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DBI Holding A/S

Stationsvej 5
4295 Stenlille
Central Business Registration
No 29821739

Annual report 2016

The Annual General Meeting adopted the annual report on 21.04.2017

Chairman of the General Meeting

____

Name: Claus Henningsen

Contents

Entity details

Entity
DBI Holding A/S
Stationsvej 5
4295 Stenlille

Central Business Registration No: 29821739
Registered in: Sorø
Financial year: 01.01.2016 - 31.12.2016

Phone: +4557894800
Fax: +4557894848

Board of Directors
Hans Christian Petersen, Chairman
Per Toft Valstorp
Claus Henningsen

Executive Board
Hans Hellstrøm Henningsen, Chief Executive Officer

Bank
Handelsbanken
Rådhuspladsen 2
4200 Slagelse

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P.O. Box 1600
0900 Copenhagen C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of DBI Holding A/S for the financial year 01.01.2016 - 31.12.2016.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016 and of the results of their operations and the Group's cash flows for the financial year 01.01.2016 - 31.12.2016.

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

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

Stenlille, 21.04.2017

Executive Board

Hans Hellstrøm Henningsen
Chief Executive Officer

Board of Directors

Hans Christian Petersen Chairman	Per Toft Valstorp	Claus Henningsen

Independent auditor's report

To the shareholders of DBI Holding A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of DBI Holding A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

Independent auditor's report

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 consolidated financial statements and parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Group’s and the Entity’s internal control.

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

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the consolidated financial statements and the parent 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 Group's and the Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent auditor's report

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

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

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

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

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

Copenhagen, 21.04.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Martin Juul Møller
State Authorised Public Accountant

Management commentary

	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000	2012 DKK'000
Financial highlights					
Key figures					
Revenue	160.029	150.158	138.206	128.484	119.340
Gross profit/loss	95.759	89.721	81.207	66.326	69.524
Operating profit/loss	16.806	20.571	16.887	8.201	9.607
Net financials	(1.179)	(905)	(768)	(599)	(381)
Profit/loss for the year	11.976	15.528	12.313	5.484	6.591
Total assets	161.305	152.298	144.382	79.561	72.458
Investments in property, plant and equipment	13.331	15.800	23.952	10.824	6.708
Equity	110.656	98.969	83.488	59.861	55.409
Average invested capital incl goodwill	142.197	131.714	125.296	107.284	100.837
Interest bearing debt, net	31.543	32.745	41.854	34.986	34.661
Employees in average	178	148	137	124	109
Ratios					
Gross margin (%)	59,8	59,8	58,8	51,6	58,3
Net margin (%)	7,5	10,3	8,9	4,3	5,5
Return on equity (%)	11,4	17,0	17,2	9,5	12,6
Revenue per employee	899,0	1.014,6	1.008,8	1.036,2	1.094,9
Equity ratio (%)	68,6	65,0	57,8	75,2	76,5
Return on assets (%)	10,7	13,9	12,6	9,1	10,4

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

Ratios	Calculation formula	Ratios
Gross margin (%)	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity incl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Revenue per employee	$\frac{\text{Revenue}}{\text{Revenue per employee}}$	The entity's productivity
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.
Return on assets (%)	$\frac{\text{Operating profit/loss for the year x 100}}{\text{Average assets (except cash)}}$	The entity's return on total assets.

Management commentary

Primary activities
The primary activities of the Group comprise the development, manufacturing and sale of protective solutions, which are sold mainly on the European market. The production is carried out primarily in Denmark, and sales are carried out through enterprises in Denmark, six other European countries, North America and Asia; see the group chart on page 8.

Development in activities and finances
The Group's revenue for the year amounts to DKK 160,029 thousand compared to DKK 150,158 thousand in 2015; an increase of 6.6%. The Group's revenue has mainly been generated abroad.

The consolidated profit for 2016 amounts to DKK 10,181 thousand, which has been affected by the implementation of a new ERP system and start-up costs in connection with the development of a new business area.

When taking the above into consideration, the business has developed satisfactorily.

Uncertainty relating to recognition and measurement
The valuation of assets and liabilities is made in accordance with current accounting policies, and Management of DBI Holding A/S is of the opinion that no uncertainty is related to recognition and measurement.

Unusual circumstances affecting recognition and measurement
There have been no unusual circumstances affecting recognition and measurement in the financial year 2016.

Outlook
A higher profit is expected for 2017.

Particular risks
The Group's activities do not involve any particular risks; neither operating nor financial risks. As the main part of transactions is carried out in euro, the Group's activities are not considered to involve any special foreign exchange risks.

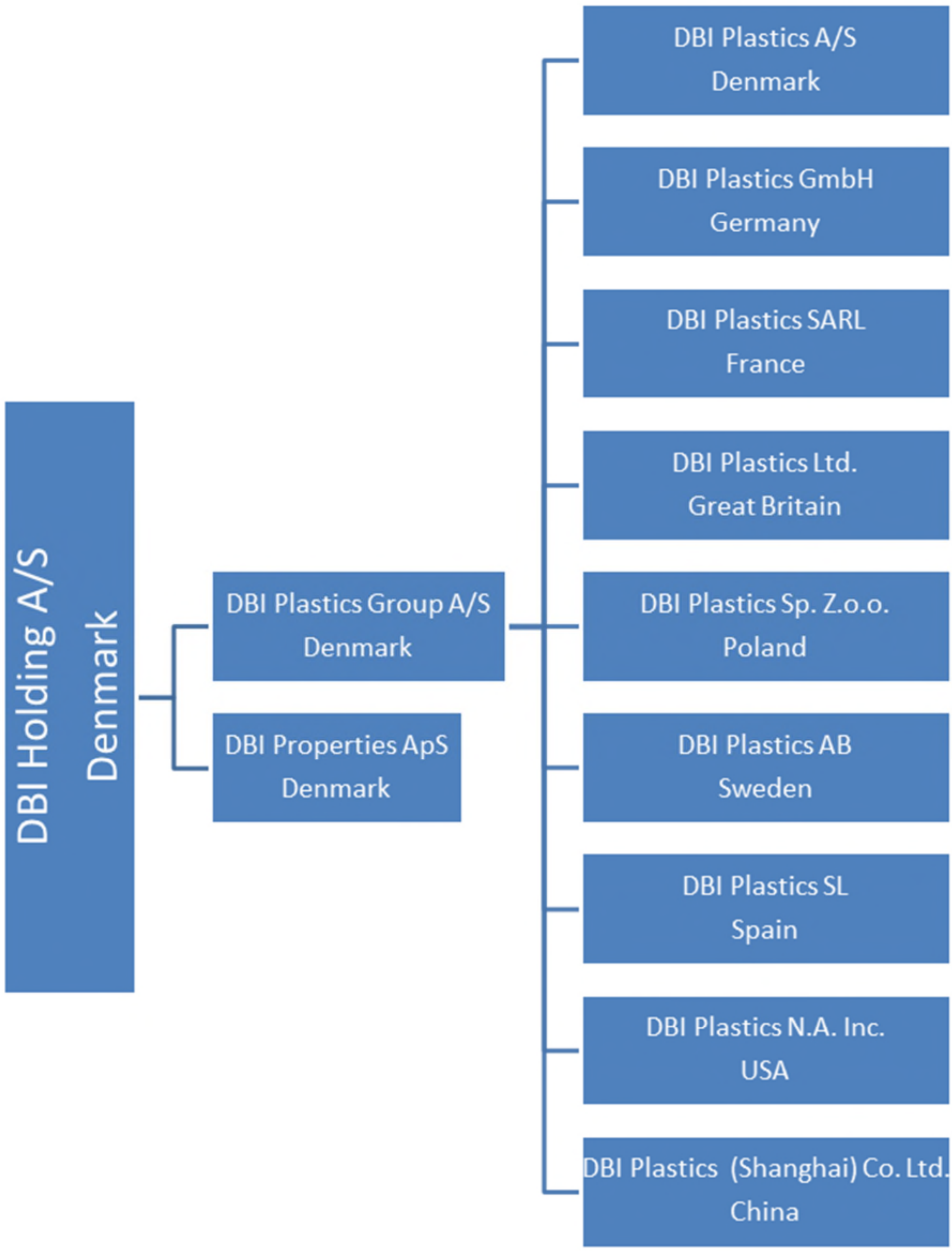
Intellectual capital resources
The Group employs the needed number of employees with relevant qualifications who possess considerable know-how of the Group's products and production. Further and supplementary training is provided to the extent necessary.

Environmental performance
The manufacturing company is environmentally certified under ISO 14001 and, moreover, also under ISO 9001, ISO 50001 and TS 16949. The Group's activities do not have any material environmental impact.

Events after the balance sheet date
No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Management commentary

Group chart



Consolidated income statement for 2016

	Notes	2016 DKK	2015 DKK'000
Revenue	1	160.029.058	150.158
Changes in inventories of finished goods and work in progress		6.180.591	(62)
Costs of raw materials and consumables		(34.957.484)	(29.703)
Other external expenses		(35.493.303)	(30.672)
Gross profit/loss		**95.758.862**	**89.721**
Staff costs	2	(64.131.231)	(57.367)
Depreciation, amortisation and impairment losses	3	(14.821.378)	(11.783)
Operating profit/loss		**16.806.253**	**20.571**
Other financial income	4	5.928	41
Other financial expenses	5	(1.184.985)	(946)
Profit/loss before tax		**15.627.196**	**19.666**
Tax on profit/loss for the year	6	(3.651.266)	(4.138)
Profit/loss for the year	7	**11.975.930**	**15.528**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK'000
Land and buildings		43.419.757	45.365
Plant and machinery		33.272.996	31.412
Other fixtures and fittings, tools and equipment		3.517.896	3.325
Leasehold improvements		709.813	869
Property, plant and equipment in progress		1.424.628	3.210
Property, plant and equipment	8	**82.345.090**	**84.181**
Deposits		255.575	227
Fixed asset investments	9	**255.575**	**227**
Fixed assets		**82.600.665**	**84.408**
Raw materials and consumables		5.147.519	4.054
Manufactured goods and goods for resale		37.762.909	32.807
Inventories		**42.910.428**	**36.861**
Trade receivables		31.987.975	28.783
Other receivables		2.976.698	730
Income tax receivable		0	821
Prepayments		810.458	683
Receivables		**35.775.131**	**31.017**
Cash		**18.307**	**12**
Current assets		**78.703.866**	**67.890**
Assets		**161.304.531**	**152.298**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK'000
Contributed capital		2.000.000	2.000
Retained earnings		108.655.563	96.969
Equity		**110.655.563**	**98.969**
Deferred tax	10	825.635	1.109
Provisions		**825.635**	**1.109**
Mortgage debts		16.512.291	16.512
Debt to other credit institutions		8.292.500	2.200
Non-current liabilities other than provisions	11	**24.804.791**	**18.712**
Current portion of long-term liabilities other than provisions	11	2.945.000	9.588
Payables to other credit institutions		3.345.883	5.278
Trade payables		6.111.581	6.711
Income tax payable		465.372	0
Other payables		12.150.706	11.931
Current liabilities other than provisions		**25.018.542**	**33.508**
Liabilities other than provisions		**49.823.333**	**52.220**
Equity and liabilities		**161.304.531**	**152.298**
Unrecognised rental and lease commitments	13		
Mortgages and securities	14		

Consolidated statement of changes in equity for 2016

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	2.000.000	96.969.248	98.969.248
Exchange rate adjustments	0	(289.615)	(289.615)
Profit/loss for the year	0	11.975.930	11.975.930
Equity end of year	**2.000.000**	**108.655.563**	**110.655.563**

Consolidated cash flow statement for 2016

	Notes	2016 DKK	2015 DKK'000
Operating profit/loss		16.806.253	20.571
Amortisation, depreciation and impairment losses		14.821.378	11.783
Working capital changes	12	(12.244.536)	(3.671)
Cash flow from ordinary operating activities		**19.383.095**	**28.683**
Financial income received		5.928	41
Financial income paid		(1.205.889)	(400)
Income taxes refunded/(paid)		(2.557.949)	(4.235)
Cash flows from operating activities		**15.625.185**	**24.089**
Acquisition etc of property, plant and equipment		(13.330.942)	(15.800)
Sale of property, plant and equipment		305.948	442
Acquisition of fixed asset investments		(31.484)	(2)
Sale of fixed asset investments		2.550	0
Cash flows from investing activities		**(13.053.928)**	**(15.360)**
Loans raised		10.000.000	0
Instalments on loans etc		(10.524.420)	(7.849)
Acquisition of treasury shares		0	(444)
Cash flows from financing activities		**(524.420)**	**(8.293)**
Increase/decrease in cash and cash equivalents		**2.046.837**	**436**
Cash and cash equivalents beginning of year		(5.265.680)	(5.750)
Currency translation adjustments of cash and cash equivalents		(108.733)	48
Cash and cash equivalents end of year		**(3.327.576)**	**(5.266)**
Cash and cash equivalents at year-end are composed of:			
Cash		18.307	12
Short-term debt to banks		(3.345.883)	(5.278)
Cash and cash equivalents end of year		**(3.327.576)**	**(5.266)**

Notes to consolidated financial statements

	2016 DKK	2015 DKK'000
1. Revenue		
Denmark	7.882.273	7.322
Other countries	152.146.785	142.836
	160.029.058	**150.158**

	2016 DKK	2015 DKK'000
2. Staff costs		
Wages and salaries	56.614.858	51.826
Pension costs	2.742.221	2.122
Other social security costs	4.205.754	3.098
Other staff costs	568.398	321
	64.131.231	**57.367**
Average number of employees	**178**	**148**

	Remunera-tion of manage-ment 2016 DKK	Remunera-tion of manage-ment 2015 DKK'000
Total amount for management categories	4.483.133	4.180
	4.483.133	**4.180**

	2016 DKK	2015 DKK'000
3. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	14.930.227	12.013
Profit/loss from sale of intangible assets and property, plant and equipment	(108.849)	(230)
	14.821.378	**11.783**

	2016 DKK	2015 DKK'000
4. Other financial income		
Interest income	2.009	0
Exchange rate adjustments	0	19
Fair value adjustments	1	0
Other financial income	3.918	22
	5.928	**41**

Notes to consolidated financial statements

	2016 DKK	2015 DKK'000
5. Other financial expenses		
Interest expenses	780.305	381
Exchange rate adjustments	394.745	511
Other financial expenses	9.935	54
	1.184.985	**946**

	2016 DKK	2015 DKK'000
6. Tax on profit/loss for the year		
Tax on current year taxable income	3.386.388	3.351
Change in deferred tax for the year	(283.205)	787
Adjustment concerning previous years	548.083	0
	3.651.266	**4.138**

	2016 DKK	2015 DKK'000
7. Proposed distribution of profit/loss		
Retained earnings	11.975.930	15.528
	11.975.930	**15.528**

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improve-ments DKK
8. Property, plant and equipment				
Cost beginning of year	60.841.753	134.554.948	9.436.468	8.719.364
Exchange rate adjustments	0	0	(73.078)	0
Additions	0	13.652.504	1.357.880	106.047
Disposals	0	(1.454.743)	(812.235)	0
Cost end of year	**60.841.753**	**146.752.709**	**9.909.035**	**8.825.411**
Depreciation and impairment losses beginning of the year	(15.477.216)	(103.143.508)	(6.111.760)	(7.850.175)
Exchange rate adjustments	0	0	29.831	0
Depreciation for the year	(1.944.780)	(11.790.948)	(971.533)	(265.423)
Reversal regarding disposals	0	1.454.743	662.323	0
Depreciation and impairment losses end of the year	**(17.421.996)**	**(113.479.713)**	**(6.391.139)**	**(8.115.598)**
Carrying amount end of year	**43.419.757**	**33.272.996**	**3.517.896**	**709.813**

Notes to consolidated financial statements

	Property, plant and equipment in progress DKK
8. Property, plant and equipment	
Cost beginning of year	3.210.117
Exchange rate adjustments	0
Additions	1.432.266
Disposals	(3.217.755)
Cost end of year	**1.424.628**
Depreciation and impairment losses beginning of the year	0
Exchange rate adjustments	0
Depreciation for the year	0
Depreciation and impairment losses end of the year	0
Depreciation and impairment losses end of the year	**0**
Carrying amount end of year	**1.424.628**

	Deposits DKK
9. Fixed asset investments	
Cost beginning of year	226.452
Additions	31.484
Disposals	(2.550)
Cost end of year	**255.386**
Impairment losses beginning of year	994
Exchange rate adjustments	(805)
Impairment losses end of year	**189**
Carrying amount end of year	**255.575**

Notes to consolidated financial statements

	2016 DKK	2015 DKK'000
10. Deferred tax		
Intangible assets	2.049.275	1.854
Property, plant and equipment	(1.219.240)	(508)
Fixed asset investments	(4.400)	(237)
	825.635	**1.109**

Changes during the year		
Beginning of year	1.108.840	
Recognised in the income statement	(283.205)	
End of year	**825.635**	

Deferred tax is mainly incumbent on internal profit on inventories and is realised proportionally to selling. Considering the inventory turnover ratio, the tax asset has been recognised at par value.

	Instalments within 12 months 2016 DKK	Instalments within 12 months 2015 DKK'000	Instalments beyond 12 months 2016 DKK
11. Liabilities other than provisions			
Mortgage debts	2.945.000	9.588	16.512.291
Debt to other credit institutions	0	0	8.292.500
	2.945.000	**9.588**	**24.804.791**

No debt falls due after five years.

	2016 DKK	2015 DKK'000
12. Change in working capital		
Increase/decrease in inventories	(6.234.851)	(472)
Increase/decrease in receivables	(6.907.833)	(1.760)
Increase/decrease in trade payables etc	848.261	(1.419)
Other changes	49.887	(20)
	(12.244.536)	**(3.671)**

13. Unrecognised rental and lease commitments

The Group has assumed lease commitments of DKK 607 thousand relating to the lease of operating equipment which will expire during the period 30.06.2018 to 31.12.2021. The annual lease payment amounts to DKK 191 thousand.

Notes to consolidated financial statements

The Group has concluded agreements on lease of premises, which are non-cancellable until 30.06.2018, 30.04.2019 and 28.02.2020. The annual rent amounts to DKK 7,847 thousand. The rental obligation totals DKK 13,774 thousand.

14. Mortgages and securities

Mortgage debt is secured by way of mortgage on properties. Mortgage and mortgages registered to the owner of DKK 17,170 thousand nominal have been deposited as security for bank debts. Covenant against encumbrances on properties has been registered as security for bank debts.

The carrying amount of mortgaged properties amounts to DKK 43,420 thousand.

Parent income statement for 2016

	Notes	2016 DKK	2015 DKK'000
Other external expenses		(363)	(29)
Operating profit/loss		**(363)**	**(29)**
Income from investments in group enterprises		11.976.293	15.550
Profit/loss before tax		**11.975.930**	**15.521**
Tax on profit/loss for the year		0	7
Profit/loss for the year	1	**11.975.930**	**15.528**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK'000
Investments in group enterprises		110.688.434	99.002
Fixed asset investments	2	**110.688.434**	**99.002**
Fixed assets		**110.688.434**	**99.002**
Other receivables		2.110	2
Income tax receivable		0	7
Receivables		**2.110**	**9**
Cash		**169**	**1**
Current assets		**2.279**	**10**
Assets		**110.690.713**	**99.012**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK'000
Contributed capital		2.000.000	2.000
Reserve for net revaluation according to the equity method		61.897.883	50.211
Retained earnings		46.757.683	46.758
Equity		**110.655.566**	**98.969**
Payables to group enterprises		30.147	37
Other payables		5.000	6
Current liabilities other than provisions		**35.147**	**43**
Liabilities other than provisions		**35.147**	**43**
Equity and liabilities		**110.690.713**	**99.012**
Contingent liabilities	3		
Related parties with controlling interest	4		

Parent statement of changes in equity for 2016

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	2.000.000	50.211.205	46.758.046	98.969.251
Exchange rate adjustments	0	(289.615)	0	(289.615)
Profit/loss for the year	0	11.976.293	(363)	11.975.930
Equity end of year	**2.000.000**	**61.897.883**	**46.757.683**	**110.655.566**

Notes to parent financial statements

	2016 DKK	2015 DKK'000
1. Proposed distribution of profit/loss		
Transferred to reserve for net revaluation according to the equity method	11.976.293	15.550
Retained earnings	(363)	(22)
	11.975.930	**15.528**

	Investments in group enterprises DKK
2. Fixed asset investments	
Cost beginning of year	48.790.551
Cost end of year	**48.790.551**
Revaluations beginning of year	50.211.205
Exchange rate adjustments	(289.615)
Share of profit/loss for the year	11.976.293
Revaluations end of year	**61.897.883**
Carrying amount end of year	**110.688.434**

3. Contingent liabilities

The Parent has issued a cross guarantee for the bank debt of the Danish group enterprises. The total bank debt of the Danish group enterprises amounts to DKK 34,283 thousand at 31.12.2016 of which DKK 12,814 thousand is included in the consolidated financial statements.

The Company serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these companies.

4. Related parties with controlling interest

The Company has registered the following shareholders to hold more than 5% of the voting share capital or of the nominal value:

Hans Hellstrøm Henningsen, Vejlesøvej 19, 2840 Holte

Sille Amalie Schreyer Henningsen, Malmmosevej 88, 2840 Holte

Oline Sophia Schreyer Henningsen, Malmmosevej 88, 2840 Holte

Asger Emil Schreyer Henningsen, Vejlesøvej 19, 2840 Holte

Accounting policies

Reporting class

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

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

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Profits or losses from divestment of equity investments

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses.

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Foreign currency translation

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

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Changes in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress comprise decreases or increases for the financial year in inventories of finished goods and work in progress.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary write-downs of the relevant inventories.

Other external expenses

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

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises’ profit/loss after full elimination of internal profits or losses.

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Other financial income
Other financial income comprises interest income, including interest income on receivables from group enterprises, as well as net capital gains on payables and transactions in foreign currencies.

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

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

The Entity is jointly taxed with all Danish subsidiaries. The current Danish tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with refund concerning tax losses).

Balance sheet
Property, plant and equipment
Land and buildings, plant and machinery, other fixtures and fittings, tools and equipment as well as leasehold improvements are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs.

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

Buildings	30 years
Plant and machinery	3-7 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the

Accounting policies

negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the assets and liabilities acquired. Goodwill is amortised over its estimated useful life which is normally five years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on and impairment losses relating to machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost, usually equaling nominal value, less write-downs for bad and doubtful debts.

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

Cash

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

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

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Mortgage debt

Operating leases

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

Other financial liabilities

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

Income tax receivable or payable

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

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, instalments on interest-bearing debt and payment of dividend.

Cash and cash equivalents comprise cash and short-term bank debt.