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2care4 ApS
Tømrervej 9
6710 Esbjerg V
Central Business Registration No
28964080

Annual report 2016

The Annual General Meeting adopted the annual report on 31.05.2017

Chairman of the General Meeting

Name: Jannie Elisabeth Hansen

Contents

Entity details

Entity
2care4 ApS
Tømrervej 9
6710 Esbjerg V

Central Business Registration No: 28964080
Registered in: Esbjerg
Financial year: 01.01.2016 - 31.12.2016

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E-mail: info@2care4.dk

Board of Directors
Henrik Bisgaard Jensen
Henrik Vestergaard Knudsen
Toke Værndal

Executive Board
Henrik Vestergaard Knudsen

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
Postbox 200
6701 Esbjerg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of 2care4 ApS for the financial year 01.01.2016 - 31.12.2016.

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

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

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

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

Esbjerg, 26.04.2017

Executive Board

Henrik Vestergaard Knudsen

Board of Directors

Henrik Bisgaard Jensen	Henrik Vestergaard Knudsen	Toke Værndal

Independent auditor's report

To the shareholders of 2care4 ApS

Opinion

We have audited the financial statements of 2care4 ApS for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Basis for opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it 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.

Independent auditor's report

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

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

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

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

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

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

Independent auditor's report

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

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

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

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

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

Esbjerg, 26.04.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Palle Jensen
State Authorised Public Accountant

Lasse Lynggaard Wolff
State Authorised Public Accountant

Management commentary

	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000	2012 DKK'000
Financial highlights					
Key figures					
Revenue	626,773	457,403	516,282	457,930	0
Gross profit/loss	69,281	56,656	58,878	51,008	59,704
Operating profit/loss	31,646	14,653	16,775	17,715	31,431
Net financials	(5,019)	(4,307)	(5,039)	(6,209)	(4,163)
Profit/loss for the year	20,723	7,926	8,785	8,860	20,438
Total assets	244,275	195,678	189,717	188,732	162,226
Investments in property, plant and equipment	1,871	390	0	0	0
Equity	29,871	26,079	18,681	9,896	38,036
Employees in average	61	72	75	63	54
Ratios					
Net margin (%)	3.3	1.7	1.7	1.9	-
Return on equity (%)	74.1	35.4	61.5	37.0	73.5
Equity ratio (%)	12.2	13.3	9.8	5.2	23.4

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

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

Management commentary

Primary activities

The company's main activity is the import, production, distribution and exportation of medical products and thus naturally related business.

Development in activities and finances

Profit for the year after tax for 2016 amounts to DKKm 20.7 (2015: DKKm 7.9). The profit for the year is considered to be satisfying, and meets the expectations from 2015.

Outlook

For the financial year 2017 a profit above 2016 is expected.

Particular risks

General risk

When launching new products the company is very dependent on the processing time partly at the healthcare authorities in the countries where the products are sold and partly the central European registration authority, EMA, in London. In a number of countries the processing time still remains long, which limit a fast introduction of new parallel imported goods.

Financial risks

The company is exposed to fluctuations in interest rate levels and foreign exchange rates.

Control of the financial risk and cash flow of the company is conducted from the headquarters of the company. The company pursues a low risk profile within this area.

Equivalently, a tight control of the credit policy is implemented. Thus, the company only has a very limited risk towards customers or coorperators. The majority of sales is done to consolidated pharmaceutical wholesalers.

Intellectual capital resources

The business philosophy of the company contains 3 major thrusts: Innovation, Quality and mutual respect towards business partners in the market. It impose large demands to knowledge resources regarding employees and business processes.

In order to continue delivering solutions it is vital that the company can recruit and maintain employees with a high level of education. It is our aim that our company prossesses state-of-the-art knowledge as well as a quick adaptability.

The results of the company are to a great extent impacted by competencies and engagement of the employees. The company continually works on developing knowledge and competencies of the employees with the purpose of supporting the results and developing culture of the company.

Management commentary

Environmental performance
2care4 ApS is environmentally responsible and continually works with reducing the environmental impact from the business activities. Pharmaceutical products which are not sold are destructed by a qualified and approved company. Redundant packaging is to the greatest extent sorted and reused in alignment with existing rules in the area.

Research and development activities
The development of the company includes implemented measures that within a few years is expected to generate increased revenue for the company.

Statutory report on corporate social responsibility
2care4 does not have formal policies for voluntary integration of community responsibility as part of the strategu and activities of the company. Besides, no policies exist for human rights and climate impacts. No separate statement is given for community responsibility.

Statutory report on the underrepresented gender
Objectives and policies for the underrepresented sex is disclosed in the annual report of VJ Investment ApS 2016. 2care4 ApS is 100% owned subsidiary of VJ Investment ApS, and the objectives and policies includes 2care4 ApS.

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.

Income statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Revenue	2	626,773	457,403
Cost of sales		(537,713)	(386,671)
Other external expenses		(19,779)	(14,076)
Gross profit/loss		**69,281**	**56,656**
Staff costs	3	(25,262)	(32,056)
Depreciation, amortisation and impairment losses	4	(12,373)	(9,947)
Operating profit/loss		**31,646**	**14,653**
Other financial income	5	160	112
Other financial expenses	6	(5,179)	(4,419)
Profit/loss before tax		**26,627**	**10,346**
Tax on profit/loss for the year	7	(5,904)	(2,420)
Profit/loss for the year	8	**20,723**	**7,926**

Balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Completed development projects		1,233	662
Acquired licences		10,732	10,706
Development projects in progress		2,790	7,689
Intangible assets	9	**14,755**	**19,057**
Other fixtures and fittings, tools and equipment		1,670	572
Leasehold improvements		347	454
Property, plant and equipment	10	**2,017**	**1,026**
Fixed assets		**16,772**	**20,083**
Raw materials and consumables		86,476	55,086
Manufactured goods and goods for resale		35,240	24,941
Prepayments for goods		13,633	7,032
Inventories		**135,349**	**87,059**
Trade receivables		75,480	71,423
Receivables from group enterprises		4,555	5,947
Deferred tax	11	766	0
Other receivables		658	118
Prepayments	12	114	288
Receivables		**81,573**	**77,776**
Cash		**10,581**	**10,760**
Current assets		**227,503**	**175,595**
Assets		**244,275**	**195,678**

Balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Contributed capital		125	125
Reserve for development expenditure		1,059	0
Retained earnings		8,815	9,875
Proposed dividend		19,872	16,079
Equity		**29,871**	**26,079**
Deferred tax	11	0	1,083
Other provisions	13	14,077	8,231
Provisions		**14,077**	**9,314**
Mortgage debts		8,018	5,623
Finance lease liabilities		792	321
Non-current liabilities other than provisions	14	**8,810**	**5,944**
Current portion of long-term liabilities other than provisions	14	1,080	620
Bank loans		120,804	95,760
Trade payables		18,906	16,877
Payables to group enterprises		30,884	31,367
Income tax payable		7,662	2,123
Other payables		12,181	7,594
Current liabilities other than provisions		**191,517**	**154,341**
Liabilities other than provisions		**200,327**	**160,285**
Equity and liabilities		**244,275**	**195,678**
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Mortgages and securities	17		
Related parties with controlling interest	18		
Transactions with related parties	19		
Group relations	20		

Statement of changes in equity for 2016

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	125	0	9,875	16,079
Ordinary dividend paid	0	0	0	(16,079)
Fair value adjustments of hedging instruments	0	0	(852)	0
Transfer to reserves	0	1,059	(1,059)	0
Profit/loss for the year	0	0	851	19,872
Equity end of year	**125**	**1,059**	**8,815**	**19,872**

	Total DKK'000
Equity beginning of year	26,079
Ordinary dividend paid	(16,079)
Fair value adjustments of hedging instruments	(852)
Transfer to reserves	0
Profit/loss for the year	20,723
Equity end of year	**29,871**

Notes

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.

	2016 DKK'000	2015 DKK'000
2. Revenue		
Revenue by geographical market		
EU	575,074	421,880
Other world	51,699	35,523
	626,773	**457,403**
Revenue by activity		
Human	626,672	457,111
Veterinary	101	292
	626,773	**457,403**

	2016 DKK'000	2015 DKK'000
3. Staff costs		
Wages and salaries	22,446	28,721
Pension costs	1,301	1,375
Other social security costs	391	584
Other staff costs	1,124	1,376
	25,262	**32,056**
Average number of employees	**61**	**72**

According to the Danish Financial Statements Act § 98B paragraph 3, the remuneration of Directors are not provided. Only the CEO is remunerated - not the Board of directors.

	2016 DKK'000	2015 DKK'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	8,290	8,526
Impairment losses on intangible assets	3,342	571
Depreciation of property, plant and equipment	839	766
Profit/loss from sale of intangible assets and property, plant and equipment	(98)	84
	12,373	**9,947**

Notes

	2016 DKK'000	2015 DKK'000
5. Other financial income		
Financial income arising from group enterprises	151	109
Interest income	9	3
	160	**112**

	2016 DKK'000	2015 DKK'000
6. Other financial expenses		
Financial expenses from group enterprises	1,862	1,487
Interest expenses	3,113	2,187
Exchange rate adjustments	204	745
	5,179	**4,419**

	2016 DKK'000	2015 DKK'000
7. Tax on profit/loss for the year		
Tax on current year taxable income	7,902	2,123
Change in deferred tax for the year	(1,849)	297
Adjustment concerning previous years	(149)	0
	5,904	**2,420**

	2016 DKK'000	2015 DKK'000
8. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	19,872	16,079
Retained earnings	851	(8,153)
	20,723	**7,926**

Notes

	Completed development projects DKK'000	Acquired licences DKK'000	Development projects in progress DKK'000
9. Intangible assets			
Cost beginning of year	4,321	33,276	7,689
Transfers	778	0	(778)
Additions	812	7,404	1,475
Disposals	0	(1,660)	(5,596)
Cost end of year	**5,911**	**39,020**	**2,790**
Amortisation and impairment losses beginning of year	(3,659)	(22,570)	0
Impairment losses for the year	0	(108)	(3,234)
Amortisation for the year	(1,019)	(7,271)	0
Reversal regarding disposals	0	1,661	3,234
Amortisation and impairment losses end of year	**(4,678)**	**(28,288)**	**0**
Carrying amount end of year	**1,233**	**10,732**	**2,790**

Development projects in progress

Development project in progress comprise development and registration of generic pharmaceutical products. Costs essentially consist of external costs to business partners. Costs are registrated in an internal project tool. The individual pharmaceutical product will be finished in the years 2017-2021. Afterwards, sales will start up. Overall, the products are expected to contribute with significant competitive advantages and therefore a substantial increase in activity level and result from 2017.

The management has completed impairment test of the current book value of the assets. The recoverablet amount, value in-use, for the remaining assets, exceeds the book value. Value in-use is calculated from expected cashflows based on management approved budgets through 2017-2020.

Completed development projects

Completed development projects include development and registration of pharmaceutical products for humans. Each product has a 3 year depreciation period starting from when the product is launched in the market. The management has not established any indication for impairment of the current book value of the assets.

Notes

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000
10. Property, plant and equipment		
Cost beginning of year	3,951	2,414
Additions	1,709	162
Disposals	(526)	0
Cost end of year	**5,134**	**2,576**
Depreciation and impairment losses beginning of the year	(3,379)	(1,960)
Depreciation for the year	(570)	(269)
Reversal regarding disposals	485	0
Depreciation and impairment losses end of the year	**(3,464)**	**(2,229)**
Carrying amount end of year	**1,670**	**347**
Recognised assets not owned by entity	**919**	**-**

	2016 DKK'000
11. Deferred tax	
Changes during the year	
Beginning of year	(1,083)
Recognised in the income statement	1,849
End of year	**766**

Deferred tax primarily comprise on inventories, intangible and tangible assets and other provisions.

12. Prepayments

Prepayments consist of prepaid expenses regarding operationel leasing expenses.

13. Other provisions

The recognized provision amounts to DKK’000 14,077 (2015: DKK’000 8,231) to cover the estimated reimbursement of price reductions to customers, to cover items at customers and profit on goods that probably will be returned according to cooperation agreements. The provision is recognized based on previous experience regarding the extend of these liabilities.

Notes

	Instalments within 12 months 2016 DKK'000	Instalments within 12 months 2015 DKK'000	Instalments beyond 12 months 2016 DKK'000	Outstanding after 5 years DKK'000
14. Liabilities other than provisions				
Mortgage debts	0	0	8,018	4,750
Bank loans	1,080	620	0	N/A
Finance lease liabilities	0	0	792	0
	1,080	**620**	**8,810**	**4,750**

The company has entered currency forward contracts to hedge future cashflow in Swedish and Norwegian kroner, totalling SEK 90,7m and NOK 30m for the first half of the financial year 2017. Compared to the forward exchange rates the contracts hold a negative value of DKK 1,6m. The loss is booked under equity.

	2016 DKK'000	2015 DKK'000
15. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**344**	**566**

The company has entered into operating leases. DKK’000 221 falls due payment next year.

	2016 DKK'000	2015 DKK'000
16. Contingent liabilities		
Recourse and non-recourse guarantee commitments	1,167	895
Contingent liabilities in total	**1,167**	**895**
Recourse and non-recourse guarantee commitments	1,167	895
Hereof contingent liabilities to group enterprises	**1,167**	**895**

The Entity participates in a Danish joint taxation arrangement in which VJ Investment ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company’s financial statements.

Notes

17. Mortgages and securities

As collateral for bank loans DKK’000 120,804, the company has issued af floating company charge at nominal value DKK’000 98,000 including the following assets, which on the 31st of december 2016 amounts to DKK’000:

Trade receiveables	75,480
Inventories	135,541
Fixture and fittings, tools and equipment (excl. finance leasing)	751
Intangible assets	14,755

Collateral security provided for subsidiaries and other group enterprises

The company has provided a payment guarantee for balances with bank institutions for parent and affiliated companies. The guarantee comprises bank loans which at 31st of December 2016 amounts to DKK’000 1,167.

18. Related parties with controlling interest

VJ Investment ApS, Tømrervej 9, 6710 Esbjerg V, holds the majority of the share capital in the company.

19. Transactions with related parties

According to section 98c(7) of the Danish Financial Statements Act, only non-arm’s-length related party transactions are disclosed. However, all transactions have been made on arm’s length basis in the financial year.

20. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: VJ Investment ApS, Tømrervej 9, 6710 Esbjerg.

Accounting policies

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

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

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

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

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

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

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

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

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

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Accounting policies

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

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement
Revenue
Revenue from the sale of goods is recognised in the income statement when delivery is made and risk has passed to the buyer, and if the income can be measured reliably and is expected to be received. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed. All discounts granted are recognised in revenue.

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

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

Staff costs
Staff costs comprise salaries and wages, including holiday allowance, as well as social security contributions, pension contributions, etc for entity staff. Refunds received from public authorities are deducted from staff costs.

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.

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

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

Accounting policies

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

The Entity is jointly taxed with the parent company. 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
Intellectual property rights etc
Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, patents and licenses.

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

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

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. For development projects, protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 10 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

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

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

Accounting policies

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

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5-10 years

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

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment 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 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 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. Finance 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 and is determined taking into account marketability, obsolescence and development in expected selling price.

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

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

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. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Other provisions

Other provisions comprise price reductions to customers and profit on goods returned.

Other provisions are recognised, when, as a result of a past event, implies a legal or constructive obligation and it is probable that the obligation will cause an outflow of financial resources.

Other provisions are measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

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.

Finance lease liabilities

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

Operating leases

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

Other financial liabilities

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

Income tax receivable or payable

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

Accounting policies

Cash flow statement

Referring to section 86 (4) of the Danish Financial Statements Act, 2care4 ApS has not prepared any cash flow statements, given that there are cash flow statements in the consolidated financial statement of VJ Investement ApS.