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

Phone 75 53 00 00
Fax 75 53 00 38
www.deloitte.dk

C. Hansson Holding ApS

Fjordvej 116
6000 Kolding
Central Business Registration
No 28118902

Annual report 01.10.2018 - 30.09.2019

The Annual General Meeting adopted the annual report on 17.01.2020

Chairman of the General Meeting

Name: Claus Hansson

Contents

Entity details

Entity

C. Hansson Holding ApS
Fjordvej 116
6000 Kolding

Central Business Registration No (CVR): 28118902
Registered in: Kolding
Financial year: 01.10.2018 - 30.09.2019

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 01.10.2018 - 30.09.2019.

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 30.09.2019 and of the results of its operations and cash flows for the financial year 01.10.2018 - 30.09.2019.

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, 17.01.2020

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 01.10.2018 - 30.09.2019, 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 30.09.2019, and of the results of their operations and the consolidated cash flows for the financial year 01.10.2018 - 30.09.2019 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, 17.01.2020

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Lars Bjerregaard Nielsen
State Authorised Public Accountant
Identification No (MNE) mne29393

Management commentary

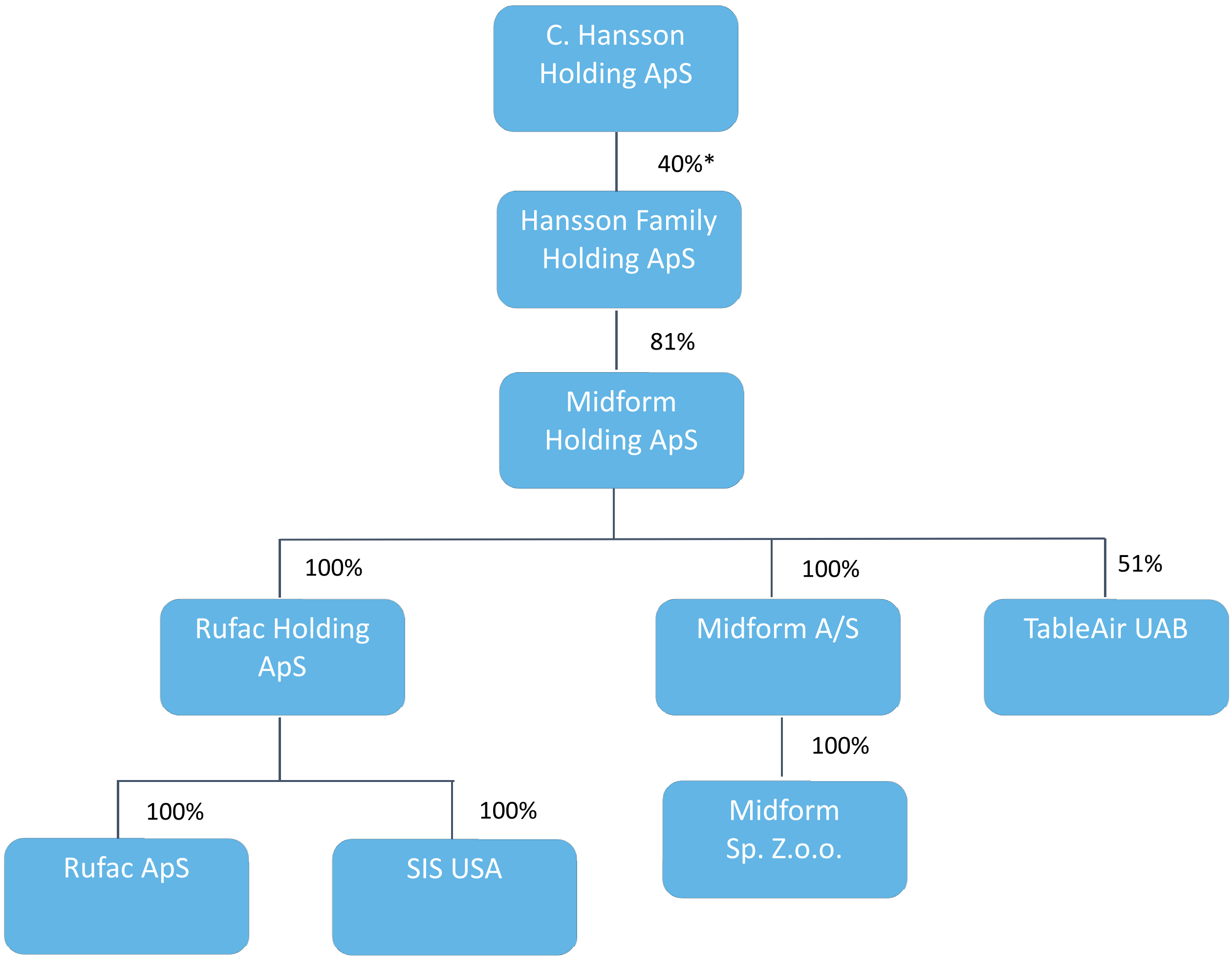
	2018/19 DKK'000	2017/18 DKK'000	2016/17 DKK'000	2015/16 DKK'000	2014/15 DKK'000
Financial highlights					
Key figures					
Gross profit	57.862	39.661	49.553	59.075	38.185
Operating profit/loss	24.864	11.360	18.810	28.816	17.919
Net financials	(311)	9.850	2.234	(3.565)	(9.276)
Profit/loss for the year	18.148	17.373	16.814	17.830	4.990
Profit/loss excl minority interests	14.366	15.925	13.624	32.741	17.830
Total assets	114.491	91.880	96.868	74.244	54.960
Investments in property, plant and equipment	3.731	1.542	1.978	2.469	1.435
Equity	76.406	68.588	69.689	23.340	4.953
Equity excl minority interests	67.509	61.815	62.707	54.950	23.340
Cash flows from (used in) operating activities	23.949	10.246	24.557	24.263	-
Cash flows from (used in) investing activities	499	(3.654)	4.512	(4.288)	-
Cash flows from (used in) financing activities	(13.078)	(19.009)	(10.525)	15.860	-
Ratios					
Equity ratio (%)	74,6	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	Calculation formula reflects
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the Entity

Management commentary

Group chart



*C. Hansson Holding ApS controls 100% of the voting rights in Hansson Family Holding ApS

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

The Group realized a significant increase in activities, revenues and earnings in 2018/19. EBITDA was realized at 27.214 t.DKK compared with last year EBITDA, 13.911 tDKK.

The significantly increased performance was mainly driven by adding new customers especially in the US market. Also, improvements in production, purchase and logistics has supported the strong growth.

The moulded plywood business realized an unsatisfactory loss. The business activities were during the year restructured, and the performance for the coming year is expected to be significantly better.

The Group is the majority shareholder of TableAir in Lithuania, an innovative IT-company with main focus on IT solutions for height adjustable tables. The company is still building up competences and sales channels and therefore a loss was realized – as expected.

The Executive board consider the group result as satisfactory and in line with the expectations for the fiscal year.

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 2019/20. Continuing investments in growth and geographical expansion will, however, impact costs and therefore EBITDA for 2019/20 is expected to be slightly better than 2018/19.

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 2018/19

	Notes	2018/19 DKK'000	2017/18 DKK'000
Gross profit		**57.862**	**39.661**
Staff costs	2	(30.648)	(25.750)
Depreciation, amortisation and impairment losses	3	(2.350)	(2.551)
Operating profit/loss		**24.864**	**11.360**
Other financial income		1.385	(52)
Other financial expenses		(1.696)	9.902
Profit/loss before tax		**24.553**	**21.210**
Tax on profit/loss for the year	4	(6.405)	(3.837)
Profit/loss for the year	5	**18.148**	**17.373**

Consolidated balance sheet at 30.09.2019

	Notes	2018/19 DKK'000	2017/18 DKK'000
Completed development projects		389	575
Goodwill		1.301	3.296
Intangible assets	6	**1.690**	**3.871**
Land and buildings		15.575	15.995
Other fixtures and fittings, tools and equipment		5.834	4.193
Property, plant and equipment	7	**21.409**	**20.188**
Fixed assets		**23.099**	**24.059**
Raw materials and consumables		11.894	8.800
Work in progress		676	1.136
Manufactured goods and goods for resale		14.208	11.146
Inventories		**26.778**	**21.082**
Trade receivables		17.693	11.848
Deferred tax	8	1.759	186
Other receivables		1.625	5.417
Joint taxation contribution receivable		3.397	0
Prepayments		1.101	712
Receivables		**25.575**	**18.163**
Other investments		8.536	10.448
Other investments		**8.536**	**10.448**
Cash		**30.503**	**18.128**
Current assets		**91.392**	**67.821**
Assets		**114.491**	**91.880**

Consolidated balance sheet at 30.09.2019

	Notes	2018/19 DKK'000	2017/18 DKK'000
Contributed capital		125	125
Retained earnings		67.384	55.877
Proposed dividend		0	5.813
Equity attributable to the Parent's owners		**67.509**	**61.815**
Share of equity attributable to minority interests		**8.897**	**6.773**
Equity		**76.406**	**68.588**
Deferred tax	8	1.769	704
Provisions		**1.769**	**704**
Mortgage debt		4.429	4.845
Non-current liabilities other than provisions	9	**4.429**	**4.845**
Current portion of long-term liabilities other than provisions	9	419	415
Bank loans		209	1.116
Prepayments received from customers		0	23
Trade payables		18.811	10.701
Payables to group enterprises		28	0
Income tax payable		8.902	1.556
Other payables		3.518	3.932
Current liabilities other than provisions		**31.887**	**17.743**
Liabilities other than provisions		**36.316**	**22.588**
Equity and liabilities		**114.491**	**91.880**
Events after the balance sheet date	1		
Financial instruments	11		
Unrecognised rental and lease commitments	12		
Assets charged and collateral	13		
Transactions with related parties	14		
Subsidiaries	15		

Consolidated statement of changes in equity for 2018/19

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed extraordinary dividend DKK'000	Proposed dividend DKK'000
Equity beginning of year	125	55.877	0	5.813
Effect of divestments of entities etc	0	0	0	0
Ordinary dividend paid	0	0	0	(5.813)
Extraordinary dividend paid	0	0	(4.113)	0
Exchange rate adjustments	0	877	0	0
Other entries on equity	0	377	0	0
Dividends from group enterprises	0	0	0	0
Profit/loss for the year	0	10.253	4.113	0
Equity end of year	**125**	**67.384**	**0**	**0**

	Share of equity attributable to minority interests DKK'000	Total DKK'000
Equity beginning of year	6.773	68.588
Effect of divestments of entities etc	833	833
Ordinary dividend paid	0	(5.813)
Extraordinary dividend paid	0	(4.113)
Exchange rate adjustments	207	1.084
Other entries on equity	42	419
Dividends from group enterprises	(2.740)	(2.740)
Profit/loss for the year	3.782	18.148
Equity end of year	**8.897**	**76.406**

Consolidated cash flow statement for 2018/19

	Notes	2018/19 DKK'000	2017/18 DKK'000
Operating profit/loss		24.864	11.360
Amortisation, depreciation and impairment losses		2.350	2.551
Working capital changes	10	10	(9.239)
Cash flow from ordinary operating activities		**27.224**	**4.672**
Financial income received		1.385	9.902
Financial expenses paid		(1.696)	(52)
Income taxes refunded/(paid)		(2.964)	(4.276)
Cash flows from operating activities		**23.949**	**10.246**
Acquisition etc of intangible assets		0	(2.116)
Acquisition etc of property, plant and equipment		(3.731)	(1.542)
Sale of property, plant and equipment		631	4
Sale of shares		1.700	0
Nonmonetary effect of group restructuring		1.899	0
Cash flows from investing activities		**499**	**(3.654)**
Repayments of loans etc		(412)	(409)
Dividend paid		(9.926)	(17.000)
Dividend to minorities		(2.740)	(1.600)
Cash flows from financing activities		**(13.078)**	**(19.009)**
Increase/decrease in cash and cash equivalents		**11.370**	**(12.417)**
Cash and cash equivalents beginning of year		27.460	39.877
Cash and cash equivalents end of year		**38.830**	**27.460**
Cash and cash equivalents at year-end are composed of:			
Cash		30.503	18.128
Securities		8.536	10.448
Short-term debt to banks		(209)	(1.116)
Cash and cash equivalents end of year		**38.830**	**27.460**

Notes to consolidated financial statements

1. 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.

	2018/19 DKK'000	2017/18 DKK'000
2. Staff costs		
Wages and salaries	29.125	22.199
Pension costs	1.236	1.914
Other staff costs	287	1.637
	30.648	**25.750**
Average number of employees	**58**	**49**

Referring to section 98 B, 2, 2 of the danish financial statements act, remuneration to the management has not been disclosed.

	2018/19 DKK'000	2017/18 DKK'000
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	279	463
Depreciation of property, plant and equipment	2.208	2.092
Profit/loss from sale of intangible assets and property, plant and equipment	(137)	(4)
	2.350	**2.551**

	2018/19 DKK'000	2017/18 DKK'000
4. Tax on profit/loss for the year		
Current tax	6.607	3.581
Change in deferred tax	(143)	129
Adjustment concerning previous years	(59)	127
	6.405	**3.837**

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

	2018/19 DKK'000	2017/18 DKK'000
5. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	0	5.813
Extraordinary dividend distributed in the financial year	4.113	14.000
Retained earnings	10.253	(3.888)
Minority interests' share of profit/loss	3.782	1.448
	18.148	**17.373**

Notes to consolidated financial statements

	Completed development projects DKK'000	Goodwill DKK'000
6. Intangible assets		
Cost beginning of year	1.296	4.078
Exchange rate adjustments	0	(3)
Disposals	0	(2.673)
Cost end of year	**1.296**	**1.402**
Amortisation and impairment losses beginning of year	(721)	(782)
Amortisation for the year	(186)	(93)
Reversal regarding disposals	0	774
Amortisation and impairment losses end of year	**(907)**	**(101)**
Carrying amount end of year	**389**	**1.301**

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000
7. Property, plant and equipment		
Cost beginning of year	16.334	24.683
Exchange rate adjustments	(22)	213
Additions	12	3.719
Disposals	0	(5.972)
Cost end of year	**16.324**	**22.643**
Revaluations beginning of year	6.000	0
Revaluations end of year	**6.000**	**0**
Depreciation and impairment losses beginning of year	(6.339)	(20.490)
Exchange rate adjustments	1	0
Transfers	0	(184)
Depreciation for the year	(411)	(1.797)
Reversal regarding disposals	0	5.662
Depreciation and impairment losses end of year	**(6.749)**	**(16.809)**
Carrying amount end of year	**15.575**	**5.834**

Notes to consolidated financial statements

8. Deferred tax

The Group's plans and budgets indicates, that the deferred tax asset can and will be utilized within a short period of time.

	Due within 12 months 2018/19 DKK'000	Due within 12 months 2017/18 DKK'000	Due after more than 12 months 2018/19 DKK'000	Outstanding after 5 years DKK'000
9. Liabilities other than provisions				
Mortgage debt	419	415	4.429	2.788
	419	**415**	**4.429**	**2.788**

	2018/19 DKK'000	2017/18 DKK'000
10. Change in working capital		
Increase/decrease in inventories	(5.696)	(1.729)
Increase/decrease in receivables	(2.442)	(6.693)
Increase/decrease in trade payables etc	8.148	(1.190)
Other changes	0	373
	10	**(9.239)**

11. Financial instruments

The group has entered into normal forward exchange rate agreements for hedging purposes, and sold USD amounting to 0,6 m USD on a contract with the bank.

	2018/19 DKK'000	2017/18 DKK'000
12. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**6.118**	**7.084**

Notes to consolidated financial statements

13. Assets charged and collateral

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 11.100k nominal.

Carrying amount of property pledged is DKK 14.333k.

Bank debt is secured by way of a company pledge with security in an all-moneys mortgage of DKK 32.500k 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.

	2018/19 DKK'000
Carrying amount of inventories pledged	**12.669**
Carrying amount of fixtures and equipment pledged	**3.194**
Carrying amount of receivables pledged	**17.446**

14. Transactions with related parties

With reference to the exeption rule, in section 98c of the Danish Financial Statement Act, information about transaction with related parties has been omitted, as these are entered into on market terms.

15. Subsidiaries	Registered in	Corporate form	Equity interest %
Hansson Family Holding ApS	Middelfart	A/S	40,0
Midform Holding ApS	Middelfart	A/S	32,4
Midform A/S	Middelfart	A/S	32,4
SIS USA Inc.	New Hampshire, USA	Inc.	32,4
Rufac Holding ApS	Middelfart	ApS	32,4
Rufac ApS	Middelfart	ApS	32,4
Midform SP. Z.o.o.	Poland	Sp.Z.o.o.	32,4
TableAir UAB	Vilnius, Lithuania	UAB	20,4

Parent income statement for 2018/19

	Notes	2018/19 DKK'000	2017/18 DKK'000
Gross loss		**(120)**	**(13)**
Income from investments in group enterprises		15.401	8.139
Other financial income		936	8.191
Other financial expenses	3	(1.222)	(26)
Profit/loss before tax		**14.995**	**16.291**
Tax on profit/loss for the year	4	(176)	(367)
Profit/loss for the year	5	**14.819**	**15.924**

Parent balance sheet at 30.09.2019

	Notes	2018/19 DKK'000	2017/18 DKK'000
Investments in group enterprises		7.091	32.953
Fixed asset investments	6	**7.091**	**32.953**
Fixed assets		**7.091**	**32.953**
Receivables from group enterprises		39.605	166
Other receivables		165	4.047
Joint taxation contribution receivable		0	2.353
Receivables		**39.770**	**6.566**
Other investments		8.536	10.448
Other investments		**8.536**	**10.448**
Cash		**12.998**	**14.830**
Current assets		**61.304**	**31.844**
Assets		**68.395**	**64.797**

Parent balance sheet at 30.09.2019

	Notes	2018/19 DKK'000	2017/18 DKK'000
Contributed capital	7	125	125
Reserve for net revaluation according to the equity method		6.908	28.877
Retained earnings		60.485	27.000
Proposed dividend		0	5.813
Equity		**67.518**	**61.815**
Payables to group enterprises		213	1.236
Income tax payable		544	1.702
Other payables		120	44
Current liabilities other than provisions		**877**	**2.982**
Liabilities other than provisions		**877**	**2.982**
Equity and liabilities		**68.395**	**64.797**

Events after the balance sheet date	1
Staff costs	2
Contingent liabilities	8
Related parties with controlling interest	9
Transactions with related parties	10

Parent statement of changes in equity for 2018/19

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Other reserves DKK'000	Retained earnings DKK'000
Equity beginning of year	125	28.877	(28.011)	27.000
Effect of mergers and business combinations	0	0	28.011	0
Effect of divestments of entities etc	0	(29.133)	0	29.133
Ordinary dividend paid	0	0	0	0
Extraordinary dividend paid	0	0	0	0
Exchange rate adjustments	0	877	0	0
Other entries on equity	0	(67)	0	0
Dividends from group enterprises	0	(8.400)	0	8.400
Profit/loss for the year	0	14.754	0	(4.048)
Equity end of year	**125**	**6.908**	**0**	**60.485**

	Proposed extraordinary dividend DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	0	5.813	33.804
Effect of mergers and business combinations	0	0	28.011
Effect of divestments of entities etc	0	0	0
Ordinary dividend paid	0	(5.813)	(5.813)
Extraordinary dividend paid	(4.113)	0	(4.113)
Exchange rate adjustments	0	0	877
Other entries on equity	0	0	(67)
Dividends from group enterprises	0	0	0
Profit/loss for the year	4.113	0	14.819
Equity end of year	**0**	**0**	**67.518**

Notes to parent financial statements

1. 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.

	2018/19	2017/18
2. Staff costs		
Average number of employees	**0**	**0**

	2018/19 DKK'000	2017/18 DKK'000
3. Other financial expenses		
Financial expenses from group enterprises	0	17
Other interest expenses	15	9
Other financial expenses	1.207	0
	1.222	**26**

	2018/19 DKK'000	2017/18 DKK'000
4. Tax on profit/loss for the year		
Current tax	176	367
	176	**367**

	2018/19 DKK'000	2017/18 DKK'000
5. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	0	5.813
Extraordinary dividend distributed in the financial year	4.113	14.000
Transferred to reserve for net revaluation according to the equity method	14.754	8.139
Retained earnings	(4.048)	(12.028)
	14.819	**15.924**

Notes to parent financial statements

	Investments in group enterprises DKK'000
6. Fixed asset investments	
Cost beginning of year	4.076
Additions	16
Disposals	(4.076)
Cost end of year	**16**
Revaluations beginning of year	28.877
Exchange rate adjustments	877
Share of profit/loss for the year	14.921
Dividend	(8.400)
Other adjustments	(67)
Reversal regarding disposals	(29.133)
Revaluations end of year	**7.075**
Carrying amount end of year	**7.091**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

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

8. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where the Entity serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore secondarily liable for income taxes etc for the jointly taxed entities, which is limited to the equity interest by which the entity participates in the Group, as well as for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

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9. Related parties with controlling interest

Claus Hansson, Kolding, ultimate owner.

Notes to parent financial statements

10. Transactions with related parties

With reference to the exeption rule, in section 98c of the Danish Financial Statement Act, information about transactions with related parties has been omitted, as these are entered into on market terms.

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 (medium).

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

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.

Joint taxation contributions receivable or payable
Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

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.

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.

Accounting policies

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

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.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

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,

Accounting policies

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.

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