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CVR no. 20 22 26 70

FREEHAND COFFEE COMPANY A/S
SVOVLHATTEN 3, 5220 ODENSE SØ
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2019

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 14 May 2020**

Philip Wouters

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 29 52 77 68

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COMPANY DETAILS

Company	Freehand Coffee Company A/S Svovlhatten 3 5220 Odense SØ CVR No.: 29 52 77 68 Established: 20 April 2006 Registered Office: Odense Financial Year: 1 January - 31 December
Board of Directors	Frans Van Tilborg, chairman Michael Schiedel Philip Wouters
Board of Executives	Michael Schiedel
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V
Bank	Danske Bank Albani Torv 2 5000 Odense C
Law Firm	Philip Wouters

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of Freehand Coffee Company A/S for the financial year 1 January - 31 December 2019.

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 Company's financial position at 31 December 2019 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2019.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

We recommend the Annual Report be approved at the Annual General Meeting.

Odense, 14 May 2020

Board of Executives

Michael Schiedel

Board of Directors

Frans Van Tilborg
Chairman

Michael Schiedel

Philip Wouters

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Freehand Coffee Company A/S

Opinion

We have audited the Financial Statements of Freehand Coffee Company A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity, cash flows, notes and 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 assets, liabilities and financial position of the Company at 31 December 2019 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 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 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.

As part of an audit conducted in accordance with ISAs 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.

INDEPENDENT AUDITOR'S REPORT

- 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.

Statement on 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 Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 14 May 2020

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Ole C. K. Nielsen
State Authorised Public Accountant
MNE no. mne23299

FINANCIAL HIGHLIGHTS

	2019	2018	2017	2016	2015
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Income statement					
Gross profit/loss.....	23.754	21.693	26.055	31.842	23.619
Operating profit/loss.....	-1.542	-8.130	-15.092	-2.113	4.029
Financial income and expenses, net.....	-575	-960	-1.774	-875	-748
Profit/loss for the year.....	-2.267	-8.579	-20.344	-2.988	3.281
Balance sheet					
Balance sheet total.....	38.169	31.665	38.637	50.259	33.422
Equity.....	-6.733	-4.466	-25.905	-5.562	-2.574
Cash flows					
Investment in tangible fixed assets.....	439	-365	-748	0	0
Ratios					
Rate of return.....	178,1	131,0	232,3	21,0	-50,0
Solvency ratio.....	Neg.	Neg.	Neg.	Neg.	Neg.
Return on equity.....	Neg.	Neg.	Neg.	Neg.	Neg.

FINANCIAL HIGHLIGHTS

The ratios stated in the list of key figures and ratios have been calculated as follows:

Rate of return:	$\frac{\text{Profit/loss on ordinary activities} \times 100}{\text{Average invested capital}}$
Invested capital:	Intangible fixed assets (ex goodwill) + tangible assets + inventories + receivables + other working current assets - trade payables - other provisions - other long and short term working liabilities
Solvency ratio:	$\frac{\text{Equity, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$
Return on equity:	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

The ratios follow in all material respects the recommendations of the Danish Finance Society.

MANAGEMENT'S REVIEW

Principal activities

The company's main activity is to provide sustainable coffee/hot beverage solutions to the Danish BtB/office segment. The business also provides vending machines and payment card systems as well as related services. The company is embarking on a sustainability strategy by providing solutions which have an environmental and/or social development footprint.

Development in activities and financial position

Following the change of ownership in June 2018, the company has been through a massive restructuring process, which continued to impact results in 2019. Some business activities have been cut off in order to allow the business to focus on the core competences. Several organizational changes have been done in order to prepare the company for growth in 2020. Year 2019 has also been impacted by a increased write offs on obsolete spare parts referring to the past.

The financial situation of the company has in 2019 once again been heavily improved vs LY, which confirms that the transition/turn around is well on track. Several large loss making contracts have either been discontinued and/or renegotiated and cost maintain under control. During 2019 we have invested in IT upgrades and business intelligence, in order to support decision making.

Profit/loss for the year compared to expectations

The profit and loss is showing a minus result of DKK 2,267,002 for the year, and the balance sheet as per December 31, 2019 presents an equity of DKK -6,733,121.

The financial result for 2019 is considered to be satisfying. In the first half year the business has invested severely in preventative service maintenance leading to an all time high service track record and customer satisfaction in the second half of the year. We have seen positive tendencies leading to the acquisition of 2 very large client engagements in the final 2 months of the year. Hence the financial result in the second half is showing an EBIT positive result, which is why the company will expect a positive result in 2020 and the following years.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the Company's financial position. The ongoing crisis due to Covid-19 has not yet affected the Company's financial situation and it is expected to have no appreciable affect. The Company observes the recommendations made by the Medical and Health Board and has adjusted to these with no appreciable inconvenience to the operations and financial position of the Company.

Future expectations

During 2020 the company will work hard to reestablish the equity and bring it back to a positive value. Basically a positive result in 2020 will be a part of that process, and the mother company MIKO Koffie will fully be supporting the company in any way, on the way back to being a solid and profitable company again.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2019 DKK	2018 DKK
GROSS PROFIT	1	23.753.825	21.692.921
Staff costs.....	2	-24.489.873	-28.800.937
Depreciation, amortisation and impairment losses.....		-805.773	-1.029.356
Other operating expenses.....		0	7.159
OPERATING LOSS		-1.541.821	-8.130.213
Result of equity investments in group and associates.....		89.927	-134.254
Other financial income.....		25.938	93.002
Other financial expenses.....	3	-601.175	-1.052.653
LOSS BEFORE TAX		-2.027.131	-9.224.118
Tax on profit/loss for the year.....	4	-239.871	644.951
LOSS FOR THE YEAR	5	-2.267.002	-8.579.167

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2019 DKK	2018 DKK
Leasehold improvements.....		128.314	294.174
Other investment assets.....		535.623	809.028
Tangible fixed assets.....	6	663.937	1.103.202
Equity investments in group enterprises.....		334.582	244.655
Rent deposit and other receivables.....		73.718	71.571
Fixed asset investments.....	7	408.300	316.226
FIXED ASSETS.....		1.072.237	1.419.428
Finished goods and goods for resale.....		11.765.503	11.527.103
Inventories.....		11.765.503	11.527.103
Trade receivables.....		21.567.287	8.772.766
Deferred tax assets.....	8	0	660.951
Other receivables.....		178.659	901.493
Joint tax contribution receivable.....		421.080	0
Prepayments and accrued income.....	9	308.455	313.017
Receivables.....		22.475.481	10.648.227
Cash and cash equivalents.....		2.856.205	8.070.170
CURRENT ASSETS.....		37.097.189	30.245.500
ASSETS.....		38.169.426	31.664.928

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2019 DKK	2018 DKK
Share capital.....	10	800.000	800.000
Reserve for net revaluation according to equity va.....		89.927	0
Retained earnings.....		-7.623.048	-5.266.119
EQUITY.....		-6.733.121	-4.466.119
Other liabilities.....		825.863	0
Long-term liabilities.....	11	825.863	0
Bank debt.....		60.275	52.340
Trade payables.....		12.320.657	9.825.151
Payables to group enterprises.....		14.341.123	8.767.642
Other liabilities.....		7.154.068	8.203.860
Accruals and deferred income.....	12	10.200.561	9.282.054
Current liabilities.....		44.076.684	36.131.047
LIABILITIES.....		44.902.547	36.131.047
EQUITY AND LIABILITIES.....		38.169.426	31.664.928
 Contingencies etc.	 13		
 Charges and securities	 14		
 Related parties	 15		

EQUITY

	Share capital	Reserve for net revaluation according to equity va	Retained earnings	Total
Equity at 1 January 2019.....	800.000	0	-5.266.119	-4.466.119
Proposed distribution of profit.....		89.927	-2.356.929	-2.267.002
Equity at 31 December 2019	800.000	89.927	-7.623.048	-6.733.121

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	2019	2018
	DKK	DKK
Profit/loss for the year.....	-2.267.002	-8.579.167
Reversed depreciation of the year.....	805.773	1.029.356
Reversed realization gains.....	-1.258.080	-2.529.203
Profit/loss from subsidiaries.....	-89.927	134.254
Adjustment of other financial income.....	-25.938	0
Adjustment of other financial expenses.....	601.175	0
Reversed tax on profit/loss for the year.....	239.871	-644.951
Change in inventory.....	-238.400	-2.088.919
Change in receivables.....	-12.067.125	16.406.705
Change in current liabilities (ex bank and tax).....	8.235.224	-12.736.688
CASH FLOWS FROM OPERATING ACTIVITY.....	-6.064.429	-9.008.613
Purchase of tangible fixed assets.....	439.265	-364.874
Purchase of financial assets.....	-2.147	-2.085
Sale of financial assets.....	0	331.625
CASH FLOWS FROM INVESTING ACTIVITY.....	437.118	-35.334
Group contribution.....	0	30.018.289
Other changes in long-term debt.....	353.071	0
CASH FLOWS FROM FINANCING ACTIVITY.....	353.071	30.018.289
CHANGE IN CASH AND CASH EQUIVALENTS.....	-5.274.240	20.974.342
Cash and cash equivalents at 1. januar.....	8.070.170	-12.956.512
CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....	2.795.930	8.017.830
Specification of cash and cash equivalents at 31 December:		
Cash and cash equivalents.....	2.856.205	8.070.170
Bank debt.....	-60.275	-52.340
CASH AND CASH EQUIVALENTS, NET DEBT.....	2.795.930	8.017.830

NOTES

			Note
Special items			1
In connection with the recapitalization of the company, forgiveness of external debt for a total amount of DKK ('000) 1.258 have been received.			
	2019	2018	
	DKK	DKK	
Staff costs			2
Average number of employees 48 (2018: 60)			
Wages and salaries.....	21.058.938	24.481.655	
Pensions.....	2.595.376	3.376.563	
Social security costs.....	411.656	527.093	
Other staff costs.....	423.903	415.626	
	24.489.873	28.800.937	
In accordance with the Danish Financial Statements Act § 98b, stk. 3, information on remuneration of board and management has not been disclosed.			
Other financial expenses			3
Group enterprises.....	315.792	257.958	
Other interest expenses.....	285.383	794.695	
	601.175	1.052.653	
Tax on profit/loss for the year			4
Calculated tax on taxable income of the year.....	-421.080	0	
Adjustment of tax in previous years.....	0	16.000	
Adjustment of deferred tax.....	660.951	-660.951	
	239.871	-644.951	
Proposed distribution of profit			5
Allocation to reserve for net revaluation according to equity va.	89.927	0	
Retained earnings.....	-2.356.929	-8.579.167	
	-2.267.002	-8.579.167	

NOTES

			Note
Tangible fixed assets			6
	Leasehold improvements	Other investment assets	
Cost at 1 January 2019.....	1.109.020	7.918.121	
Additions.....	62.694	303.814	
Disposals.....	-240.226	-532.440	
Cost at 31 December 2019.....	931.488	7.689.495	
Depreciation and impairment losses at 1 January 2019.....	814.846	7.109.093	
Reversal of depreciation of assets disposed of.....	-240.226	-532.440	
Depreciation for the year.....	228.554	577.219	
Depreciation and impairment losses at 31 December 2019....	803.174	7.153.872	
Carrying amount at 31 December 2019.....	128.314	535.623	
 Fixed asset investments			 7
	Equity investments in group enterprises	Rent deposit and other receivables	
Cost at 1 January 2019.....	4.217.749	71.571	
Additions.....	0	2.147	
Cost at 31 December 2019.....	4.217.749	73.718	
Revaluation at 1 January 2019.....	-3.973.094	0	
Profit/loss for the year.....	89.927	0	
Revaluation at 31 December 2019.....	-3.883.167	0	
Carrying amount at 31 December 2019.....	334.582	73.718	
Investments in subsidiaries (DKK)			
Name and registered office	Equity	Profit/loss for the year	Ownership
Freehand International II A/S, Odense.....	334.582	89.927	100 %

NOTES

						Note
Deferred tax assets						8
Provision for deferred tax comprises deferred tax on contract work in progress, inventory and intangible and tangible fixed assets.						
		2019		2018		
		DKK		DKK		
Deferred tax, beginning of year.....		660.951		0		
Deferred tax, movement.....		-660.951		660.951		
Deferred tax assets 31 December 2019.....		0		660.951		
Prepayments and accrued income						9
Costs.....		308.455		313.017		
		308.455		313.017		
Share capital						10
Specification of the share capital:						
Aktier, 800.000 in the denomination of 1 DKK.....		800.000		800.000		
		800.000		800.000		
Long-term liabilities						11
	31/12 2019		Debt	31/12 2018	Current	
	total liabilities	Repayment	outstanding	total liabilities	portion at the	
		next year	after 5 years		beginning	
					of the year	
Other liabilities.....	825.863	0	0	0	0	
	825.863	0	0	0	0	
Accruals and deferred income						12
Prepayments are prepaid income received in subsequent years.						

NOTES**Note****Contingencies etc.****13****Other contingent assets**

The company has a not recognized deferred tax amounting to DKK ('000) 281 on 31 December 2019.

Contingent liabilities**Rental and lease commitments**

The company has rental commitment with a notice period. The rental commitment has been stated at DKK('000) 443.

The company has entered into lease agreements with a total monthly lease payment of DKK('000) 140. The total residual lease commitment amounts to DKK('000) 3,475.

Joint liabilities

The company is jointly and severally liable together with the parent company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of Miko Coffee ApS, which serves as management company for the joint taxation.

Charges and securities**14**

The company has not given any collateral or securities during the year.

Related parties**15**

The Company's related parties include:

Controlling interest

Miko Koffie NV., Steenweg op Mol 177, 2300 Turmhout, Belgium.

Transactions with related parties

The company did not carry out any substantial transactions that were not concluded on market conditions.

ACCOUNTING POLICIES

The Annual Report of Freehand Coffee Company A/S for 2019 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium enterprise.

The Annual Report is prepared consistently with the accounting principles applied last year.

Consolidated financial statements

Consolidated financial statements have not been prepared because the group fulfils the exemption provisions of section 112 of the Danish Financial Statements Act on sub-groups. The company is included in the consolidated financial statements of Miko Koffie NV., Steenweg op Mol 177, 2300 Turnhout, Belgium.

INCOME STATEMENT

Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Where products with a high degree of individual adjustments are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total costs and expenses regarding the contract and the degree of completion at the balance sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the company.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible fixed assets.

Other operating expenses

Other operating expenses include items of a secondary nature in relation to the enterprises' principal activities, including loss from sale of intangible and tangible fixed assets.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Investments in subsidiaries

The income statement of the parent company recognises the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

ACCOUNTING POLICIES

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Tangible fixed assets

Production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plant, fixtures and equipment.....	3-7 years	0 kr.
Leasehold improvements.....	5 years	0 kr.

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Fixed asset investments

Investments in subsidiaries are measured in the company's balance sheet under the equity method.

Investments in subsidiaries are measured in the balance sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill

Net revaluation of investments in subsidiaries and associates is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds receivables, the residual amount is recognised under provision for liabilities to the extent that the company's has a legal or actual liability to cover the subsidiary's deficit.

ACCOUNTING POLICIES

Impairment of fixed assets

The carrying amount of tangible assets together with fixed assets, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, the assets are written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, the inventories are written down to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the on account tax scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the term of loan.

Amortised cost for short-term liabilities usually corresponds to the nominal value.

ACCOUNTING POLICIES

Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.

CASH FLOW STATEMENT

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:

Cash and cash equivalents include bank overdraft and cash in hand.