Deloitte
Statsautoriseret
Revisionspartnerselskab
CVR-nr. 33963556
Egtved Allé 4
6000 Kolding

Telefon 75 53 00 00
Telefax 75 53 00 38
www.deloitte.dk

C. Hansson Holding ApS
Grævlingevænget 13
6000 Kolding
Central Business Registration
No 28118902

Annual report 2016/17

The Annual General Meeting adopted the annual report on 15.01.2018

Chairman of the General Meeting

Name: Claus Hansson

Contents

Entity details

Entity
C. Hansson Holding ApS
Grævlingevænget 13
6000 Kolding

Central Business Registration No: 28118902
Registered in: Kolding, Denmark
Financial year: 01.10.2016 - 30.09.2017

Executive Board
Claus Hansson

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Egtved Allé 4
6000 Kolding

Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of C. Hansson Holding ApS for the financial year 01.10.2016 - 30.09.2017.

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

In my opinion, the financial statements give a true and fair view of the Group’s and the Parent’s financial position at 30.09.2017 and of the results of its operations and cash flows for the financial year 01.10.2016 - 30.09.2017.

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

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

Kolding, 15.01.2018

Executive Board

Claus Hansson

Independent auditor's report

To the shareholders of C. Hansson Holding ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of C. Hansson Holding ApS for the financial year 01.10.2016 - 30.09.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.09.2017, and of the results of their operations and the consolidated cash flows for the financial year 01.10.2016 - 30.09.2017 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 parent financial statements section of this auditor's report. We are independent of the Group 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity 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 financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

Independent auditor's report

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 parent 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:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Group’s and 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements 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.

Independent auditor's report

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

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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.

Kolding, 15.01.2018

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Anders Rosendahl Poulsen
State Authorised Public Accountant

Management commentary

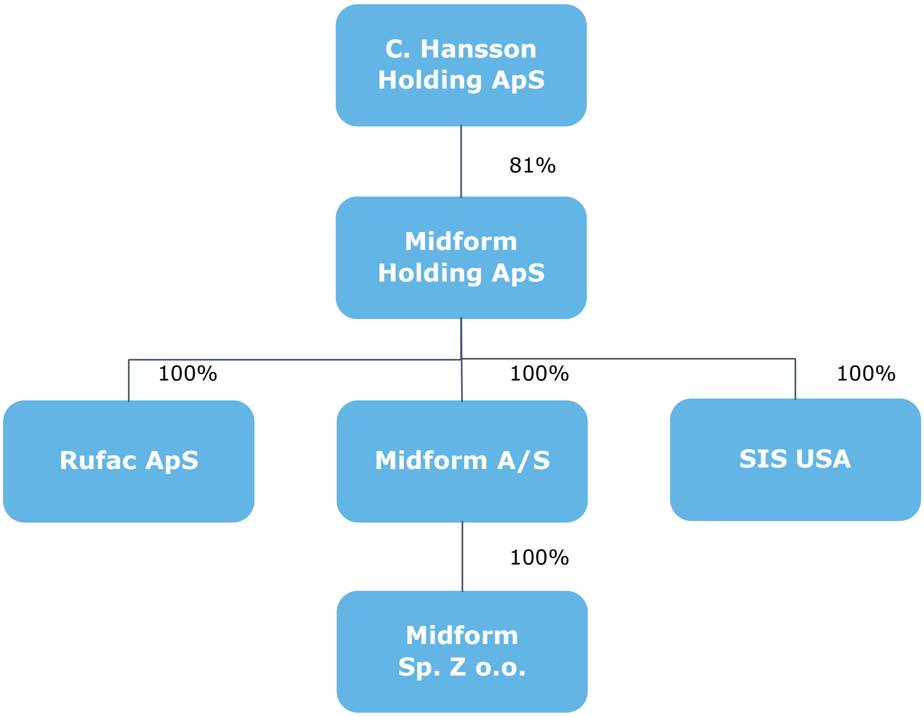
	2016/17 DKK'000	2015/16 DKK'000	2014/15 DKK'000	2013/14 DKK'000
Financial highlights				
Key figures				
Gross profit	49.553	74.046	59.075	38.185
Operating profit/loss	18.810	42.939	28.816	17.919
Net financials	2.234	5.135	(3.565)	(9.276)
Profit/loss for the year	16.814	36.789	17.830	4.990
Total assets	96.868	102.207	74.244	54.960
Investments in property, plant and equipment	1.978	6.504	2.469	1.435
Equity incl minority interests	69.689	60.845	23.340	4.953
Cash flows from (used in) operating activities	26.275	24.557	24.263	0
Cash flows from (used in) investing activities	(2.471)	4.512	(4.288)	0
Cash flows from (used in) financing activities	(14.593)	(10.525)	15.860	0
Ratios				
Equity ratio (%)	71,9	59,5	31,4	9,0

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

Ratios	**Calculation formula**	**Ratios**
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the Entity

Management commentary

Group chart



Management commentary

Primary activities

The operating activities of the C. Hansson Group comprise development, production and sale of advanced ergonomic high adjustable tables for the use in modern companies around the globe. In addition a minor part of the group concentrate on producing high grade moulded plywood components and solutions to the contract furniture as well as residential segments.

Development in activities and finances

2016/17 became a more challenging year than expected for the Group. For the first time in recent years the Group realized a reduction in both growth and result. EBITDA was reduced compared with last year and reached a level in 2016/17 of 18,8 mDKK. The significant reduction was mainly driven by less sales to the two biggest single customers, and the Group was not able fast enough to compensate for the lost sales with extended sales to other customers and new sales in new sales channel with sufficient impact in this accounting year. In addition, the cost structure was based on continued growth expectations.

Therefore the Group has started a process to reduce fixed expenses, by both optimizing the production setup with higher automation in Denmark and by moving some of the production for moulded plywood components into a new factory in Poland. In addition, the CEO position was changed and the former CEO and main shareholder is again managing the Group as CEO. The result before tax for 2016/17 amounted to 21,0 mDKK and after tax result amounted to 16,8 mDKK.

The board consider the result as less satisfactory.

Outlook

The continued focus on widening the sales into a broader customer base, stronger focus on advanced products and by expanding the sales channels as well as the reduced cost structure is expected to show positive impact in revenue and earnings for 2017/18. We therefore expect a higher result in 2017/18.

Particular risks

The group has no particular business and financial risks beyond risks of common occurrence within the industry.

Intellectual capital resources

The group has thorough knowledge of the market for moulded shaped wood, and development and production of modern and functional high adjustable tables and has during many years built up a considerable competence within this area.

Environmental performance

The group has a considerable own production which to a high extent consists in assembly and mounting. The environmental impact by the group is limited. The group is continuously trying to reduce the environmental impact by introducing new improvements in this area.

Management commentary

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2016/17

	Notes	2016/17 DKK'000	2015/16 DKK'000
Gross profit		**49.553**	**74.046**
Staff costs	1	(28.732)	(29.376)
Depreciation, amortisation and impairment losses	2	(2.011)	(1.731)
Operating profit/loss		**18.810**	**42.939**
Income from investments in group enterprises		0	8.160
Other financial income		2.752	355
Other financial expenses		(518)	(3.380)
Profit/loss before tax		**21.044**	**48.074**
Tax on profit/loss for the year	3	(4.230)	(11.285)
Profit/loss for the year	4	**16.814**	**36.789**

Consolidated balance sheet at 30.09.2017

	Notes	2016/17 DKK'000	2015/16 DKK'000
Completed development projects		700	272
Goodwill		1.518	1.721
Intangible assets	5	**2.218**	**1.993**
Land and buildings		16.330	16.304
Other fixtures and fittings, tools and equipment		4.401	3.969
Property, plant and equipment	6	**20.731**	**20.273**
Other investments		0	65
Fixed asset investments	7	**0**	**65**
Fixed assets		**22.949**	**22.331**
Raw materials and consumables		9.550	1.525
Work in progress		2.952	2.507
Manufactured goods and goods for resale		6.851	19.496
Inventories		**19.353**	**23.528**
Trade receivables		8.780	19.631
Deferred tax		556	364
Other receivables		1.978	2.502
Income tax receivable		2.809	0
Prepayments		526	1.045
Receivables		**14.649**	**23.542**
Other investments		14.685	0
Other investments		**14.685**	**0**
Cash		**25.232**	**32.806**
Current assets		**73.919**	**79.876**
Assets		**96.868**	**102.207**

Consolidated balance sheet at 30.09.2017

	Notes	2016/17 DKK'000	2015/16 DKK'000
Contributed capital		125	125
Retained earnings		59.582	49.825
Proposed dividend		3.000	5.000
Equity attributable to the Parent's owners		**62.707**	**54.950**
Share of equity attributable to minority interests		**6.982**	**5.895**
Equity		**69.689**	**60.845**
Deferred tax		29	451
Provisions		**29**	**451**
Mortgage debts		5.256	5.665
Debt to other credit institutions		0	5.338
Non-current liabilities other than provisions	8	**5.256**	**11.003**
Current portion of long-term liabilities other than provisions	8	413	2.359
Bank loans		40	2.140
Prepayments received from customers		507	250
Trade payables		9.013	10.750
Income tax payable		5.595	7.684
Other payables		6.326	6.725
Current liabilities other than provisions		**21.894**	**29.908**
Liabilities other than provisions		**27.150**	**40.911**
Equity and liabilities		**96.868**	**102.207**
Contingent liabilities	10		
Mortgages and securities	11		

Consolidated statement of changes in equity for 2016/17

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Share of equity attributable to minority interests DKK'000
Equity beginning of year	125	49.825	5.000	5.895
Ordinary dividend paid	0	0	(5.000)	0
Other equity postings	0	(867)	0	(203)
Dividends from group enterprises	0	0	0	(1.900)
Profit/loss for the year	0	10.624	3.000	3.190
Equity end of year	**125**	**59.582**	**3.000**	**6.982**

	Total DKK'000
Equity beginning of year	60.845
Ordinary dividend paid	(5.000)
Other equity postings	(1.070)
Dividends from group enterprises	(1.900)
Profit/loss for the year	16.814
Equity end of year	**69.689**

Consolidated cash flow statement for 2016/17

	Notes	2016/17 DKK'000	2015/16 DKK'000
Operating profit/loss		18.810	41.207
Amortisation, depreciation and impairment losses		2.011	1.731
Working capital changes	9	12.647	(7.175)
Cash flow from ordinary operating activities		**33.468**	**35.763**
Financial income received		2.752	356
Financial income paid		(518)	(3.380)
Income taxes refunded/(paid)		(9.427)	(8.182)
Cash flows from operating activities		**26.275**	**24.557**
Acquisition etc of intangible assets		(587)	(165)
Acquisition etc of property, plant and equipment		(1.978)	(6.505)
Sale of property, plant and equipment		29	454
Acquisition of fixed asset investments		0	(65)
Sale of fixed asset investments		65	10.793
Cash flows from investing activities		**(2.471)**	**4.512**
Instalments on loans etc		(7.693)	(9.175)
Dividend paid		(5.000)	(1.350)
Dividend to minorities		(1.900)	0
Cash flows from financing activities		**(14.593)**	**(10.525)**
Increase/decrease in cash and cash equivalents		**9.211**	**18.544**
Cash and cash equivalents beginning of year		30.666	12.122
Cash and cash equivalents end of year		**39.877**	**30.666**
Cash and cash equivalents at year-end are composed of:			
Cash		25.232	32.806
Securities		14.685	0
Short-term debt to banks		(40)	(2.140)
Cash and cash equivalents end of year		**39.877**	**30.666**

Notes to consolidated financial statements

	2016/17 DKK'000	2015/16 DKK'000
1. Staff costs		
Wages and salaries	24.836	25.364
Pension costs	1.075	3.138
Other staff costs	2.821	874
	28.732	**29.376**
Average number of employees	**51**	**40**

	2016/17 DKK'000	2015/16 DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	362	312
Depreciation of property, plant and equipment	1.650	1.419
Profit/loss from sale of intangible assets and property, plant and equipment	(1)	0
	2.011	**1.731**

	2016/17 DKK'000	2015/16 DKK'000
3. Tax on profit/loss for the year		
Tax on current year taxable income	5.022	11.493
Change in deferred tax for the year	(675)	777
Adjustment concerning previous years	(117)	(985)
	4.230	**11.285**

The adjustment relating to previous year concerns the allocation in joint taxation.

	2016/17 DKK'000	2015/16 DKK'000
4. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	3.000	5.000
Extraordinary dividend distributed in the financial year	0	1.350
Retained earnings	10.624	26.391
Minority interests' share of profit/loss	3.190	4.048
	16.814	**36.789**

Notes to consolidated financial statements

	Completed development projects DKK'000	Goodwill DKK'000
5. Intangible assets		
Cost beginning of year	646	2.025
Additions	587	0
Cost end of year	**1.233**	**2.025**
Amortisation and impairment losses beginning of year	(374)	(304)
Amortisation for the year	(159)	(203)
Amortisation and impairment losses end of year	**(533)**	**(507)**
Carrying amount end of year	**700**	**1.518**

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000
6. Property, plant and equipment		
Cost beginning of year	15.841	21.980
Exchange rate adjustments	0	3
Additions	419	1.559
Disposals	0	(268)
Cost end of year	**16.260**	**23.274**
Revaluations beginning of year	6.000	0
Revaluations end of year	**6.000**	**0**
Depreciation and impairment losses beginning of the year	(5.537)	(18.011)
Exchange rate adjustments	0	4
Transfers	0	152
Depreciation for the year	(393)	(1.257)
Reversal regarding disposals	0	239
Depreciation and impairment losses end of the year	**(5.930)**	**(18.873)**
Carrying amount end of year	**16.330**	**4.401**

Notes to consolidated financial statements

	Other investments DKK'000
7. Fixed asset investments	
Cost beginning of year	65
Transfers	(65)
Cost end of year	**0**
Carrying amount end of year	**0**

	Instalments within 12 months 2016/17 DKK'000	Instalments within 12 months 2015/16 DKK'000	Instalments beyond 12 months 2016/17 DKK'000	Outstanding after 5 years DKK'000
8. Liabilities other than provisions				
Mortgage debts	413	411	5.256	4.022
Debt to other credit institutions	0	1.948	0	0
	413	**2.359**	**5.256**	**4.022**

	2016/17 DKK'000	2015/16 DKK'000
9. Change in working capital		
Increase/decrease in inventories	4.175	(1.910)
Increase/decrease in receivables	11.894	(5.387)
Increase/decrease in trade payables etc	(1.878)	3.293
Other changes	(1.544)	(3.171)
	12.647	**(7.175)**

10. Contingent liabilities

The group has entered a lease contract on property, production equipment and operating equipment. At 30.09.2017 the lease commitments amount to DKK 8.931k.

The group participates in a Danish joint taxation arrangement in which C. Hansson Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the group is therefore liable from the financial year 2012/13 for income taxes etc for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these companies.

Notes to consolidated financial statements

11. Mortgages and securities

Mortgage debt is secured by way of mortgage on properties. The mortgage also comprises production equipment and machinery appurtenant to the properties.

Bank debt is secured by way of a deposited mortgage deed registered to the mortgagor on the property of totally DKK 8.000k nominal.

Carrying amount of property pledged is DKK 14.992k.

Bank debt is secured by way of a company pledge with security in an all-moneys mortgage of DKK 15.500k comprising unsecured debt from sale of goods and finished goods, fixtures and fittings etc. and operating equipment as well as goodwill, domain names and intellectual rights.

	2016/17 DKK'000
Carrying amount of inventories pledged	11.538
Carrying amount of fixtures and equipment pledged	3.659
Carrying amount of receivables pledged	1.397

Parent income statement for 2016/17

	Notes	2016/17 DKK'000	2015/16 DKK'000
Gross loss		**(151)**	**(3)**
Staff costs	1	0	(2.000)
Operating profit/loss		**(151)**	**(2.003)**
Income from investments in group enterprises		13.395	34.162
Other financial income from group enterprises		0	69
Other financial income		536	196
Other financial expenses		(84)	(72)
Profit/loss before tax		**13.696**	**32.352**
Tax on profit/loss for the year	2	(72)	389
Profit/loss for the year	3	**13.624**	**32.741**

Parent balance sheet at 30.09.2017

	Notes	2016/17 DKK'000	2015/16 DKK'000
Investments in group enterprises		31.279	26.852
Fixed asset investments	4	**31.279**	**26.852**
Fixed assets		**31.279**	**26.852**
Receivables from group enterprises	5	7.049	427
Other receivables		3	0
Income tax receivable		430	6.939
Receivables		**7.482**	**7.366**
Other investments		14.685	65
Other investments		**14.685**	**65**
Cash		**17.906**	**29.185**
Current assets		**40.073**	**36.616**
Assets		**71.352**	**63.468**

Parent balance sheet at 30.09.2017

	Notes	2016/17 DKK'000	2015/16 DKK'000
Contributed capital	6	125	125
Reserve for net revaluation according to the equity method		28.954	24.526
Retained earnings		30.628	25.299
Proposed dividend		3.000	5.000
Equity		**62.707**	**54.950**
Payables to group enterprises		6.637	123
Income tax payable		0	6.392
Other payables		2.008	2.003
Current liabilities other than provisions		**8.645**	**8.518**
Liabilities other than provisions		**8.645**	**8.518**
Equity and liabilities		**71.352**	**63.468**
Contingent liabilities	7		

Parent statement of changes in equity for 2016/17

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	125	24.526	25.299	5.000
Ordinary dividend paid	0	0	0	(5.000)
Exchange rate adjustments	0	(867)	0	0
Profit/loss for the year	0	5.295	5.329	3.000
Equity end of year	**125**	**28.954**	**30.628**	**3.000**

	Total DKK'000
Equity beginning of year	54.950
Ordinary dividend paid	(5.000)
Exchange rate adjustments	(867)
Profit/loss for the year	13.624
Equity end of year	**62.707**

Notes to parent financial statements

1. Staff costs	2016/17 DKK'000	2015/16 DKK'000
Pension costs	0	2.000
	0	**2.000**

2. Tax on profit/loss for the year	2016/17 DKK'000	2015/16 DKK'000
Tax on current year taxable income	72	(382)
Adjustment concerning previous years	0	(7)
	72	**(389)**

3. Proposed distribution of profit/loss	2016/17 DKK'000	2015/16 DKK'000
Ordinary dividend for the financial year	3.000	5.000
Extraordinary dividend distributed in the financial year	0	1.350
Transferred to reserve for net revaluation according to the equity method	5.295	4.301
Retained earnings	5.329	22.090
	13.624	**32.741**

4. Fixed asset investments	Investments in group enterprises DKK'000
Cost beginning of year	2.326
Cost end of year	**2.326**
Revaluations beginning of year	24.526
Exchange rate adjustments	(867)
Amortisation of goodwill	(203)
Share of profit/loss for the year	13.597
Dividend	(8.100)
Revaluations end of year	**28.953**
Carrying amount end of year	**31.279**

The carrying amount includes goodwill assessed at DKK 1.519k.

Subsidiaries

Midform Holding ApS, Middelfart, Equity interest: 81%.

Notes to parent financial statements

5. Receivables from group enterprises

The amount includes tax receivables from group companies jointly taxed with the parrent.

	Number	Par value DKK'000	Nominal value DKK'000
6. Contributed capital			
Shares	125	1000	125
	125		**125**

7. Contingent liabilities

The group participates in a Danish joint taxation arrangement in which C. Hansson Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the group is therefore liable from the financial year 2012/13 for income taxes etc for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these companies.

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.

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

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.

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

Accounting policies

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

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.

Income statement
Gross profit or loss
Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue
Revenue 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.

Costs of raw materials and consumables
Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

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.

Accounting policies

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 internal profits or losses.

Other financial income from group enterprises
Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

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.

Financial expenses from group enterprises
Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

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.

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.

The Entity is jointly taxed with the Parent and all its Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet
Goodwill
Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation period is usually 10 years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Accounting policies

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.

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 the estimated useful lives of the assets. The amortisation period is between 2-5 years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. Development projects are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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 self-manufactured assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. 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:

Buildings	50 years
Plant and machinery	3-25 years

Estimated useful lives and residual values are reassessed annually.

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 plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Accounting policies

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.

Other investments
Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date and unlisted equity instruments measured at cost. Unlisted equity instruments are written down to any lower net realisable value.

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. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

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

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

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 carry forwards, 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.

Other investments
Securities recognised under current assets comprise listed securities measured at fair value (market price) at the balance sheet date.

Accounting policies

Cash
Cash comprises cash in hand and bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Minority interests
Minority interests consist of non-controlling interests’ share of equity in subsidiaries not 100% owned by the Parent.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

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

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

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

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Accounting policies

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.