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FREEHAND COFFEE COMPANY A/S
KLOKKESTØBERVEJ 3, 5230 ODENSE M
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2021

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 4 March 2022**

Michael Schiedel

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 Klokkestøbervej 3 5230 Odense M
	CVR No.: 29 52 77 68 Established: 20 April 2006 Municipality: Odense Financial Year: 1 January - 31 December
Board of Directors	Frans Van Tilborg, chairman Philip Wouters Michael Schiedel
Executive Board	Michael Schiedel
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V
Law Firm	Philip Wouters

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Freehand Coffee Company A/S for the financial year 1 January - 31 December 2021.

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 assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2021.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

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

Odense, 4 March 2022

Executive Board

Michael Schiedel

Board of Directors

Frans Van Tilborg
Chairman

Philip Wouters

Michael Schiedel

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 2021, 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 2021 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2021 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' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 Commentary

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary 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 Commentary provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 4 March 2022

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

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

FINANCIAL HIGHLIGHTS

	2021	2020	2019	2018	2017
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Income statement					
Gross profit/loss.....	25.275	26.766	23.754	21.693	26.055
Operating profit/loss of main activities...	4.574	4.636	-1.542	-8.130	-15.092
Financial income and expenses, net.....	-217	-453	-575	-960	-1.774
Profit/loss for the year.....	4.938	4.204	-2.267	-8.579	-20.344
Balance sheet					
Total assets.....	48.478	39.184	38.169	31.665	38.637
Equity.....	2.409	-2.529	-6.733	-4.466	-25.905
Invested capital.....	1.668	-1.066	6.838	-8.570	-3.846
Cash flows					
Investment in property, plant and equipment.....	-1.274	-263	-367	-365	-748
Key ratios					
Return on invested capital.....	1.519,6	160,6	178,0	131,0	232,3
Equity ratio.....	5,0	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:

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

MANAGEMENT COMMENTARY

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 and economic position

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 full end-to-end coffee solutions, which have a strong environmental and/or social development footprint. Freehand Coffee is part of the MIKO Group and together with its Danish sister company MIKO Coffee ApS we rank among the top 3 largest providers of specialized BtB office coffee solutions in Denmark.

Following the change of ownership in June 2018, the company has been through a massive restructuring process. Some business activities have been cut off, in order to allow the business to focus on the core competences. The company is embarking on a journey with the ambition of becoming the most sustainable provider of office coffee solutions. In 2021 the company issued its first CSR report.

During 2021 a closer collaboration between Freehand Coffee and sister company MIKO Denmark helped realize a number of synergies. In particular on the technical service side, where the company now has a rather unique and strong geographical coverage of technical service agents.

In 2021 the company experienced a substantial increase in customer satisfaction on "technical service" and "coffee experience", which both increased to an all time high level. The company managed to solve >95% of technical service calls within the 8 hour guarantee. The company considers technical service a core competence in the BtB coffee business and will continue to invest in people, education and systems in order to remain best-in-class. We fundamentally believe in customer satisfaction and retention as a backbone of running our business. It is rooted in our core values: "we treat customers in the same way as you treat a good friend".

The financial result for 2021 is considered to be satisfying - in particular given the circumstances of Covid-19, which for obvious reasons had a rather strong impact in particular on the sales of coffee/ingredients. The increasing customer base developed in the pre-Corona years, helped to almost fully compensate for the negative impact from Covid-19 and will fuel growth in the coming years once we return to an almost pre-Covid19 situation.

Profit/loss for the year compared to expectations

The profit and loss is showing a profit of DKK 4,938 kDKK for the year, and the balance sheet as per December 31, 2021 presents an equity of DKK 2,409 kDKK.

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.

Future expectations

The underlying business model is solid. The customer satisfaction and employee engagement are all showing very positive indications, which is why the company will expect a positive result in 2022 and the following years.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2021 DKK	2020 DKK
GROSS PROFIT	1	25.274.666	26.766.461
Staff costs.....	2	-20.331.755	-21.713.338
Depreciation, amortisation and impairment losses.....		-368.441	-417.372
OPERATING PROFIT		4.574.470	4.635.751
Result of equity investments in group companies.....		526	21.313
Other financial income.....		38.068	18.240
Other financial expenses.....	3	-255.034	-471.652
PROFIT BEFORE TAX		4.358.030	4.203.652
Tax on profit/loss for the year.....	4	580.000	0
PROFIT FOR THE YEAR	5	4.938.030	4.203.652

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2021 DKK	2020 DKK
Leasehold improvements.....		341.729	39.776
Other investment assets.....		1.072.747	469.544
Property, plant and equipment.....	6	1.414.476	509.320
Equity investments in group enterprises.....		0	355.895
Rent deposit and other receivables.....		160.741	75.930
Financial non-current assets.....	7	160.741	431.825
NON-CURRENT ASSETS.....		1.575.217	941.145
Finished goods and goods for resale.....		16.068.966	11.313.094
Inventories.....		16.068.966	11.313.094
Trade receivables.....		27.383.893	21.572.675
Receivables from group enterprises.....		574.327	0
Deferred tax assets.....	8	580.000	0
Other receivables.....		149.104	741.223
Prepayments and accrued income.....	9	189.032	536.256
Receivables.....		28.876.356	22.850.154
Cash and cash equivalents.....		1.957.224	4.079.996
CURRENT ASSETS.....		46.902.546	38.243.244
ASSETS.....		48.477.763	39.184.389

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2021 DKK	2020 DKK
Share capital.....	10	800.000	800.000
Retained earnings.....		1.608.560	-3.329.469
EQUITY.....		2.408.560	-2.529.469
Other liabilities.....		0	1.895.329
Non-current liabilities.....	11	0	1.895.329
Bank debt.....		61.925	67.628
Trade payables.....		3.582.496	3.513.902
Payables to group enterprises.....		22.202.533	16.521.206
Other liabilities.....		9.721.329	9.154.483
Accruals and deferred income.....	12	10.500.920	10.561.310
Current liabilities.....		46.069.203	39.818.529
LIABILITIES.....		46.069.203	41.713.858
EQUITY AND LIABILITIES.....		48.477.763	39.184.389
 Contingencies etc.	 13		
 Charges and securities	 14		
 Related parties	 15		

EQUITY

	Share capital	Retained earnings	Total
Equity at 1 January 2021.....	800.000	-3.329.470	-2.529.470
Proposed profit allocation, refer note 5.....		4.938.030	4.938.030
Equity at 31 December 2021.....	800.000	1.608.560	2.408.560

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	2021 DKK	2020 DKK
Profit/loss for the year.....	4.938.030	4.203.652
Depreciation and amortisation, reversed.....	368.441	417.372
Profit/loss from subsidiaries.....	-526	-21.313
Tax on profit/loss, reversed.....	-580.000	0
Change in inventories.....	-4.755.872	452.409
Change in receivables (ex tax).....	-5.446.202	1.805.410
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility).....	6.256.377	-5.376.126
CASH FLOWS FROM OPERATING ACTIVITY.....	780.248	1.481.404
Purchase of property, plant and equipment.....	-1.273.597	-262.754
Purchase of financial assets.....	-160.741	-2.212
Sale of financial assets.....	75.930	0
Other cash flows from investing activities.....	356.421	0
CASH FLOWS FROM INVESTING ACTIVITY.....	-1.001.987	-264.966
Other changes in non-current debt.....	-1.895.330	0
CASH FLOWS FROM FINANCING ACTIVITY.....	-1.895.330	0
CHANGE IN CASH AND CASH EQUIVALENTS.....	-2.117.069	1.216.438
Cash and cash equivalents at 1. januar.....	4.012.368	2.795.930
CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....	1.895.299	4.012.368
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents.....	1.957.224	4.079.996
Bank overdraft.....	-61.925	-67.628
CASH AND CASH EQUIVALENTS, NET DEBT.....	1.895.299	4.012.368

NOTES

			Note
Special items			1
	2021 DKK	2020 DKK	
Government covid-19 relief package (salary compensation).....	2.214.517	1.833.944	
	2.214.517	1.833.944	
Staff costs			2
Average number of employees	38	41	
Wages and salaries.....	17.537.113	18.828.573	
Pensions.....	2.187.146	2.301.173	
Social security costs.....	315.973	307.478	
Other staff costs.....	291.523	276.114	
	20.331.755	21.713.338	
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.....	221.858	373.794	
Other interest expenses.....	33.176	97.858	
	255.034	471.652	
Tax on profit/loss for the year			4
Adjustment of deferred tax.....	-580.000	0	
	-580.000	0	
Proposed distribution of profit			5
Allocation to reserve for net revaluation according to equity va.....	0	-89.927	
Retained earnings.....	4.938.030	4.293.579	
	4.938.030	4.203.652	

NOTES

			Note
Property, plant and equipment			6
	Leasehold improvements	Other investment assets	
Cost at 1 January 2021.....	931.489	7.952.249	
Additions.....	346.624	926.973	
Disposals.....	0	-4.580.785	
Cost at 31 December 2021.....	1.278.113	4.298.437	
Depreciation and impairment losses at 1 January 2021.....	891.713	7.482.705	
Reversal of depreciation of assets disposed of.....	0	-4.580.785	
Depreciation for the year.....	44.671	323.770	
Depreciation and impairment losses at 31 December 2021...	936.384	3.225.690	
Carrying amount at 31 December 2021.....	341.729	1.072.747	
 Financial non-current assets			 7
	Equity investments in group enterprises	Rent deposit and other receivables	
Cost at 1 January 2021.....	4.217.749	75.930	
Additions.....	0	160.741	
Disposals.....	-4.217.749	-75.930	
Cost at 31 December 2021.....	0	160.741	
Revaluation at 1 January 2021.....	-3.861.854	0	
Reversal of revaluations due to disposal.....	3.861.854		
Revaluation at 31 December 2021.....	0	0	
Carrying amount at 31 December 2021.....	0	160.741	
 Deferred tax assets			 8
Provision for deferred tax comprises deferred tax on losses carried forward and tangible fixed assets.			
	2021 DKK	2020 DKK	
Deferred tax, movement.....	580.000	0	
Deferred tax assets 31 December 2021.....	580.000	0	

The Company's deferred tax assets are recognized in the balance sheet with 580 thousand. The tax asset solely relates to differences between tax legislation and accounting principles. The tax asset is recognized on the basis of expectations of positive tax surpluses over the next years. The assessments are based on the Company's budgets for the following periods. The budget statements have been prepared in accordance with the Company's normal budget procedure.

NOTES

	2021 DKK	2020 DKK	Note
	2021 DKK	2020 DKK	
Prepayments and accrued income			9
Costs.....	189.032	536.256	
	189.032	536.256	
Share capital			10
Allocation of share capital:			
Aktier, 800.000 unit in the denomination of 1 DKK.....	800.000	800.000	
	800.000	800.000	
Long-term liabilities			11
	31/12 2021 total liabilities	Repayment next year	Debt outstanding after 5 years
			31/12 2020 total liabilities
Other liabilities.....	0	0	0 1.895.329
	0	0	0 1.895.329
Accruals and deferred income			12
Prepayments are prepaid income received in subsequent years.			
Contingencies etc.			13
Other contingent assets			
The company has an unrecognized deferred tax asset amounting to DKK ('000) 72.280 on 31 December 2021.			
Contingent liabilities			
Rental and lease commitments			
The company has rental commitment with a notice period of 6 months. The rental commitment has been stated at DKK ('000) 163.			
The company has entered into lease agreements with a total monthly lease payment of DKK('000) 81. The total residual lease commitment amounts to DKK('000) 2,118.			
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.			

NOTES**Note****Related parties**

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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 2021 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium-size enterprises.

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

INCOME STATEMENT

Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the Income Statement when sales is considered effected based on the following criterias;

- Supply and risk transfer to purchaser has taken place before the end of the year,
- A binding sales agreement has been made,
- Income can be measured reliably, and
- Payment has been received or may with resonable certainty be expected to be received.

Sale of services is generally recognised on the basis of a measurable degree of completion, using straight-line recognition of services delivered over time in a regular pattern. Where the degree of completion is not measurable or the sales value or the total costs of completion are uncertain, revenue is recognised by the amount that the enterprise as a maximum believes to have a right to claim and is expected to be received for services delivered at the Balance Sheet date.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Other operating income

Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities, including profit from sale of intangible and tangible fixed assets. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.

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.

Income from equity interests 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.

In connection with transfers, potential profits are recognised when the economic rights related to the sold equity interests are transferred, however, at the earliest when the profit has been realised or is regarded as realisable. Moreover, realised losses other than impairments are included where identified.

ACCOUNTING POLICIES

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.

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.