

# Paranova Pack A/S

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

## Annual report for 2021

Årsrapporten er godkendt på den  
ordinære generalforsamling, d. 29.04.22

Erik Bernhard Pfeiffer  
Dirigent



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**The company**

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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

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**Executive Board**

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Dirk Andreas Oltersdorf

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**Board of Directors**

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Erik Bernhard Pfeiffer  
Dirk Andreas Oltersdorf  
Hans-Joachim Oltersdorf

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**Auditors**

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Beierholm  
Statsautoriseret Revisionspartnerselskab

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**Parent company**

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Paranova Group A/S, Herlev

## **Statement by the Executive Board and Board of Directors on the annual report**

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We have on this day presented the annual report for the financial year 01.01.21 - 31.12.21 for Paranova Pack A/S.

The annual report is presented in accordance with the 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 31.12.21 and of the results of the company's activities for the financial year 01.01.21 - 31.12.21.

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, April 29, 2022

### **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 01.01.21 - 31.12.21, 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 the 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 31.12.21 and of the results of the company's operations for the financial year 01.01.21 - 31.12.21 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

**Basis for Opinion**

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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**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, April 29, 2022

**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	2021	2020	2019	2018	2017
<i>Profit/loss</i>					
Revenue	1,837,475	1,483,106	1,309,512	1,338,582	1,275,116
Index	144	116	103	105	100
Gross profit	31,003	28,166	25,715	29,689	61,506
Index	50	46	42	48	100
Operating profit	5,660	152	-4,809	827	38,722
Index	15	-	-12	2	100
Total net financials	-4,150	-1,069	-1,615	-4,288	-691
Profit/loss for the year	1,628	-917	-6,424	-2,713	30,341
Index	5	-3	-21	-9	100
<i>Balance</i>					
Total assets	149,335	184,383	277,176	261,437	357,376
Index	42	52	78	73	100
Investments in property, plant and equipment	528	317	737	0	0
Equity	52,449	50,821	51,738	58,162	60,876
<b>Ratios</b>					
	2021	2020	2019	2018	2017
<i>Profitability</i>					
Return on equity	3%	-2%	-12%	-5%	66%
Gross margin	2%	2%	2%	2%	5%
Profit margin	0%	0%	0%	0%	3%



**Ratios** - continued -

	2021	2020	2019	2018	2017
<i>Others</i>					
Number of employees (average)	40	47	55	55	36

*Ratios definitions*

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 01.01.21 - 31.12.21 shows a profit/loss of DKK'000 1,628 against DKK'000 -917 for the period 01.01.20 - 31.12.20. The balance sheet shows equity of DKK'000 52,449.

The management considers the net profit for the year to be satisfactory under the market conditions present in 2021.

The earnings expectations for 2021 were a sustainable positive result. This objective was partially met with a significant increase in profit before tax.

### Outlook

The company expects still challenging conditions related to the COVID 19 Situation in the first quarter of 2022, with a normalization afterwards. No serious impact is expected from the Ukrainian crisis. For the Swedish and German market we expect better performing markets and with an ongoing improvement of an improved, leaner organization we expect a sustainable improved positive result

### Financial risks

#### *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 2021 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 statement for gender diversity in the annual report for 2021 for the parent company Paranova Group A/S, CVR-no. 18 13 94 80.

### **Data ethics**

The company is part of the Paranova Group. Reference is made to the group statement on data ethics in the annual report for 2021 for the parent company Paranova Group A/S, CVR-no. 18 13 94 80.

## Income statement

Note	2021 DKK '000	2020 DKK '000
	<b>1,837,475</b>	<b>1,483,106</b>
	3,999	3,298
	-1,786,602	-1,436,526
	-23,869	-21,712
	<b>31,003</b>	<b>28,166</b>
1 Staff costs	-23,694	-26,653
	<b>7,309</b>	<b>1,513</b>
	-1,645	-1,361
	-4	0
	<b>5,660</b>	<b>152</b>
2 Financial income	2,294	4,033
3 Financial expenses	-6,444	-5,102
	<b>1,510</b>	<b>-917</b>
4 Tax on profit or loss for the year	118	0
	<b>1,628</b>	<b>-917</b>
5 Proposed appropriation account		

<b>ASSETS</b>		31.12.21	31.12.20
Note		DKK '000	DKK '000
	Acquired rights	2,327	1,907
6	<b>Total intangible assets</b>	<b>2,327</b>	<b>1,907</b>
	Other fixtures and fittings, tools and equipment	794	560
7	<b>Total property, plant and equipment</b>	<b>794</b>	<b>560</b>
8	Deposits	227	238
	<b>Total investments</b>	<b>227</b>	<b>238</b>
	<b>Total non-current assets</b>	<b>3,348</b>	<b>2,705</b>
	Raw materials and consumables	63	123
	Manufactured goods and goods for resale	117,539	162,247
	Prepayments for goods	735	0
	<b>Total inventories</b>	<b>118,337</b>	<b>162,370</b>
	Trade receivables	428	318
	Receivables from group enterprises	12,701	1,201
	Deferred tax asset	12,870	12,752
	Other receivables	16	1,981
9	Prepayments	1,083	1,311
	<b>Total receivables</b>	<b>27,098</b>	<b>17,563</b>
	<b>Cash</b>	<b>552</b>	<b>1,745</b>
	<b>Total current assets</b>	<b>145,987</b>	<b>181,678</b>
	<b>Total assets</b>	<b>149,335</b>	<b>184,383</b>

<b>EQUITY AND LIABILITIES</b>		31.12.21	31.12.20
Note		DKK '000	DKK '000
10	Share capital	500	500
	Retained earnings	51,949	50,321
	<b>Total equity</b>	<b>52,449</b>	<b>50,821</b>
12	Other provisions	2,902	1,967
	<b>Total provisions</b>	<b>2,902</b>	<b>1,967</b>
13	Other payables	0	2,041
	<b>Total long-term payables</b>	<b>0</b>	<b>2,041</b>
	Trade payables	2,713	1,942
	Payables to group enterprises	68,601	111,642
	Other payables	22,670	15,404
14	Deferred income	0	566
	<b>Total short-term payables</b>	<b>93,984</b>	<b>129,554</b>
	<b>Total payables</b>	<b>93,984</b>	<b>131,595</b>
	<b>Total equity and liabilities</b>	<b>149,335</b>	<b>184,383</b>
15	Contingent liabilities		
16	Charges and security		
17	Related parties		

**Statement of changes in equity**

Figures in DKK '000	Share capital	Retained earnings	Total equity
Statement of changes in equity for 01.01.21 - 31.12.21			
Balance as at 01.01.21	500	50,321	50,821
Net profit/loss for the year	0	1,628	1,628
Balance as at 31.12.21	500	51,949	52,449

	2021	2020
	DKK '000	DKK '000
<b>1. Staff costs</b>		
Wages and salaries	19,854	22,203
Pensions	2,954	3,039
Other social security costs	414	466
Other staff costs	472	945
<b>Total</b>	<b>23,694</b>	<b>26,653</b>
Average number of employees during the year	40	47

**2. Financial income**

Interest, group enterprises	0	366
Other interest income	0	2
Foreign currency translation adjustments	2,294	3,665
<b>Total</b>	<b>2,294</b>	<b>4,033</b>



	2021	2020
	DKK '000	DKK '000

### 3. Financial expenses

Interest, group enterprises	3,012	2,443
Other interest expenses	59	21
Foreign currency translation adjustments	3,373	2,638
<b>Total</b>	<b>6,444</b>	<b>5,102</b>

### 4. Tax on profit or loss for the year

Adjustment of deferred tax for the year	-1,510	0
Adjustment of tax in respect of previous years	1,392	0
<b>Total</b>	<b>-118</b>	<b>0</b>

### 5. Proposed appropriation account

Retained earnings	1,628	-917
<b>Total</b>	<b>1,628</b>	<b>-917</b>

**6. Intangible assets**

Figures in DKK '000	Acquired rights
Cost as at 01.01.21	5,071
Additions during the year	1,772
Cost as at 31.12.21	6,843
Amortisation and impairment losses as at 01.01.21	-3,165
Amortisation during the year	-1,351
Amortisation and impairment losses as at 31.12.21	-4,516
Carrying amount as at 31.12.21	2,327

**7. Property, plant and equipment**

Figures in DKK '000	Other fixtures and fittings, tools and equipment
Cost as at 01.01.21	1,403
Additions during the year	528
Cost as at 31.12.21	1,931
Depreciation and impairment losses as at 01.01.21	-843
Depreciation during the year	-294
Depreciation and impairment losses as at 31.12.21	-1,137
Carrying amount as at 31.12.21	794

**8. Non-current financial assets**

Figures in DKK '000	Deposits
Cost as at 01.01.21	238
Disposals during the year	-11
Cost as at 31.12.21	227
Carrying amount as at 31.12.21	227

**9. Prepayments**

Prepaid insurance premiums	31	0
Prepaid membership fees and subscriptions	167	0
Prepaid lease payments	12	0
Other prepayments	873	1,311
Total	1,083	1,311

**10. Share capital**

The share capital consists of:

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

No shares hold particular rights.

	31.12.21	31.12.20
	DKK '000	DKK '000

### 11. Deferred tax

Provisions for deferred tax as at 01.01.21	12,752	12,752
Deferred tax recognised in the income statement	118	0
Provisions for deferred tax as at 31.12.21	12,870	12,752

As at 31.12.21, the company has recognised a deferred tax asset of DKK 12,870k, which can primarily be attributed to tax losses carried forward. The deferred tax asset is recognised on the basis of expectations of positive operating results for the coming years.

### 12. Other provisions

Figures in DKK '000	Other Provisions
Provisions as at 01.01.21	1,967
Provisions during the year	935
Provisions as at 31.12.21	2,902

  

	31.12.21	31.12.20
	DKK '000	DKK '000

Other provisions are expected to be distributed as follows:

Current liabilities	2,902	1,967
Total	2,902	1,967

**13. Long-term payables**

Figures in DKK '000	Total payables at 31.12.21	Total payables at 31.12.20
Other payables	0	2,041
Total	0	2,041

**14. Deferred income**

Prepayments	0	566
Total	0	566

**15. Contingent liabilities***Lease commitments*

The company has concluded lease agreements with terms to maturity of 5 - 28 months and average lease payments of DKK 255k, a total of DKK 1.600k.

*Other contingent liabilities*

The company is taxed jointly with the other companies in the group and has joint, several and unlimited liability for income taxes for the jointly taxed companies. The total known tax liability for the jointly taxed companies is DKK 0k at the balance sheet date, of which DKK 0k is recognised in the balance sheet. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

**16. Charges and security**

The company has not provided any security over assets.

## 17. Related parties

Controlling influence	Basis of influence
Paranova Group A/S, Herlev	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 parents Paranova Group A/S, Herlev and MPA Group GmbH, Germany. The foreign parent's consolidated financial statements can be obtained at the parent company.

## 18. 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.

### 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.

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.

**18. Accounting policies** - continued -**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.

**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 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.

**18. 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.

**Cost of sales**

Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs 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.

**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
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.



**18. Accounting policies** - continued -

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 operating expenses**

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

**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.

**18. 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 or 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 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.

**18. Accounting policies** - continued -**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.

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.

**18. Accounting policies** - continued -**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.

**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.

**18. Accounting policies** - continued -

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.

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.