal standpoint.

MANAGEMENT COMMENTARY

Data ethics (continued)

The companies' data mainly relates to employees and business partners and none of the companies use data to track movements, gender, ethnicity, consumer preferences, machine learning or similar that could impact or be used to impact on an individual or entities freedom of choice or privacy. With regards to the type of data that is collected we do not feel a need for a formal data ethics policy at this time as the company regards the ethics covered in the GDPR legislation.

The group companies constantly monitor and improve IT security and guidelines, and should it see an area where the ethics of data collected could be under question a policy for the management of such data will be developed.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	Group		Parent Company	
		2023 EUR	2022 EUR	2023 EUR	2022 EUR
NET REVENUE	1	58.574.984	60.857.919	0	0
Production costs.....	2	-44.094.859	-49.789.260	0	0
GROSS PROFIT/LOSS		14.480.125	11.068.659	0	0
Distribution costs.....	2	-1.398.197	-1.225.341	0	0
Administrative expenses.....	2, 3	-7.573.564	-7.898.291	-305.647	-414.319
OPERATING PROFIT		5.508.364	1.945.027	-305.647	-414.319
Other operating income.....		1.052.080	55.081	0	2.371
Other operating expenses.....		-395.085	-4.150	-395.085	-4.150
Fair value adjustment of other investment assets.....		-20.001	-695	0	0
OPERATING PROFIT		6.145.358	1.995.263	-700.732	-416.098
Income from investments in subsidiaries.....		0	1	0	0
Financial income.....		84.649	99.626	4.371	12.000
Financial expenses.....		-748.075	-506.891	-4	-21.306
PROFIT BEFORE TAX		5.481.932	1.587.999	-696.365	-425.404
Tax on profit/loss for the year.....	4	-699.331	-11.814	0	0
PROFIT FOR THE YEAR	5	4.782.601	1.576.185	-696.365	-425.404

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group		Parent Company	
		2023 EUR	2022 EUR	2023 EUR	2022 EUR
Intangible fixed assets acquired....		1.416.221	2.221.097	0	0
Goodwill.....		146.646	945.523	0	0
Intangible assets.....	6	1.562.867	3.166.620	0	0
Land and buildings.....		1.424.547	1.213.592	0	0
Production plant and machinery....		17.952.297	9.076.246	0	0
Other plant, machinery tools and equipment.....		783.196	615.296	0	0
Tangible fixed assets in progress and prepayment.....		2.329.439	4.818.689	0	0
Property, plant and equipment...	7	22.489.479	15.723.823	0	0
Equity investments in group enterprises.....		0	0	4.309.147	4.309.147
Other investments.....		40.415	40.415	40.415	40.415
Rent deposit and other receivables.....		50.664	8.552	0	0
Financial non-current assets.....	8	91.079	48.967	4.349.562	4.349.562
NON-CURRENT ASSETS.....		24.143.425	18.939.410	4.349.562	4.349.562
Raw materials and consumables....		1.800.044	1.977.259	0	0
Work in progress.....		1.204.704	1.978.146	0	0
Finished goods and goods for resale.....		3.931.380	3.824.831	0	0
Inventories.....		6.936.128	7.780.236	0	0
Trade receivables.....		8.197.075	7.993.157	0	0
Deferred tax assets.....	9	384.991	187.873	0	0
Other receivables.....		937.440	3.283.300	0	1.905.666
Prepayments.....	10	382.451	324.676	0	0
Receivables.....		9.901.957	11.789.006	0	1.905.666
Cash and cash equivalents.....		4.245.882	885.372	35.130	220.870
CURRENT ASSETS.....		21.083.967	20.454.614	35.130	2.126.536
ASSETS.....		45.227.392	39.394.024	4.384.692	6.476.098

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group		Parent Company	
		2023 EUR	2022 EUR	2023 EUR	2022 EUR
Share Capital.....		20.151	20.151	20.151	20.151
Other reserves.....		2.333.257	289.778	0	0
Retained earnings.....		7.349.061	8.668.362	4.281.016	4.977.381
Proposed dividend.....		0	1.400.000	0	1.400.000
Minority shareholders.....		10.621.803	8.645.512	0	0
EQUITY.....		20.324.272	19.023.803	4.301.167	6.397.532
Provision for deferred tax.....	11	512.814	381.176	0	0
Other provisions.....		159.960	1.528.246	0	0
PROVISIONS.....		672.774	1.909.422	0	0
Debt to mortgage credit institution.....		6.225.981	2.997.142	0	0
Trade payables.....		344.903	687.565	0	0
Other non-current liabilities.....		10.089	0	0	0
Non-current liabilities.....	12	6.580.973	3.684.707	0	0
Debt to mortgage credit institution.....		6.296.093	5.311.589	0	0
Prepayments received concerning work in progress.....		117.294	60.111	0	0
Trade payables.....		6.037.818	6.114.291	0	54.185
Debt to Group companies.....		73.524	13.524	73.524	13.524
Corporation tax payable.....		412.215	21.056	0	0
Other liabilities.....		4.194.360	2.210.759	10.001	10.857
Deferred income.....		518.069	1.044.762	0	0
Current liabilities.....		17.649.373	14.776.092	83.525	78.566
LIABILITIES.....		24.230.346	18.460.799	83.525	78.566
EQUITY AND LIABILITIES.....		45.227.392	39.394.024	4.384.692	6.476.098
Contingencies etc.	13				
Charges and securities	14				
Related parties	15				

EQUITY

EUR	Group					
	Share Capital	Other reserves	Retained earnings	Proposed dividend	Minority shareholders	Total
Equity at 1 January 2023.....	20.151	289.778	8.668.362	1.400.000	8.645.512	19.023.803
Proposed profit allocation, Note 5.....			1.849.647		2.932.954	4.782.601
Transactions with owners						
Dividend paid.....				-1.400.000		-1.400.000
Purchase of own equity investments.....			-2.000.000			-2.000.000
Other legal bindings						
Foreign exchange adjustments.....			-314.596			-314.596
Other adjustments.....					-880.786	-880.786
Revaluations in the year.....		2.043.479	-930.229			1.113.250
Transfers						
Currency translation.....			75.877		-75.877	0
Equity at 31 December 2023.....	20.151	2.333.257	7.349.061	0	10.621.803	20.324.272

EUR	Parent Company			
	Share Capital	Retained earnings	Proposed dividend	Total
Equity at 1 January 2023.....	20.151	4.977.381	1.400.000	6.397.532
Proposed profit allocation, jf. note 5.....		-696.365		-696.365
Transactions with owners				
Dividend paid.....			-1.400.000	-1.400.000
Equity at 31 December 2023.....	20.151	4.281.016	0	4.301.167

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group		Parent Company	
	2023 EUR	2022 EUR	2023 EUR	2022 EUR
Profit/loss for the year.....	4.782.601	1.576.185	-696.365	-425.404
Depreciation and amortisation, reversed....	5.075.868	4.749.892	0	0
Profit/loss from subsidiaries.....	0	-1	0	0
Tax on profit/loss, reversed.....	699.331	11.814	0	0
Corporation tax paid.....	-764.811	0	0	0
Change in inventories.....	844.108	-917.666	0	0
Change in receivables (ex tax).....	2.084.167	-2.995.124	1.905.666	-314.911
Change in other provisions.....	-1.368.286	1.432.270	0	0
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility)..	127.918	670.875	4.959	-954.687
Other cash flows from operating activities..	-575.147	-1.286.970	0	0
CASH FLOWS FROM OPERATING ACTIVITY..	10.905.749	3.241.275	1.214.260	-1.695.002
Purchase of intangible assets.....	-85.052	0	0	0
Sale of intangible fixed assets.....	176.101	0	0	0
Purchase of property, plant and equipment.	-8.144.162	-4.989.259	0	0
Sale of property, plant and equipment.....	95.961	62.300	0	0
Purchase of financial assets.....	-396.767	0	0	0
Sale of financial assets.....	4.552	0	0	0
Purchase of own shares.....	-1.000.000	0	0	0
Other cash flows from investing activities...	-1.009.215	177.102	0	0
CASH FLOWS FROM INVESTING ACTIVITY...	-10.358.582	-4.749.857	0	0
Changes in Debt to mortgage credit institution.....	4.213.343	0	0	0
Dividends paid in the financial year.....	-1.400.000	-3.500.000	-1.400.000	-3.500.000
Other cash flows from financing activities...	0	-409.809	0	0
CASH FLOWS FROM FINANCING ACTIVITY...	2.813.343	-3.909.809	-1.400.000	-3.500.000
CHANGE IN CASH AND CASH EQUIVALENTS.	3.360.510	-5.418.391	-185.740	-5.195.002
Cash and cash equivalents at 1. januar.....	885.372	6.303.763	220.870	5.415.872
CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....	4.245.882	885.372	35.130	220.870
Cash and cash equivalents at 31 December comprise:				
Cash and cash equivalents.....	4.245.882	885.372	35.130	220.870
CASH AND CASH EQUIVALENTS.....	4.245.882	885.372	35.130	220.870

NOTES

Note

	Group		Parent Company		
	2023 EUR	2022 EUR	2023 EUR	2022 EUR	
Net revenue					1
Revenue, Europe.....	58.574.984	60.857.919	0	0	
	58.574.984	60.857.919	0	0	
Segment details (geography)					
Europe.....	58.574.984	60.857.919	0	0	
	58.574.984	60.857.919	0	0	
Segment details (activities)					
Sale of plastic products.....	58.574.984	60.857.919	0	0	
	58.574.984	60.857.919	0	0	
Staff costs					2
Average number of full time employees	524	490	1	1	
Wages and salaries.....	12.330.850	11.627.019	0	0	
	12.330.850	11.627.019	0	0	
Information on management remuneration is omitted in accordance with the exemption provision in the Danish Financial Statements Act, section 98 b, subsection. 3 No. 2.					
Fee to statutory auditor					3
Total fee:					
BDO.....	26.809	39.025	26.809	39.025	
Auditors of foreign subsidiaries.....	113.790	44.972	0	0	
	140.599	83.997	26.809	39.025	
Specification of the fees:					
Statutory audit.....	88.453	78.307	5.000	8.396	
Assurance engagements.....	2.000	2.000	0	0	
Tax consultancy.....	24.528	0	16.528	25.629	
Other services.....	25.685	3.690	5.348	5.000	
	140.666	83.997	26.876	39.025	

NOTES

	Group		Parent Company		Note
	2023 EUR	2022 EUR	2023 EUR	2022 EUR	
Tax on profit/loss for the year					
Calculated tax on taxable income of the year.....	699.331	11.814	0	0	4
	699.331	11.814	0	0	
Proposed distribution of profit					
Proposed dividend for the year.....	0	1.400.000	0	1.400.000	5
Retained earnings.....	1.849.647	-900.717	-696.365	-1.825.404	
Minority shareholders.....	2.932.954	1.076.902	0	0	
	4.782.601	1.576.185	-696.365	-425.404	
Intangible assets					6
			Group		
EUR			Intangible fixed assets acquired	Goodwill	
Cost at 1 January 2023.....			5.520.122	3.994.388	
Exchange adjustment at closing rate.....			-24.720	0	
Transfer.....			58.604	0	
Additions.....			85.052	0	
Disposals.....			-290.234	0	
Cost at 31 December 2023.....			5.348.824	3.994.388	
Amortisation at 1 January 2023.....			3.299.025	3.048.865	
Exchange adjustment at closing rate.....			-25.337	0	
Transfer.....			58.604	0	
Reversal of amortisation of assets disposed of			-114.133	0	
Amortisation for the year.....			714.444	798.877	
Amortisation at 31 December 2023.....			3.932.603	3.847.742	
Carrying amount at 31 December 2023.....			1.416.221	146.646	

The company invest resources to improve production equipment and to find solutions for optimisation and efficiency improvement. These solutions covers the application of film thinning technology and the development of recycling technologies to recycle also highly contaminated waste.

NOTES

Property, plant and equipment

Note

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EUR	Group	
	Land and buildings	Production plant and machinery
Cost at 1 January 2023.....	1.457.088	29.351.894
Exchange adjustment at closing rate.....	0	-639.357
Transferred.....	301.286	16.613.867
Additions.....	0	203.470
Disposals.....	-44.795	-3.425.264
Cost at 31 December 2023.....	1.713.579	42.104.610
Depreciation and impairment losses at 1 January 2023.....	243.496	20.275.648
Exchange adjustment.....	0	-641.723
Transferred.....	7.148	3.312.452
Reversal of depreciation of assets disposed of.....	-44.795	-1.999.434
Depreciation for the year.....	83.183	3.205.370
Depreciation and impairment losses at 31 December 2023...	289.032	24.152.313
Carrying amount at 31 December 2023.....	1.424.547	17.952.297

EUR	Group	
	Other plant, machinery tools and equipment	Tangible fixed assets in progress and prepayment
Cost at 1 January 2023.....	3.109.564	4.818.689
Exchange adjustment at closing rate.....	-106.024	335
Transferred.....	296.593	-12.775.361
Additions.....	322.644	10.386.806
Disposals.....	-272.251	-101.030
Cost at 31 December 2023.....	3.350.526	2.329.439
Depreciation and impairment losses at 1 January 2023.....	2.494.268	0
Exchange adjustment.....	-106.176	
Transferred.....	153.735	
Reversal of depreciation of assets disposed of.....	-248.491	
Depreciation for the year.....	273.994	
Depreciation and impairment losses at 31 December 2023...	2.567.330	0
Carrying amount at 31 December 2023.....	783.196	2.329.439

Financial non-current assets

8

EUR	Group	
	Other investments	Rent deposit and other receivables
Cost at 1 January 2023.....	40.415	8.552
Additions.....	0	46.664
Disposals.....	0	-4.552
Cost at 31 December 2023.....	40.415	50.664
Carrying amount at 31 December 2023.....	40.415	50.664

NOTES

Note

Fixed asset investments (continued)

8

EUR	Parent Company	
	Equity investments in group enterprises	Other investments
Cost at 1 January 2023.....	4.309.147	40.415
Cost at 31 December 2023.....	4.309.147	40.415
Carrying amount at 31 December 2023.....	4.309.147	40.415

Investments in subsidiaries (EUR)

Name and domicil	Equity	Profit/loss for the year	Ownership
Plasta Holdings UAB, Lithuania.....	20.332.252	4.598.180	55,37 %

Deferred tax assets

9

The deferred tax assets is related to differences between the carrying amount and tax value of securities, receivables, intangible and tangible fixed assets, including recognised finance lease contracts.

	Group		Parent Company	
	2023 EUR	2022 EUR	2023 EUR	2022 EUR
Deferred tax assets, beginning of year.....	187.873	128.682	0	0
Other adjustments.....	197.118	59.191	0	0
Deferred tax assets 31 December 2023.....	384.991	187.873	0	0

The company's deferred tax assets are recognized in the balance sheet with EUR 384.991. The tax asset primarily relates to temporary differences in deductible items, which is expected to be deducted in future profits.

Prepayments				
Costs.....	382.451	324.676	0	0
	382.451	324.676	0	0

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Prepayment is prepaid cost to insurance, rent and similar cost.

NOTES

					Note
Provision for deferred tax					11
The provision for deferred tax is related to differences between the carrying amount and tax value of securities, receivables, intangible and tangible fixed assets, including recognised finance lease contracts.					
Deferred tax, beginning of year.....	381.176	445.850	0	0	
Other adjustments.....	131.638	-64.674	0	0	
Provision for deferred tax 31 December 2023.....	512.814	381.176	0	0	
 Long-term liabilities					12
	<u>Group</u>				
	31/12 2023	Repayment	Debt	31/12 2022	
EUR	total liabilities	next year	outstanding after 5 years	total liabilities	
Debt to mortgage credit institution.....	6.225.981	0	0	2.997.142	
Trade payables.....	344.903	0	0	687.565	
Other non-current liabilities.....	10.089	0	0	0	
	6.580.973	0	0	3.684.707	
 Contingencies etc.					13
Contingent liabilities					
None.					
 Charges and securities					14
As security for bank debt of T.EUR 5.072 and debt to credit institutions of T.EUR 8.900 , the Group has provided a corporate pledge of T.EUR 36.594. The corporate pledge includes the following assets:					
Buildings - T.EUR 1.028					
Equipment & other non-current assets - T.EUR 17.845					
All inventories in use - T.EUR 3.523					
Shares (Rullpack, AB) - T.EUR 5.487					
Working capital at Swebank - T.EUR 2.214					
Accounts receivable - T.EUR 6.497					

NOTES**Note****Related parties****15**

Parties are considered to be related parties when one of them is able to control the other party or exert significant influence on the other party in the latter's financial and operating decisions. These comprise the following legal entities and natural persons:

- Members of management of the Company
- Shareholders of the Company
- Group companies;

Plasta Holdings UAB

PLASTA AB

Plasta Business Park, AB

Rullpack AB

GelPod UAB

Plasta GmbH

Rullpack Norge AS

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.

ACCOUNTING POLICIES

The Annual Report of Hillary Denmark ApS for 2023 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C.

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

Consolidated Financial Statements

The Consolidated Financial Statements include the Parent Company Hillary Denmark ApS and the subsidiaries in which Hillary Denmark ApS directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the Group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the Group structure.

The Consolidated Financial Statements consolidate the Financial Statements of the Parent Company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, intercompany accounts and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

Newly acquired or newly formed entities within the Group are recognised in the Consolidated Financial Statements as if the entity has been combined from the earliest financial period included in the Consolidated Financial Statements. Consolidated or wound up entities are recognised in the Consolidated Income Statement from the earliest financial period included in the Financial Statements. Comparative figures are corrected for newly acquired, sold or wound-up entities.

Acquired entities within the Group are recognised in the Consolidated Financial Statements according to the combination method, the combination being regarded as completed as from the earliest financial period included in the Consolidated Financial Statements, and by using the carrying amounts of the assets and liabilities acquired.

Positive and negative differences between the acquisition cost and the carrying amounts of acquired and identified assets and liabilities are recognised in equity at the acquisition.

Transaction costs incurred in relation to acquisition of entities are recognised in the Income Statement in the year they were paid.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries' fair value of net assets and liabilities at the acquisition date.

Investments in associates are measured in the Balance Sheet at the proportional share of the equity value of the enterprises, calculated under the accounting policies of the Parent Company and eliminating proportionally any unrealised intercompany gains and losses. The proportional share of the results of the associates is recognised in the Income Statement after elimination of the proportional share of internal gains and losses.

Minority interests

The accounting items of the subsidiaries are recognised in full in the Consolidated Financial Statements. The minority interests' proportional share of the results and equity of the subsidiaries is stated as separate items in the allocation of profit/loss and equity, respectively.

INCOME STATEMENT

Net revenue

Net revenue from the sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

ACCOUNTING POLICIES

Other operating income

Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.

Production costs

Production costs comprise the costs of manufacture and procurement paid to achieve the net revenue for the year, including costs of raw materials and consumables, wages and salaries, energy, maintenance, leasing and depreciation of production plant, and adjusted for changes in inventory of finished goods and work in progress.

Distribution costs

The costs paid for the distribution of goods sold during the year and for sales campaigns, etc. carried out during the year are recognised in distribution costs. The cost of sales personnel, advertising and exhibition costs and amortisation of distribution and sales related assets are also recognised in distribution costs. Common losses on bad debts are also recognised.

Administrative expenses

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

Other operating expenses

Other operating expenses include items of a secondary nature in relation to the Group's and the Company's activities. Losses from sale of intangible and tangible fixed assets are also included.

Income from investments in subsidiaries

Dividend from equity interests is recognised in the financial year in which the dividend is declared. 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.

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 securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

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 share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

BALANCE SHEET

Intangible fixed assets

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 5 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 conditions.

Patents and licences are measured at the lower of cost less accumulated amortisation and the recoverable amount. Patents are amortised over the remaining patent period and licences are amortised over the period of the agreement, however, no more than 8 years.

ACCOUNTING POLICIES

Development projects comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the Company’s development activities and which fulfil the criteria for recognition in the Balance Sheet.

The accounting item is measured at the lower of the capitalised costs less accumulated amortisation and recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 5 years.

Intangible fixed assets are generally written down to the recoverable amount if this is lower than the carrying amount.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Tangible fixed assets

Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Production plant and machinery.....	5-10 years	0 %
Other plant, fixtures and equipment.....	3-5 years	0 %

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

Lease contracts

Lease contracts relating to tangible fixed assets for which the Company bears all material risks and benefits attached to the ownership (finance lease, see IAS 17) are recognised as assets in the Balance Sheet. The assets are at the initial recognition measured at the lower of cost stated at fair value and the and present value of the future lease payments. The internal interest rate of the lease contract, or alternatively the Company’s loan interest, is used as discounting factor when calculating the present value. Finance lease assets are hereafter treated as the Group’s and the Company’s other similar tangible fixed assets.

The capitalised residual lease liability is recognised in the Balance Sheet as a liability and the interest portion of the lease payment is recognised in the Income Statement over the contract period.

Financial non-current assets

Equity investments in are measured at cost. If the cost exceeds the net realisable value, this is written down to the lower value.

The combination method is applied when acquiring enterprises within the Group, where the combination is regarded as completed from the earliest financial period included in the Financial Statements, and by using the carrying amounts of the assets and liabilities acquired.

The difference between the acquisition cost and carrying amounts is recognised directly in equity.

ACCOUNTING POLICIES

Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value,, are assessed annually 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 recoverable 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.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct payroll cost and other direct and other indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, the cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at the expected sales price less direct completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price of the inventories.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Cash and cash equivalents

Cash and cash equivalents include cash at bank.

ACCOUNTING POLICIES

Other provisions for liabilities

Other provisions for liabilities include the expected cost of warranty commitments, loss on work in progress, restructurings etc. and deferred tax.

Warranty commitments include liabilities for improvement of work within the warranty period of 1 to 5 years. The provision for liabilities is measured and recognised on the basis of experience with warranty work.

When it is likely that the total costs will exceed the total income on the contract work in progress, a provision is made for the total loss that is anticipated on the contract.

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.

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 carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that 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

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.

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 date when the receivables or payables come into existence 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.

CASH FLOW STATEMENT

ACCOUNTING POLICIES

The cash flow statement shows the Company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:

Cash and cash equivalents include bank overdraft and cash in hand.