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BDO Statsautoriseret revisionsaktieselskab
Havneholmen 29
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CVR no. 20 22 26 70

G.R.A.S. SOUND & VIBRATION APS

SKOVLYTOFTEN 33, ØVERØD, 2840 HOLTE

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2023

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 23 April 2024

Uffe Bjerg

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. 27 16 09 21

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COMPANY DETAILS

Company	G.R.A.S. SOUND & VIBRATION ApS Skovlytoften 33 Øverød 2840 Holte
	CVR No.: 27 16 09 21 Established: 28 April 2003 Municipality: Rudersdal Financial Year: 1 January - 31 December
Board of Directors	Michael Flaherty, chairman Uffe Bjerg Richard Arthur Deggs
Executive Board	Uffe Bjerg
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V
Law Firm	DLA Piper Denmark, Advokatpartnerselskab Rådhuspladsen 4 1550 Copenhagen V

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of G.R.A.S. SOUND & VIBRATION ApS for the financial year 1 January - 31 December 2023.

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

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

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

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

Holte, 23 April 2024

Executive Board

Uffe Bjerg

Board of Directors

Michael Flaherty Chairman	Uffe Bjerg	Richard Arthur Deggs

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of G.R.A.S. SOUND & VIBRATION ApS

Opinion

We have audited the Financial Statements of G.R.A.S. SOUND & VIBRATION ApS for the financial year 1 January - 31 December 2023, which comprise income statement, Balance Sheet, statement of changes in equity, notes *and 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 assets, liabilities and financial position of the Company at 31 December 2023 and of the results of the Company's operations 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 Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (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 Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- *Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.*
- *Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.*

INDEPENDENT AUDITOR'S REPORT

- *Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.*
- *Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.*
- *Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.*

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

Statement on Management Commentary
Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover 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 Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management 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 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 Management Commentary.

Copenhagen, 23 April 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Søren Søndergaard Jensen
State Authorised Public Accountant
MNE no. mne32069

FINANCIAL HIGHLIGHTS

	2023 DKK '000	2022 DKK '000	2019/20 DKK '000	2018/19 DKK '000	2017/18 DKK '000
Income statement					
Net revenue	76.999	115.652	148.729	211.552	120.681
Gross profit/loss	-21.691	20.551	52.712	75.420	56.999
Operating profit/loss of main activities	-39.201	9	24.727	28.303	7.443
Financial income and expenses, net	-1.571	1.048	763	-456	-94
Profit/loss for the year before tax	-25	16.314	25.894	30.383	9.334
Profit/loss for the year	8.940	16.086	21.705	26.122	7.763
Balance sheet					
Total assets	186.341	155.014	114.580	92.954	63.662
Equity	111.012	101.248	85.162	63.458	41.161
Investment in property, plant and equipment	-407	-763	534	534	534
Key ratios					
Return on invested capital	-59,8	159,4	23,3	19,0	58,1
Equity ratio	59,6	65,3	74,3	68,3	64,7

The annual report for 2019/20 covers 18 month, while rest of the annual reports covers 12 month.

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

Invested capital:	*Intangible fixed assets (ex goodwill) + tangible assets + inventories + receivables + other working current assets - trade payables - other provisions - other long and short term working liabilities*
Return on invested capital:	$\frac{\textit{Profit/loss on ordinary activities x 100}}{\textit{Average invested capital}}$
Equity ratio:	$\frac{\textit{Equity ex. minorities, at year end x 100}}{\textit{Total equity and liabilities, at year end}}$

MANAGEMENT COMMENTARY

Principal activities
The principal activities comprise like in previous years developing and production of measuring instruments and other related activities.

Development in activities and financial and economic position
The company have had a decrease in the activites and revenue during FY2023 due to the fact that most of the revenue has been moved to the subsidiary Axiometrix Solutions ApS.

Profit/loss for the year compared to the expected development
The results and financial development of the company were better than foreseen.

The company achieved a profit of DKK 9.0m in 2023 against DKK 16.1m in 2022. The decrease in the profit is due to investments in the development of products and the administration.

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.

Future expectations
The company expect the positive development from 2023 continues in 2024 since the parent company expect to achive some synergies in the group.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2023 DKK	2022 DKK
NET REVENUE		**76.999.050**	**115.651.524**
Production costs	1	-72.749.354	-71.452.921
Development costs		-25.940.440	-23.647.620
GROSS PROFIT/LOSS	1	**-21.690.744**	**20.550.983**
Distribution costs	1	-9.178.522	-9.495.446
Administrative expenses	1	-22.468.880	-19.019.006
OPERATING LOSS		**-53.338.146**	**-7.963.469**
Other operating income		14.137.617	7.972.509
OPERATING LOSS		**-39.200.529**	**9.040**
Income from investments in subsidiaries	2	40.746.213	15.256.976
Financial income	3	2.716	1.407.806
Financial expenses	4	-1.573.866	-359.899
LOSS BEFORE TAX		**-25.466**	**16.313.923**
Tax on profit/loss for the year	5	8.965.313	-227.672
PROFIT FOR THE YEAR	6	**8.939.847**	**16.086.251**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2023 DKK	2022 DKK
Production plant and machinery		1.601.638	2.117.204
Other plant, machinery, tools and equipment		20.084	27.176
Leasehold improvements		784.613	1.180.012
Property, plant and equipment	7	**2.406.335**	**3.324.392**
Equity investments in group enterprises		56.043.189	15.296.976
Rent deposit and other receivables		8.449	51.159
Financial non-current assets	8	**56.051.638**	**15.348.135**
NON-CURRENT ASSETS		**58.457.973**	**18.672.527**
Raw materials and consumables		30.948.760	32.741.613
Finished goods and goods for resale		9.029.876	13.302.200
Inventories		**39.978.636**	**46.043.813**
Trade receivables		9.664.015	12.964.174
Receivables from group enterprises		66.270.534	72.701.636
Deferred tax assets	9	8.919.990	0
Other receivables		1.823.517	2.115.075
Corporation tax receivable		0	8.815
Prepayments and accrued income	10	509.511	867.210
Receivables		**87.187.567**	**88.656.910**
Cash and cash equivalents		**716.893**	**1.640.700**
CURRENT ASSETS		**127.883.096**	**136.341.423**
ASSETS		**186.341.069**	**155.013.950**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2023 DKK	2022 DKK
Share Capital	11	500.000	500.000
Reserve for net revaluation according to equity value		56.003.189	15.256.976
Retained profit		54.509.243	85.491.459
EQUITY		**111.012.432**	**101.248.435**
Provision for deferred tax		0	54.138
PROVISIONS		**0**	**54.138**
Other liabilities		5.623.368	5.624.578
Non-current liabilities	12	**5.623.368**	**5.624.578**
Bank debt		1.096.372	201.395
Trade payables		10.610.463	5.997.418
Payables to group enterprises		55.374.021	32.717.855
Corporation tax		0	4.261.891
Other liabilities		2.624.413	4.908.240
Current liabilities		**69.705.269**	**48.086.799**
LIABILITIES		**75.328.637**	**53.711.377**
EQUITY AND LIABILITIES		**186.341.069**	**155.013.950**

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EQUITY

	Share Capital	Reserve for net revaluation according to equity va	Retained profit	Total
Equity at 1 January 2023	500.000	15.256.976	85.491.945	101.248.921
Proposed profit allocation, note 6		40.746.213	-31.806.366	8.939.847
Other legal bindings				
Other adjustments to equity value			823.664	823.664
Equity at 31 December 2023	**500.000**	**56.003.189**	**54.509.243**	**111.012.432**

NOTES

	2023 DKK	2022 DKK	Note
Staff costs			1
Average number of full time employees	113	112	
Wages and salaries	61.236.770	61.236.770	
Pensions	4.298.166	4.298.166	
Social security costs	789.514	789.514	
Other staff costs	477.918	477.918	
	66.802.368	**66.802.368**	

Information related to remuneration of management is omitted according to The Danish Financial Statement Act § 98 b, section 3 no. 2.

	2023 DKK	2022 DKK	Note
Income from investments in subsidiaries			2
Income from investments in subsidiaries	40.746.213	15.256.976	
	40.746.213	**15.256.976**	
Financial income			3
Other interest income	2.716	1.407.806	
	2.716	**1.407.806**	
Financial expenses			4
Other interest expenses	1.573.866	359.899	
	1.573.866	**359.899**	
Tax on profit/loss for the year			5
Calculated tax on taxable income of the year	0	254.359	
Adjustment of tax for previous years	8.815	0	
Adjustment of deferred tax	-8.974.128	-26.687	
	-8.965.313	**227.672**	
Proposed distribution of profit			6
Allocation to reserve for net revaluation according to equity va	40.746.213	15.256.976	
Retained earnings	-31.806.366	829.275	
	8.939.847	**16.086.251**	

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Note

Property, plant and equipment 7

	Production plant and machinery	Other plant, machinery, tools and equipment	Leasehold improvements
Cost at 1 January 2023	4.617.900	217.255	2.490.473
Additions	258.206	0	148.454
Disposals	0	-181.807	0
Cost at 31 December 2023	**4.876.106**	**35.448**	**2.638.927**
Depreciation and impairment losses at 1 January 2023	2.500.698	190.078	1.377.696
Reversal of depreciation of assets disposed of	0	-181.804	0
Depreciation for the year	773.770	7.090	476.618
Depreciation and impairment losses at 31 December 2023	**3.274.468**	**15.364**	**1.854.314**
Carrying amount at 31 December 2023	**1.601.638**	**20.084**	**784.613**

Financial non-current assets 8

	Equity investments in group enterprises	Rent deposit and other receivables
Cost at 1 January 2023	41.490	51.159
Additions	0	790
Disposals	0	-43.500
Cost at 31 December 2023	**41.490**	**8.449**
Revaluation at 1 January 2023	-3.010.132	0
Dividend	15.256.976	0
Profit/loss for the year	40.746.213	0
Revaluation and impairment losses for the year	3.008.642	0
Revaluation at 31 December 2023	**56.001.699**	**0**
Carrying amount at 31 December 2023	**56.043.189**	**8.449**

Investments in subsidiaries (DKK)

Name and domicil	Equity	Profit/loss for the year	Ownership
Axiometrix Solutions ApS, Holte	56.043.260	40.746.213	100 %

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Deferred tax assets 9

Provision for deferred tax comprises deferred tax on inventory and intangible and tangible fixed assets.

	2023 DKK	2022 DKK
Deferred tax concist of:		
Property, plant and equipment	-36.150	4.664
Leasehold improvements	31.586	49.474
Inventory IPC adjustment	785.918	0
Unexploited taxable losses	-9.701.344	0
	-8.919.990	**54.138**
Deferred tax, beginning of year	-54.138	80.825
Deferred tax of the year, income statement	8.974.128	-26.687
Deferred tax assets 31 December 2023	**8.919.990**	**54.138**

The deferred tax assets is recognised in the balance sheet with 8.741.091 DKK. The tax asset primarily relates to unexploited taxable losses. The tax asset is recognised based on the expectations of the following years taxable profits and with the expectation of using the losses in the joint taxation of the group.

Prepayments and accrued income 10

Costs	509.511	867.210
	509.511	**867.210**

Prepayments contain insurance and other prepaid costs.

Share Capital 11

Allocation of share capital:		
A-shares, 500 unit in the denomination of 1.000 DKK	500.000	500.000
	500.000	**500.000**

Long-term liabilities 12

	31/12 2023 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2022 total liabilities
Other liabilities	5.623.368	0	0	5.624.578
	5.623.368	**0**	**0**	**5.624.578**

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Contingencies etc. 13

Contingent liabilities

	2023 DKK	2022 DKK
Lease liabilities (operating leases), the payment is due:		
Yearly payment	4.038.861	587.040
Total remaining payment	5.561.490	3.459.768
Rentobligation with beneath notice:		
Within 1 year	4.038.861	2.158.178
Between 1 and 5 years	0	0
	4.038.861	**2.158.178**

There is a security of t.dkk 942 to third party.

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

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

Related parties 14
The Company's related parties include:

Controlling interest
AP BuyCo ApS, Amaliegade 3, 1256 København K, is the principal shareholder.

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

Consolidated Financial Statements 15
The company is included in the group account for AP Portfolio Co, 1209 Orange Street, Delaware, USA.

ACCOUNTING POLICIES

The Annual Report of G.R.A.S. SOUND & VIBRATION 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
Consolidated financial statements have not been prepared because the group fulfils the exemption provisions of section 112 of the Danish Financial Statements Act on sub-groups. The company is included in the consolidated financial statements of AP Portfolio Co, 1209 Orange Street, Delaware, USA.

INCOME STATEMENT

Net revenue
Net revenue from 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, duties and less discounts related to the sale.

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

Other operating income
Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities, including profit from sale of intangible and tangible fixed assets. 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 costs, including wages and salaries and write-off, incurred to achieve the net revenue for the year. Commercial enterprises recognise cost of sales, and the manufacturing enterprises recognise production costs equal to the revenue for the year, including direct and indirect costs of raw materials and consumables, wages and salaries, rent and leasing and depreciation of production plant.

Amortisation of capitalised development and research costs and the development costs that do not fulfil the criteria for capitalisation are also recognised in production costs.

Impairment losses are recognised in connection with expected losses on project contracts.

Distribution costs
The costs incurred for distribution of goods sold during the year and for sales campaigns carried out during the year are recognised in distribution costs. The costs of the sales personnel, advertising and exhibition costs and amortisation are also recognised in distribution costs.

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

ACCOUNTING POLICIES

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

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

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

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

BALANCE SHEET

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.

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 plants, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

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..	*3-10 years*	*0 %*
Other plant, fixtures and equipment..	*3-5 years*	*0 %*
Leasehold improvements...	*3-5 years*	*0 %*

ACCOUNTING POLICIES

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

Financial non-current assets
Investments in Equity interests in are measured in the Parent Company Balance Sheet under the equity method, which is regarded as a method of measuring/consolidation.

Equity investments in are measured in the Balance Sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the Parent Company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill calculated according to the acquisition method. Negative goodwill is recognised in the Income Statement when the equity interest is acquired. Where the negative goodwill is related to acquired contingent liabilities, the negative goodwill will be recognised as income when the contingent liabilities have been settled or cease.

Acquired enterprises are subject to the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation models.

The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation models. A discounted cash flow model is used to calculate the fair value of investment properties based on a discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, based on an overall assessment of the production equipment. The acquisition date is the date on which the Company gains actual control over the acquired entity.

Ascertained excess values in relation to the underlying company's equity value are recognised and measured in accordance with the accounting policies for the assets and liabilities, to which they attributable. Excess values concerning land and buildings are depreciated on a straight-line basis over the depreciation period, which is X years. Excess values concerning plants and machines as well as operating equipment and inventory are depreciated on a straight-line basis over the depreciation period, which is x-x years.

Land and buildings, plants and machines, as well as other fixtures, fittings, tools and equipment are measured at cost with deduction of accumulated depreciations. Land is not depreciated. Investment properties are measured at fair value corresponding to the open market value of the property, where changes to the fair value are recognised in the Income Statement. Inventories are measured at cost according to the FIFO principle with deductions of any depreciations at a lower net realisation value. Receivables and payables are measured at amortised cost.

Received dividend is deducted in the carrying amount of the equity investment.

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

Profit and loss at disposal of investments in subsidiaries are determined as the difference between the net selling price and the carrying amount of the disposed investment at the time of sale, including non-depreciated excess values and goodwill. Profit and loss are recognised in the Income Statement under income from investments.

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

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

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

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

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

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 cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

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

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

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.

ACCOUNTING POLICIES

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

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

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities
Amortised cost of current liabilities usually corresponds to nominal value.

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

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

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

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

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

Exchange rate differences recognised in Equity are accumulated in a fair value reserve for currency translation of foreign entities and are transferred to the Income Statement when object of the currency translation is realised or ends. An exception is exchange rate differences arising from translation of Equity interests, which are recognised at Equity value, where the whole value adjustment, including exchange rate differences, are included in the reserve for net valuation according to the Equity value method.

CASH FLOW STATEMENT

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