Deloitte
Statsautoriseret
Revisionspartnerselskab
CVR-nr. 33963556
City Tower, Værkmestergade 2
8000 Aarhus C

Telefon 89 41 41 41
Telefax 89 41 42 43
www.deloitte.dk

Dacapo Stainless A/S
Neptunvej 1
8600 Silkeborg
Central Business Registration No
26688248

Annual report 2016

The Annual General Meeting adopted the annual report on 31.05.2017

Chairman of the General Meeting

____

Name: Andy Nørregaard Andersen

Contents

Entity details

Entity
Dacapo Stainless A/S
Neptunvej 1
8600 Silkeborg

Central Business Registration No: 26688248
Registered in: Silkeborg
Financial year: 01.01.2016 - 31.12.2016

Board of Directors
Andy Nørregaard Andersen, Chairman
Jesper Klein-Petersen
Michael Mortensen

Executive Board
Kristian Saxtrup Sylvest, CEO

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Dacapo Stainless A/S for the financial year 01.01.2016 - 31.12.2016.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

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

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

Silkeborg, 31.05.2017

Executive Board

Kristian Saxtrup Sylvest
CEO

Board of Directors

Andy Nørregaard Andersen Chairman	Jesper Klein-Petersen	Michael Mortensen

Independent auditor's report

To the shareholders of Dacapo Stainless A/S

Opinion

We have audited the financial statements of Dacapo Stainless A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exits. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary
Management is responsible for the management commentary.

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

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

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

Independent auditor's report

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

Aarhus, 31.05.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Thomas Rosquist Andersen	Steen Andersen
State Authorised Public Accountant	State Authorised Public Accountant

Management commentary

	2016	2015	2014	2013	2012
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Revenue	450.479	455.914	443.615	392.168	359.605
Gross profit/loss	37.253	25.511	35.237	21.359	23.851
Operating profit/loss	14.055	3.506	16.801	3.708	7.769
Net financials	2.308	(372)	2.974	(7.979)	(7.688)
Profit/loss for the year	14.030	3.444	17.493	(4.669)	(1.758)
Total assets	260.802	213.059	234.856	193.669	177.119
Investments in property, plant and equipment	2.471	2.801	3.332	685	702
Equity	42.364	26.633	22.673	2.608	2.698
Ratios					
Gross margin (%)	8,3	5,6	7,9	5,4	6,6
Net margin (%)	3,1	0,8	3,9	(1,2)	(0,5)
Return on equity (%)	40,7	14,0	138,4	(176,0)	(76,9)
Equity ratio (%)	16,2	12,5	9,7	1,3	1,5

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	**Calculation formula**	**Ratios**
Gross margin (%)	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities
The Company's business activity is stockholding and trading of stainless steel primarily in Northern Europe, secondarily in the rest of the World.

Development in activities and finances
The Company's income statement for the fiscal year ended 31. December, 2016 shows a net profit of DKK 14.030 thousand, and the balance sheet shows equity of DKK 42.364 thousand, which in addition to subordinated debt of DKK 15.019 thousand add up to a total liable capital of DKK 57.383 and a solvency of 22,0 % including subordinated debt.

The first half of 2016 was characterized by a continued decline in raw material prices, with the Nickel prices dropping below 8.500 USD/ton in May 2016 marking a 13-year low, but also marking the start of a modest rebound in the price of Nickel during the second half of the year with the Nickel price finishing the year around 10.000 USD/ton.

As always the development in raw material prices has a direct influence on the prices of stainless steel, and the rebound in Nickel prices helped pushing up the average sales prices by 10 % from the lowest point in May and by 5 % compared to January 2016, resulting in improved profitability during the second half of the year. This in turn enabled the Company to deliver an acceptable financial result for the full fiscal year.

An increase in quantitative sales (tons) of 11 % y.o.y., in a market which didn't show any real signs of overall demand growth, means the Company again gained market share. Productivity in terms of operating costs per ton improved quite significantly in line with a core strategic goal of being most competitive through cost efficiency.

All five operating companies contributed with positive financial results, and in particular the Scandinavian companies achieved significant improvement in performance.

The Company continued its focus on e-business, and saw a significant increase in the number of customers using the web-shop, which was upgraded with many new functionalities. Other digitalization initiatives were also taken, and the company is at the forefront of this important evolution.

Profit/loss for the year in relation to expected developments
Profit for 2016 has met expectations.

Uncertainty relating to recognition and measurement
A deferred tax asset has been recognized in the company, totaling DKK 2.860 thousand. The utilization of it will depend on positive results of operations in a 3-5-year period. Management firmly believes that the deferred tax asset can be utilized via continued positive operating income in the years to come.

Outlook
2017 has started where 2016 ended with further increase in market prices still driven by the rebound in raw material prices, but also supported by increased market activity. European stainless steel manufacturers

Management commentary

report longer lead-times and minor increases in the base prices, which exclude the raw material elements, have been accepted by the market.

Nickel prices are still below what is perceived as being a fair level given the costs of extraction, but a more decisive upwards price change probably require further improvement in the market demand for stainless steel. This, in turn, will only materialize if the global economy gains further traction and provided the production capacity for stainless steel is controlled. Such a rebalancing of the raw material markets and the stainless steel market itself will eventually help to further improve the financial performance of the Company.

Particular risks

Financial risks

The company uses currency hedges to hedge purchases of goods. The company is dependent on the development in the prices of raw materials, especially nickel and molybdenum.

Statutory report on corporate social responsibility

The Company has not drawn up any CSR policy nor any policy regarding climate and environment.

Statutory report on the underrepresented gender

The Company has not drawn up any policy for the underrepresented gender.

Income statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Revenue	2	450.479	455.914
Cost of sales		(399.312)	(414.953)
Other external expenses		(13.914)	(15.450)
Gross profit/loss		**37.253**	**25.511**
Staff costs	3	(18.246)	(17.105)
Depreciation, amortisation and impairment losses		(4.952)	(4.900)
Operating profit/loss		**14.055**	**3.506**
Income from investments in group enterprises		5.894	3.232
Other financial income		1.008	985
Other financial expenses		(4.594)	(4.589)
Profit/loss before tax		**16.363**	**3.134**
Tax on profit/loss for the year		(2.333)	310
Profit/loss for the year	4	**14.030**	**3.444**

Balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Completed development projects		2.756	3.583
Intangible assets	5	**2.756**	**3.583**
Other fixtures and fittings, tools and equipment		4.570	6.761
Property, plant and equipment	6	**4.570**	**6.761**
Investments in group enterprises		17.149	12.617
Receivables from group enterprises		11.175	36.505
Other receivables		40	52
Fixed asset investments	7	**28.364**	**49.174**
Fixed assets		**35.690**	**59.518**
Raw materials and consumables		120.273	100.048
Prepayments for goods		3.396	1.220
Inventories		**123.669**	**101.268**
Trade receivables		46.772	38.971
Receivables from group enterprises		43.073	5.895
Deferred tax	8	2.656	5.103
Other receivables		5.074	1.511
Prepayments	9	644	626
Receivables		**98.219**	**52.106**
Cash		**3.224**	**167**
Current assets		**225.112**	**153.541**
Assets		**260.802**	**213.059**

Balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Contributed capital		2.223	2.223
Retained earnings		40.141	24.410
Equity		**42.364**	**26.633**
Subordinate loan capital		15.019	20.019
Finance lease liabilities		1.876	1.297
Non-current liabilities other than provisions	10	**16.895**	**21.316**
Current portion of long-term liabilities other than provisions	10	555	430
Bank loans		86.032	74.866
Trade payables		94.489	75.721
Payables to group enterprises		13.932	1.982
Income tax payable		217	0
Other payables		6.318	12.111
Current liabilities other than provisions		**201.543**	**165.110**
Liabilities other than provisions		**218.438**	**186.426**
Equity and liabilities		**260.802**	**213.059**
Uncertainty relating to recognition and measurement	1		
Financial instruments	11		
Claims of creditor subordinated to other creditors	12		
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Mortgages and securities	15		
Related parties with controlling interest	16		
Group relations	17		

Statement of changes in equity for 2016

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	2.223	24.410	26.633
Exchange rate adjustments	0	(695)	(695)
Fair value adjustments of hedging instruments	0	2.657	2.657
Tax of equity postings	0	(261)	(261)
Profit/loss for the year	0	14.030	14.030
Equity end of year	**2.223**	**40.141**	**42.364**

Notes

1. Uncertainty relating to recognition and measurement

The value of the deferred tax assets is depending on the future earnings of the company and the group. Thus, the measurement of the asset is connected with a significant uncertainty since unforeseen events may have either positive or negative influence on the future earnings.

2. Revenue

The company has not performed a segmentation of revenue as it considers its activities as one segment.

	2016 DKK'000	2015 DKK'000
3. Staff costs		
Wages and salaries	28.209	27.186
Pension costs	1.784	1.770
Other social security costs	252	254
Other staff costs	(11.999)	(12.105)
	18.246	**17.105**
Average number of employees	**56**	**57**

	Remunera-tion of manage-ment 2016 DKK'000	Remunera-tion of manage-ment 2015 DKK'000
Executive Board	3.323	4.200
Board of Directors	377	367
	3.700	**4.567**

	2016 DKK'000	2015 DKK'000
4. Proposed distribution of profit/loss		
Retained earnings	14.030	3.444
	14.030	**3.444**

Notes

	Completed development projects DKK'000
5. Intangible assets	
Cost beginning of year	15.578
Additions	1.542
Cost end of year	**17.120**
Amortisation and impairment losses beginning of year	(11.995)
Amortisation for the year	(2.369)
Amortisation and impairment losses end of year	**(14.364)**
Carrying amount end of year	**2.756**

	Other fixtures and fittings, tools and equipment DKK'000
6. Property, plant and equipment	
Cost beginning of year	28.038
Additions	2.471
Disposals	(7.440)
Cost end of year	**23.069**
Depreciation and impairment losses beginning of the year	(21.277)
Depreciation for the year	(2.638)
Reversal regarding disposals	5.416
Depreciation and impairment losses end of the year	**(18.499)**
Carrying amount end of year	**4.570**

Notes

	Investments in group enterprises DKK'000	Receivables from group enterprises DKK'000	Other receivables DKK'000
7. Fixed asset investments			
Cost beginning of year	21.181	36.505	52
Disposals	0	(25.330)	(12)
Cost end of year	**21.181**	**11.175**	**40**
Impairment losses beginning of year	(8.564)	0	0
Exchange rate adjustments	(695)	0	0
Share of profit/loss for the year	5.894	0	0
Investments with negative equity depreciated over receivables	(667)	0	0
Impairment losses end of year	**(4.032)**	**0**	**0**
Carrying amount end of year	**17.149**	**11.175**	**40**

	Registered in	Corpo-rate form	Equity inte-rest %
Investments in group enterprises comprise:			
Dacapo Stainless AS	Bryne, Norway	AS	100,0
Dacapo Stainless AB	Malmø, Sweden	AB	100,0
Dacapo Stainless B.V.	Hlemond, the Netherlands	B.V.	100,0
Dacapo Stainless GmbH	Münchengladbach, Germany	GmbH	100,0

Notes

	2016 DKK'000	2015 DKK'000
8. Deferred tax		
Intangible assets	(593)	(788)
Property, plant and equipment	703	728
Equity	(579)	(158)
Liabilities other than provisions	306	306
Tax losses carried forward	2.819	5.015
	2.656	**5.103**

Changes during the year	
Beginning of year	5.103
Recognised in the income statement	(1.883)
Recognised directly in equity	(564)
End of year	**2.656**

The tax assets arise primarily from tax losses carried forward. Management expects that the company and its jointly taxed enterprises will obtain positive earnings and thus, the deferred tax assets can be used in the future.

9. Prepayments

Prepayments consists of prepaid goods.

	Instalments within 12 months 2016 DKK'000	Instalments within 12 months 2015 DKK'000	Instalments beyond 12 months 2016 DKK'000
10. Liabilities other than provisions			
Subordinate loan capital	0	0	15.019
Finance lease liabilities	555	430	1.876
	555	**430**	**16.895**

11. Financial instruments

Other receivables include a positive fair value of DKK 2,632k from currency hedges. The contracts hedge currency risk from future goods purchases in USD totalling USD 6,687k (DKK 62,892k). The fair value adjustment is registered on equity and is expected to be realised in profit and loss after balance date. The currency hedges runs 0 to 6 months.

Notes

	Amounts outstanding DKK'000	Date of maturity
12. Claims of creditor subordinated to other creditors		
Vandango Invest ApS	15.019	N/A
	15.019	

The loan is subordinated in relation to all other creditors. No repayment arrangement has been agreed upon.

	2016 DKK'000	2015 DKK'000
13. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**1.381**	**1.540**

	2016 DKK'000	2015 DKK'000
14. Contingent liabilities		
Recourse and non-recourse guarantee commitments	62.361	58.400
Contingent liabilities in total	**62.361**	**58.400**
Recourse and non-recourse guarantee commitments	62.361	58.400
Hereof contingent liabilities to group enterprises	**62.361**	**58.400**

Guarantee commitments consist of a guarantee provided in respect of bank commitments in group enterprises.

The Entity participates in a Danish joint taxation arrangement in which HEJK ApS, Neptunvej 1, 8600 Silkeborg, Denmark serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed entities, and from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

15. Mortgages and securities

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on plant of DKK 100,000k nominal consisting of unsecured claims, inventory, operating equipment, etc. owned by Dacapo Stainless A/S, with a book value of DKK 186,767K.

Notes

Jyske Bank also has a Charge on shares and receivables of DKK 55,187k in group companies which has a book value of DKK 28,324k as per 31.12.2016.
Bank loan amounts to DKK 86,032k.

Certain items of plant and machinery as well as other fixtures etc have been financed by means of finance leases. The carrying amount of assets held under finance leases is DKK 2,300k.

16. Related parties with controlling interest
2-F Finans A/S (CVR: 27400396), Silkeborg owns 90 % of the shares in the Company, and therefore has controlling interest.

Referring to section 98 (C) of the Danish Financial Statement act The Company does not disclose transactions with related parties as the transactions have been performed at arm’s length.

17. Group relations
Name and registered office of the Parent preparing consolidated financial statements for the largest group:
HEJK ApS, Neptunvej 1, 8600 Silkeborg

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
HEJK ApS, Neptunvej 1, 8600 Silkeborg

Accounting policies

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

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements
Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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

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

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

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

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

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Derivative financial instruments
On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Accounting policies

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

Income statement

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

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

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

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

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

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

Accounting policies

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

Balance sheet
Intellectual property rights etc
Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed 10 years. For development projects, protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3-5 years.

Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset’s fair value and present value of future lease payments.

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

Other fixtures and fittings, tools and equipment	3-10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Accounting policies

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

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these en-terprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

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

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

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

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

Cash
Cash comprises cash in hand and bank deposits.

Accounting policies

Finance lease liabilities
Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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

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

Cash flow statement
The cash flow statement is not included in the annual report in accordance with Section 86 (4) of the Danish Financial Statement Act.