

Paranova Pack A/S

Marielundvej 46 D 2 tv, 2730 Herlev
CVR no. 29 43 16 12

Annual report for 2020

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 31.05.21

Erik Pfeiffer
Dirigent



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The company

Paranova Pack A/S
Marielundvej 46 D 2 tv
2730 Herlev
Tel.: 44 66 32 00
Fax: 44 66 32 01
Registered office: Herlev
CVR no.: 29 43 16 12
Financial year: 01.01 - 31.12

Executive Board

Dirk Andreas Oltersdorf

Board of Directors

Erik Bernhard Pfeiffer
Dirk Andreas Oltersdorf
Hans-Joachim Oltersdorf

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Statement of the Board of Directors and Executive Board on the annual report

We have on this day presented the annual report for the financial year 01.01.20 - 31.12.20 for Paranova Pack A/S.

The annual report is presented in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.20 and of the results of the company's activities for the financial year 01.01.20 - 31.12.20.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Herlev, May 31, 2021

Executive Board

Dirk Andreas Oltersdorf

Board of Directors

Erik Bernhard Pfeiffer
Chairman

Dirk Andreas Oltersdorf

Hans-Joachim Oltersdorf

To the Shareholder of Paranova Pack A/S**Opinion**

We have audited the financial statements of Paranova Pack A/S for the financial year 01.01.20 - 31.12.20, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.12.20 and of the results of the company's operations for the financial year 01.01.20 - 31.12.20 in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

Basis for conclusion

We conducted our audit in accordance with International Standards on Auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' 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.

Emphasis of matter

We draw attention to note 17 in the financial statements, in which the management has described a material error in the financial statements for 2019. Our conclusion is therefore not modified regarding this matter.

Statement regarding the management's review

Management is responsible for management's review.

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

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or

otherwise appears to be materially misstated.

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

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

Management's responsibility for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is

higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Soeborg, Copenhagen, May 31, 2021

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Jan Nygaard

State Authorized Public Accountant
MNE-no. mne11743

FINANCIAL HIGHLIGHTS**Key figures**

Figures in DKK '000	2020	2019	2018	2017	2016
<i>Profit/loss</i>					
Revenue	1,483,106	1,309,512	1,338,582	1,275,116	1,006,003
Index	147	130	133	127	100
Gross profit	28,166	25,715	29,689	61,506	37,905
Index	74	68	78	162	100
Operating profit/loss	152	-4,809	827	38,722	15,958
Index	1	-30	5	243	100
Total net financials	-1,069	-1,615	-4,288	-691	-253
Index	423	638	1,695	273	100
Loss for the year	-917	-6,424	-2,713	30,341	12,217
Index	-8	-53	-22	248	100

Balance

Total assets	184,383	277,176	261,437	357,376	366,478
Index	50	76	71	98	100
Investments in property, plant and equipment	317	737	0	0	0
Equity	50,821	51,738	58,162	60,876	30,535
Index	166	169	190	199	100

Ratios

	2020	2019	2018	2017	2016
<i>Profitability</i>					
Return on equity	-2%	-12%	-5%	66%	39%
Gross margin	2%	2%	2%	5%	4%
Profit margin	0%	0%	0%	3%	2%

Ratios - continued -

	2020	2019	2018	2017	2016
<i>Others</i>					
Number of employees (average)	47	55	55	36	36

Return on equity:	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$
Gross margin:	$\frac{\text{Gross result} \times 100}{\text{Revenue}}$
Profit margin:	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$

Primary activities

The company's activities comprise wholesale of pharmaceuticals and healthcare products. The company is the operational company within the Paranova Group.

Development in activities and financial affairs

The income statement for the period 01.01.20 - 31.12.20 shows a profit/loss of DKK'000 -917 against DKK'000 -6,424 for the period 01.01.19 - 31.12.19. The balance sheet shows equity of DKK'000 50,821.

The earnings expectations for 2020 were a sustainable positive result. The objective was not met primarily due to currency fluctuations, excess product returns and reduced sales activities in the skincare segments due to the covid-19 situation. An 11% increase in revenue was realised against an expected 2%.

Outlook

With better performing markets, especially in Sweden and Germany and with a leaner, more efficient organization the Company expects a sustainable positive result for 2021

Financial risks

Price risks

The company is exposed to commodity price risks, as the company's products contain various raw materials which are subject to fluctuating prices. Commodity price risks are not hedged.

Foreign currency risks

A significant share of the sourcing is in foreign currencies. The company has not entered into hedging contracts . The Company does not engage in speculative currency positions.

Interest rate risks

The company's interest-bearing receivables and debt substantially relate to balances with group enterprises that carry interest according to concluded agreements. The Company's most significant risk relates to foreign currency adjustments of balances that are booked in local currencies.

Subsequent events

No important events have occurred after the end of the financial year.

Corporate social responsibility

The company is part of the Paranova Group. Reference is made to the group corporate social responsibility report in the annual report for 2020 for the parent company Paranova Group A/S, CVR-no. 18 13 94 80

Gender diversity

The company is part of the Paranova Group. Reference is made to the group corporate social responsibility report in the annual report for 2020 for the parent company Paranova Group A/S, CVR-no. 18 13 94 80

Income statement

Note	2020 DKK '000	2019 DKK '000
	1,483,106	1,309,512
	3,298	991
	-1,436,526	-1,267,414
	-21,712	-17,375
	28,166	25,714
1 Staff costs	-26,653	-29,252
	1,513	-3,538
	-1,361	-1,272
	152	-4,810
2 Financial income	4,033	6,776
3 Financial expenses	-5,102	-8,390
	-917	-6,424
	0	0
	-917	-6,424

4 Distribution of net profit

ASSETS		31.12.20	31.12.19
Note		DKK '000	DKK '000
	Acquired rights	1,907	1,657
5	Total intangible assets	1,907	1,657
	Other fixtures and fittings, tools and equipment	560	560
6	Total property, plant and equipment	560	560
7	Deposits	238	237
	Total investments	238	237
	Total non-current assets	2,705	2,454
	Raw materials and consumables	123	1,413
	Manufactured goods and goods for resale	162,247	94,772
	Total inventories	162,370	96,185
	Trade receivables	318	357
	Receivables from group enterprises	1,201	164,153
	Deferred tax asset	12,752	12,752
	Other receivables	1,981	167
8	Prepayments	1,311	1,108
	Total receivables	17,563	178,537
	Cash	1,745	0
	Total current assets	181,678	274,722
	Total assets	184,383	277,176

EQUITY AND LIABILITIES		31.12.20	31.12.19
Note		DKK '000	DKK '000
9	Share capital	500	500
	Retained earnings	50,321	51,238
	Total equity	50,821	51,738
11	Other provisions	1,967	0
	Total provisions	1,967	0
12	Other payables	2,041	771
	Total long-term payables	2,041	771
	Payables to other credit institutions	0	6
	Trade payables	1,942	6,520
	Payables to group enterprises	111,642	200,691
	Income taxes	3	-1
	Other payables	15,401	17,451
13	Deferred income	566	0
	Total short-term payables	129,554	224,667
	Total payables	131,595	225,438
	Total equity and liabilities	184,383	277,176
14	Contingent liabilities		
15	Charges and security		
16	Related parties		

Statement of changes in equity

Figures in DKK '000	Share capital	Retained earnings
Statement of changes in equity for 01.01.20 - 31.12.20		
Balance as at 01.01.20	500	51,238
Net profit/loss for the year	0	-917
Balance as at 31.12.20	500	50,321

	2020 DKK '000	2019 DKK '000
1. Staff costs		
Wages and salaries	22,203	24,687
Pensions	3,039	2,270
Other social security costs	466	471
Other staff costs	945	1,824
Total	26,653	29,252
Average number of employees during the year	47	55

2. Financial income

Interest, group enterprises	366	1,066
Other interest income	2	1
Foreign currency translation adjustments	3,665	5,709
Other financial income	3,667	5,710
Total	4,033	6,776

	2020 DKK '000	2019 DKK '000
3. Financial expenses		
Interest, group enterprises	2,443	1,975
Other interest expenses	21	39
Foreign currency translation adjustments	2,638	6,376
Other financial expenses total	2,659	6,415
Total	5,102	8,390

4. Distribution of net profit

Retained earnings	-917	-6,424
Total	-917	-6,424

5. Intangible assets

Figures in DKK '000	Acquired rights
Cost as at 01.01.20	3,778
Additions during the year	1,318
Disposals during the year	-24
Cost as at 31.12.20	5,072
Amortisation and impairment losses as at 01.01.20	-2,121
Amortisation during the year	-1,049
Reversal of amortisation of and impairment losses on disposed assets	5
Amortisation and impairment losses as at 31.12.20	-3,165
Carrying amount as at 31.12.20	1,907

6. Property, plant and equipment

Figures in DKK '000	Other fixtures and fittings, tools and equipment
Cost as at 01.01.20	1,086
Additions during the year	317
Cost as at 31.12.20	1,403
Depreciation and impairment losses as at 01.01.20	-526
Depreciation during the year	-317
Depreciation and impairment losses as at 31.12.20	-843
Carrying amount as at 31.12.20	560

7. Non-current financial assets

Figures in DKK '000	Deposits
Cost as at 01.01.20	237
Additions during the year	1
Cost as at 31.12.20	238
Carrying amount as at 31.12.20	238

31.12.20	31.12.19
DKK '000	DKK '000

8. Prepayments

Other prepayments	1,311	1,108
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9. Share capital

The share capital consists of:

	Quantity	Total nominal value
Share capital	500	500,000
Total		500,000

No shares hold particular rights.

	31.12.20	31.12.19
	DKK '000	DKK '000

10. Deferred tax

Provisions for deferred tax as at 01.01.20	12,752	12,883
Deferred tax recognised in the income statement	0	-131
Provisions for deferred tax as at 31.12.20	12,752	12,752

As at 31.12.2020, the company has recognised a deferred tax asset of DKK 12,752k which can primarily be attributed to tax losses carried forward. In addition the enterprise has unrecognised deferred tax assets of DKK 1,929k. The deferred tax asset is recognised on the basis of expectations of positive operating results for the coming years.

11. Other provisions

Figures in DKK '000	Warranty commitments	
Provisions during the year		1,967
Provisions as at 31.12.20		1,967
	31.12.20	31.12.19
	DKK '000	DKK '000

Other provisions are expected to be distributed as follows:

Current liabilities	1,967	0
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12. Long-term payables

Figures in DKK '000	Outstanding debt after 5 years	Total payables at 31.12.20	Total payables at 31.12.19
Other payables	2,041	2,041	771
Total	2,041	2,041	771

13. Deferred income

Prepayments	566	0
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14. Contingent liabilities*Lease commitments*

The company has concluded lease agreements with terms to maturity of 6-60 months and average lease payments of DKK 324k, a total of DKK 4.869k

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and is liable for income taxes on a pro rata basis and must comply with any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The maximum liability totals an amount corresponding to the share of the capital in the company which is owned directly or indirectly by the ultimate parent. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc./

15. Charges and security

The company has not provided any security over assets.

16. Related parties

Controlling influence	Basis of influence
Paranova Group A/S	Parent

Related party transactions are not disclosed, as all transactions are entered into in the ordinary course of business at arms' length.

The company is included in the consolidated financial statements of the parent Paranova Group A/S.

17. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for large enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

Material error

The company has identified a material error in the financial statements for 2019.

Classification of group receivable and payables

Receivables with group receivables have been overstated with DKK 162.578k and Payable to group enterprises have been overstated with DKK 162.578k due to an error in the accounting software. Furthermore, interest income and interest expenses have been overstated with DKK 622k. The error had no effect on the profit for the year or the equity of the company.

Comparative figures for 2019 have been restated in the income statement, balance sheet and notes.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

17. Accounting policies - continued -

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

DERIVATIVE FINANCIAL INSTRUMENTS**LEASES**

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

INCOME STATEMENT**Revenue**

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the

17. Accounting policies - continued -

selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

17. Accounting policies - continued -**Other operating income**

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

17. Accounting policies - continued -**Depreciation, amortisation and impairment losses**

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Acquired rights	3	0
Plant and machinery	5	0
Other plant, fixtures and fittings, tools and equipment	3-5	0

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

17. Accounting policies - continued -**BALANCE SHEET****Intangible assets***Acquired rights*

Acquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise plant and machinery as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

17. Accounting policies - continued -

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Inventories

Inventories are measured at cost calculated according to the FEFO-method (First Expired First Out). Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

17. Accounting policies - continued -**Prepayments**

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Provisions

Other provisions comprise expected expenses incidental to warranty commitments, restructuring etc. and are recognised when the company has a legal or constructive obligation at the balance sheet date and it is probable that such obligation will draw on the financial resources of the company. Provisions are measured at net realisable value or fair value if the provision is expected to be settled over the longer term.

Warranty commitments comprise the obligation to repair defective work within the warranty period of 1-5 years. Warranty commitments are measured at net realisable value and recognised based on previous years' experience with warranty work.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

17. Accounting policies - continued -

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

Deferred income

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.

CASH FLOW STATEMENT

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared as the enterprise is included in the consolidated cash flow statement.