Caldic Denmark A/S

Odinsvej 23, DK-8722 Hedensted

Annual Report for 1 January - 31 December 2017

CVR No 32 47 89 80

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 22/5 2018

Olav Caspar van Caldenborgh
Chairman

Contents

Management’s Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Caldic Denmark A/S for the financial year 1 January - 31 December 2017.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Company and of the results of the Company operations for 2017.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Hedensted, 22 May 2018

Executive Board

Torben Møller Madsen

Board of Directors

Olav Caspar van Caldenborgh Chairman	Bernardus Witte	Torben Møller Madsen

Independent Auditor's Report

To the Shareholder of Caldic Denmark A/S

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Caldic Denmark A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Financials Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

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 misstate-

ment, 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Aarhus, 22 May 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Claus Lindholm Jacobsen
statsautoriseret revisor
mne23328

Claus Lyngsø Sørensen
statsautoriseret revisor
mne34539

Company Information

The Company	Caldic Denmark A/S Odinsvej 23 DK-8722 Hedensted CVR No: 32 47 89 80 Financial period: 1 January - 31 December Municipality of reg. office: Hedensted
Board of Directors	Olav Caspar van Caldenborgh, Chairman Bernardus Witte Torben Møller Madsen
Executive Board	Torben Møller Madsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Nobelparken Jens Chr. Skous Vej 1 DK-8000 Aarhus C

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2017	2016	2015	2014	2013
	kDKK	kDKK	kDKK	kDKK	kDKK
Key figures					
Profit/loss					
Revenue	167.101	126.613	71.453	58.269	69.018
Operating profit/loss	170	-232	4.309	2.277	1.887
Profit/loss before financial income and expenses	159	2.962	4.309	2.277	1.887
Net financials	-1.492	74	-310	0	0
Net profit/loss for the year	-1.124	2.339	3.051	1.279	1.074
Balance sheet					
Balance sheet total	70.881	67.026	13.906	14.932	13.662
Equity	9.762	11.015	8.676	5.625	4.346
Number of employees	12	8	2	2	2
Ratios					
Gross margin	9,2%	10,5%	12,0%	14,1%	12,3%
Profit margin	0,1%	2,3%	6,0%	3,9%	2,7%
Return on assets	0,2%	4,4%	31,0%	15,2%	13,8%
Solvency ratio	13,8%	16,4%	62,4%	37,7%	31,8%
Return on equity	-10,8%	23,8%	42,7%	25,7%	49,4%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Financial Statements of Caldic Denmark A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Annual Report has previously been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B.

Key activities

The activities of the company is within sale and distribution of industrial chemicals, pharma and personal care.

Products are sold on domestic and foreign markets.

Market overview

On the Danish market the Company is distributing non-food ingredients from various suppliers with whom the Company has long term relationship. The Danish market is the dominant market of the Company.

The export markets are dominated by the Nordic countries and EU but also sale outside EU.

Development in the year

The income statement of the Company for 2017 shows a loss of TDKK 1.124 which is in alignment with the expectations, and at 31 December 2017 the balance sheet of the Company shows equity of TDKK 9.762.

During 2017 a new ERP system has been implemented which provides solid ground for future operation. The implementation has occupied substantial resources internally nevertheless the result is acceptable.

Strategy

It is Company's strategy to provide non-food ingredients to companies producing end-products to consumers. The strategy is to provide value added activities to commodities. The Company expects to further develop the current activities in cooperation with activities of the Caldic Group.

Targets and expectations for the year ahead

The Company expects positive results from operation for the year ahead.

Research and development

A substantial part of the activities of the company is related to the continuous development of ingredients for non-food products in cooperation with the company suppliers.

Management's Review

Intellectual capital resources

A substantial part of the income is related to personal relationship between suppliers and customers. The company has obtained rights to sell restricted products in certain markets.

Statement of corporate social responsibility

Social responsibility is of high importance within the Caldic Group and in order to comply with the social responsibility we have in the Caldic Group implemented a Caldic Code of Conduct which each employee needs to sign upon employment. This is the basic principle for all conduct within the Caldic organization.

Environment and Climate

The Caldic Code of Conduct implies that all employees of Caldic at any time will have focus on reducing climate changing behavior including reduction of scarce resources. This policy is followed by quarterly reporting to the Executive Board of the Caldic Group and there has been no violations reported of this Conduct in 2017.In 2017 we have continuously worked on reducing the consumption of electricity, Gas and water and investment in production equipment with low energy consumption has been initiated.Besides financial measurements, accidents and nearby accidents are measured as an internal target reported to the Executive Board of Caldic Group on a quarterly basis. We are happy to know that there has been no accidents or nearby accidents in 2017 that could have environmental or climate effect.

Human rights

The Caldic Code of Conduct implies that all employees of Caldic at any time will give fair human rights to all individuals. This policy is followed by quarterly reporting to the Executive Board of the Caldic Group and there has been no violations reported of this Conduct in 2017.In 2017 all job interviews has ensured the ideal match of candidates based on competence match and fair human rights.

Safety

The safety of all individuals involved in Caldic's operations is given the highest priority at all times, hence each person employed at Caldic is responsible for remaining up-to-date on the main applicable safety and environmental laws and regulations. The precautionary measures implemented by Caldic with respect to safety and the environment must be applied at all times. Therefore, the Caldic Code of conduct is:

•Each person must refrain from any conduct that could potentially give rise to dangerous situations.
•All persons are required to immediately report any situation that could potentially undermine safety and/or harm the environment.

In order to ensure the environmental behavior and food safety standards, internal courses are conducted following ISO 9001 standards.Besides financial measurements, accidents and nearby accidents are measured as an internal target reported to the Board of Directors on a quarterly basis. We are happy to know that there has been no accidents or nearby accidents reported in 2017 that could have safety breach.In 2017 the internal safety organization has worked on reducing risk related issues on both office and production facilities.

Management's Review

Employee relations

Caldic is committed to providing equal career opportunities to all qualified individuals, regardless of race,age, personal beliefs, skin color, religion, gender, sexual orientation or on any other grounds specified bylaw. No form of discrimination based on these characteristics will be tolerated; everyone is required to treathis or her colleagues with respect and to be open and honest in their dealings with others. All job and appraisal interviews in 2017 has complied with this policy in accordance with the Caldic Code of Conduct.

Competition

Caldic will compete honestly and lawfully in the markets in which it operates, which means that theapplicable competition laws and regulations will be complied with at all times. Therefore, the Caldic Code of Conduct is to:

•Avoid anticompetitive practices at all times.
•Limit interaction with competitors to legitimate business purposes.
•Not enter into any verbal or written agreements that could potentially undermine competition laws and regulations.
•Not enter into any verbal or written agreements with one or more competitors for the purpose of fixing prices or dividing markets.
•In those cases where Caldic acts as a distributor, persons employed at the company must refrain from exchanging information with the supplier about Caldic's customers.

There has in 2017 not been reported any non-compliance with this policy. During 2017 all sales and procurement staff is followed up regularly by the Executive Board to ensure the policy is complied with.

For any of the above policies within social responsibility a whistle blower rule is set for each employee to contact the managing director of the company or the CFO of the Caldic Group.

Statement on gender composition

Measurement of the Board of DirectorsThe current board of directors consist of 3 men. It's the company target to have minimum 1 female member of the Board of directors by the end of 2020. In 2017 there has not been elected any female members at the general assembly.

Measurement of the other management level

The management board currently has an even distribution of genders according to the definitions from the Danish Business Authority.

Unusual events

The financial position at 31 December 2017 of the Company and the results of the activities of the Company for the financial year for 2017 have not been affected by any unusual events other than as explained under Development in the year.

Management's Review

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2017	2016
		kDKK	kDKK
Revenue		**167.101**	**126.613**
Change in inventories of finished goods, work in progress and goods for resale		1.030	9.841
Other operating income		606	3.194
Expenses for raw materials and consumables		-143.810	-117.491
Other external expenses		-9.558	-8.922
Gross profit/loss		**15.369**	**13.235**
Staff expenses	1	-9.374	-6.795
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-5.219	-3.478
Other operating expenses		-617	0
Profit/loss before financial income and expenses		**159**	**2.962**
Financial income		0	401
Financial expenses	2	-1.492	-327
Profit/loss before tax		**-1.333**	**3.036**
Tax on profit/loss for the year	3	209	-697
Net profit/loss for the year		**-1.124**	**2.339**

Balance Sheet 31 December

Assets

	Note	2017	2016
		kDKK	kDKK
Goodwill		25.948	30.937
Intangible assets	4	**25.948**	**30.937**
Other fixtures and fittings, tools and equipment		602	774
Property, plant and equipment	5	**602**	**774**
Investments in subsidiaries	6	0	149
Fixed asset investments		**0**	**149**
Fixed assets		**26.550**	**31.860**
Inventories	7	**15.409**	**14.535**
Trade receivables		22.623	20.371
Receivables from group enterprises		0	195
Other receivables	11	4	56
Corporation tax		302	0
Prepayments	8	865	0
Receivables		**23.794**	**20.622**
Cash at bank and in hand		**5.128**	**9**
Currents assets		**44.331**	**35.166**
Assets		**70.881**	**67.026**

Balance Sheet 31 December

Liabilities and equity

	Note	2017	2016
		kDKK	kDKK
Share capital		500	500
Retained earnings		9.262	10.515
Equity		**9.762**	**11.015**
Provision for deferred tax	10	294	340
Provisions		**294**	**340**
Trade payables		15.213	18.112
Payables to group enterprises		42.000	33.453
Corporation tax		0	357
Other payables	11	3.612	3.749
Short-term debt		**60.825**	**55.671**
Debt		**60.825**	**55.671**
Liabilities and equity		**70.881**	**67.026**
Distribution of profit	9		
Contingent assets, liabilities and other financial obligations	12		
Related parties	13		
Accounting Policies	14		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	kDKK	kDKK	kDKK
Equity at 1 January	500	10.515	11.015
Fair value adjustment of hedging instruments, end of year	0	-129	-129
Net profit/loss for the year	0	-1.124	-1.124
Equity at 31 December	**500**	**9.262**	**9.762**

Notes to the Financial Statements

		2017	2016
		kDKK	kDKK
1	**Staff expenses**		
	Wages and salaries	8.540	6.205
	Pensions	483	454
	Other social security expenses	234	63
	Other staff expenses	117	73
		9.374	**6.795**
	Average number of employees	**12**	**8**

Remuneration to the Board of Directors and the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

		2017	2016
2	**Financial expenses**		
	Interest paid to group enterprises	451	270
	Other financial expenses	48	57
	Exchange adjustments	993	0
		1.492	**327**
3	**Tax on profit/loss for the year**		
	Current tax for the year	-255	357
	Deferred tax for the year	46	340
		-209	**697**

4 Intangible assets

	Goodwill
	kDKK
Cost at 1 January	38.646
Cost at 31 December	38.646

Notes to the Financial Statements

4 Intangible assets (continued)

	Goodwill
	kDKK
Impairment losses and amortisation at 1 January	7.708
Amortisation for the year	4.990
Impairment losses and amortisation at 31 December	12.698
Carrying amount at 31 December	**25.948**

5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	kDKK
Cost at 1 January	1.228
Additions for the year	57
Cost at 31 December	1.285
Impairment losses and depreciation at 1 January	455
Depreciation for the year	228
Impairment losses and depreciation at 31 December	683
Carrying amount at 31 December	**602**

6 Investments in subsidiaries

	2017	2016
	kDKK	kDKK
Cost at 1 January	149	149
Disposals for the year	-149	0
Carrying amount at 31 December	**0**	**149**

Notes to the Financial Statements

		2017	2016
		kDKK	kDKK

7 Inventories

	2017 kDKK	2016 kDKK
Finished goods and goods for resale	15.409	14.379
Prepayments for goods	0	156
	15.409	**14.535**

8 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

9 Distribution of profit

	2017 kDKK	2016 kDKK
Retained earnings	-1.124	2.339
	-1.124	**2.339**

10 Provision for deferred tax

	2017 kDKK	2016 kDKK
Provision for deferred tax at 1 January	340	0
Amounts recognised in the income statement for the year	-46	340
Provision for deferred tax at 31 December	**294**	**340**

Notes to the Financial Statements

11 Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

	2017	2016
	kDKK	kDKK
Assets	129	0
Liabilities	0	345

Forward exchange contracts have been concluded to hedge future purchase of goods in USD. At the balance sheet date the fair value of the forward exchange contracts amounts to kDKK 129. Purchase of goods in USD of k 1.386 corresponding to less than 7% of the expected purchase and sales in USD of k 713 corresponding to less than 3% of expected sales, has been hedged. The forward exchange contracts have a term up to 12 months.

12 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:		
Within 1 year	308	384
Between 1 and 5 years	282	505
	590	**889**

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is the sum of Caldic Denmark A/S' payable and the payable disclosed in the Annual Report of Caldic Ingredients Denmark A/S, which is the management company of the joint taxation purposes. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

Notes to the Financial Statements

13 Related parties

Transactions

Sale of goods to group enterprises, TDKK 5.114

Purchase of goods from group enterprises, TDKK 4.680

Management fee to Caldic B.V. amounts TDK 746. Fee to Caldic Ingredients Denmark amounts TDKK 4.389 and fee to Caldic Italy Amounts TDKK 1.265.

Receivables from group enterprises amounts to TDK 220. The amount relates to sale at normal terms e.g. not interest bearing.

Payables to group enterprises amounts to TDKK 1.049. TDKK 592 relates to purchase of goods at normal terms e.g. not interest bearing. TDKK 457 relates to intercompany fee.

Consolidated Financial Statements

The company is part of The Group Annual Reports of the parent companies

Name	Place of registered office
Caldic Holdco B.V.	Rotterdam, Holland
Caldic B.V.	Rotterdam, Holland

The Group Annual Reports of Caldic B.V. and Caldic Holdco B.V. may be obtained at the following address:

Westerlann 1
NL-3016 CK Rotterdam
Holland

Notes to the Financial Statements

14 Accounting Policies

The Annual Report of Caldic Denmark A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017 are presented in kDKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Caldic B.V., the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in

Notes to the Financial Statements

14 Accounting Policies (continued)

the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Notes to the Financial Statements

14 Accounting Policies (continued)

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

14 Accounting Policies (continued)

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 7 years.

The estimated useful life has been determined by taking into consideration the business platform acquired, including a strong brand and reputation as well as very loyal customers.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5	years

Assets costing less than DKK 37.250 (EUR 5.000) are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Inventories

Inventories are measured at the lower of cost based on weighted average prices and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable

Notes to the Financial Statements

14 Accounting Policies (continued)

value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Notes to the Financial Statements

14 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$