Deloitte
Statsautoriseret
Revisionspartnerselskab
CVR-nr. 33963556
Papirfabrikken 26
8600 Silkeborg

Telefon 89 20 70 00
Telefax 89 20 70 05
www.deloitte.dk

BV Holding Company ApS

Lene Haus Vej 3-5
7430 Ikast
Central Business Registration No 36090855

Annual report 2016

The Annual General Meeting adopted the annual report on 27.04.2017

Chairman of the General Meeting

Name: Simon Stampe

Contents

Entity details

Entity
BV Holding Company ApS
Lene Haus Vej 3-5
7430 Ikast

Central Business Registration No: 36090855
Founded: 16.09.2015
Registered in: Ikast
Financial year: 01.01.2016 - 31.12.2016

Board of Directors
Simon Stampe, Chairman
Eugene Lee Wang
Henrik Thorup Theilbjørnn
Robert Lee Wang

Executive Board
Robert Lee Wang
Simon Stampe

Bank
Jyske Bank
Sølvgade 24
7400 Herning

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Papirfabrikken 26
8600 Silkeborg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of BV Holding Company ApS 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 financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations and 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.

Ikast, 20.04.2017

Executive Board

Robert Lee Wang	Simon Stampe

Board of Directors

Simon Stampe Chairman	Eugene Lee Wang	Henrik Thorup Theilbjørnn
Robert Lee Wang		

Independent auditor's report

To the shareholders of BV Holding Company ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of BV Holding Company ApSfor 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 exits. 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.

Silkeborg, 20.04.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Hans Trærup
State-Authorised Public Accountant

Management commentary

	2016 DKK'000	2015 DKK'000
Financial highlights		
Key figures		
Gross profit	59.797	83.116
Operating profit/loss	1.145	13.556
Net financials	(1.265)	(7.108)
Profit/loss for the year	(5.330)	(2.057)
Total assets	159.313	177.072
Investments in property, plant and equipment	4.761	3.441
Equity	46.360	50.789
Cash flows from (used in) operating activities	9.364	13.393
Cash flows from (used in) investing activities	(3.526)	(138.669)
Cash flows from (used in) financing activities	(10.346)	133.216
Employees in average	68	63
Ratios		
Return on equity (%)	(11,0)	(4,1)
Equity ratio (%)	29,1	28,7

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

Ratios	Calculation formula	Ratios
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The Company's primary activity is to hold investments in the group enterprise Bloomingville A/S.

The Group's primary activities are brand development and wholesale trading of house interior and furniture products.

Development in activities and finances

The Consolidated income statement's income statement for 2016 shows a profit before tax of DKK 580k. The profit has been negatively affected due to the termination of activities in the interior brand DAY HOME as the group of owners has decided to focus on the Bloomingville brand. In 2016, the Company also invested in sales and sales promotion to be better prepared for meeting future market requirements. The profit is considered satisfactory.

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.

Consolidated income statement for 2016

	Notes	2016 DKK	2015 DKK
Gross profit		**59.796.698**	**83.116.006**
Staff costs	1	(31.233.037)	(36.627.497)
Depreciation, amortisation and impairment losses		(27.418.989)	(32.932.794)
Operating profit/loss		**1.144.672**	**13.555.715**
Other financial income		2.496.413	9.976.680
Other financial expenses		(3.761.011)	(17.085.176)
Profit/loss before tax		**(119.926)**	**6.447.219**
Tax on profit/loss for the year	2	(5.210.152)	(8.504.637)
Profit/loss for the year	3	**(5.330.078)**	**(2.057.418)**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK
Acquired patents		144.852	74.861
Goodwill		66.165.430	90.225.586
Intangible assets	4	**66.310.282**	**90.300.447**
Other fixtures and fittings, tools and equipment		5.979.604	4.926.482
Leasehold improvements		263.219	234.405
Property, plant and equipment	5	**6.242.823**	**5.160.887**
Deposits		1.396.361	1.225.149
Fixed asset investments	6	**1.396.361**	**1.225.149**
Fixed assets		**73.949.466**	**96.686.483**
Manufactured goods and goods for resale		56.645.168	44.199.044
Prepayments for goods		1.468.234	5.389.537
Inventories		**58.113.402**	**49.588.581**
Trade receivables		13.460.344	13.478.919
Receivables from group enterprises		118.013	0
Other receivables		4.516.170	4.073.459
Receivables from owners and management		0	450
Prepayments	7	3.576.636	3.156.788
Receivables		**21.671.163**	**20.709.616**
Cash		**5.579.252**	**10.087.058**
Current assets		**85.363.817**	**80.385.255**
Assets		**159.313.283**	**177.071.738**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK
Contributed capital		51.000	51.000
Retained earnings		46.309.333	50.738.046
Equity		**46.360.333**	**50.789.046**
Deferred tax		2.043.683	590.451
Other provisions	8	700.000	0
Provisions		**2.743.683**	**590.451**
Bank loans		0	301.917
Finance lease liabilities		1.445.556	1.472.880
Payables to group enterprises		92.709.612	101.409.821
Non-current liabilities other than provisions		**94.155.168**	**103.184.618**
Current portion of long-term liabilities other than provisions		648.666	1.964.770
Prepayments received from customers		1.264.602	864.792
Trade payables		5.579.962	5.270.428
Income tax payable		4.011.152	9.415.469
Other payables		4.549.717	4.992.164
Current liabilities other than provisions		**16.054.099**	**22.507.623**
Liabilities other than provisions		**110.209.267**	**125.692.241**
Equity and liabilities		**159.313.283**	**177.071.738**
Contingent liabilities	10		
Mortgages and securities	11		
Subsidiaries	12		

Consolidated statement of changes in equity for 2016

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	51.000	50.738.046	50.789.046
Fair value adjustments of hedging instruments	0	1.155.596	1.155.596
Tax of equity postings	0	(254.231)	(254.231)
Profit/loss for the year	0	(5.330.078)	(5.330.078)
Equity end of year	**51.000**	**46.309.333**	**46.360.333**

Consolidated cash flow statement for 2016

	Notes	2016 DKK	2015 DKK
Operating profit/loss		1.844.672	13.555.715
Amortisation, depreciation and impairment losses		27.418.989	32.932.794
Working capital changes	9	(9.219.471)	(23.019.735)
Cash flow from ordinary operating activities		**20.044.190**	**23.468.774**
Financial income received		2.496.413	9.976.680
Financial income paid		(3.761.011)	(17.152.953)
Income taxes refunded/(paid)		(9.415.469)	(2.899.274)
Cash flows from operating activities		**9.364.123**	**13.393.227**
Acquisition etc of intangible assets		(101.815)	(77.000)
Sale of intangible assets		(4.760.659)	(3.440.826)
Sale of property, plant and equipment		351.714	0
Acquisition of enterprises		0	(135.019.460)
Loans		(171.212)	(131.288)
Regulering af finansielle instrumenter		1.155.596	0
Cash flows from investing activities		**(3.526.376)**	**(138.668.574)**
Loans raised		7.136.000	110.194.403
Instalments on loans etc		(17.111.622)	(653.600)
Incurrence of lease obligations		746.700	0
Reduction of lease commitments		(1.116.631)	0
Cash increase of capital		0	23.625.200
Stiftelse af selskab		0	50.000
Cash flows from financing activities		**(10.345.553)**	**133.216.003**
Increase/decrease in cash and cash equivalents		**(4.507.806)**	**7.940.656**
Cash and cash equivalents beginning of year		10.087.058	2.146.402
Cash and cash equivalents end of year		**5.579.252**	**10.087.058**

Notes to consolidated financial statements

	2016 DKK	2015 DKK
1. Staff costs		
Wages and salaries	25.886.525	30.363.953
Pension costs	2.800.573	3.073.001
Other social security costs	533.920	631.185
Other staff costs	2.012.019	2.559.358
	31.233.037	**36.627.497**
Number of employees at balance sheet date	**68**	**63**

	Remuneration of management 2016 DKK	Remuneration of management 2015 DKK
Total amount for management categories	4.351.135	1.798.493
	4.351.135	**1.798.493**

Special incentive programmes

The Executive Board has an incentive programme consisting of a bonus agreement. The bonus agreement was effective as from 1 January 2015.

Some of the members of the Board of Directors have an incentive programme consisting of a bonus agreement. The bonus agreement was in force in the financial years 2014-2016 and remains in force so far. The bonus agreement is dependent on EBITDA.

	2016 DKK	2015 DKK
2. Tax on profit/loss for the year		
Tax on current year taxable income	4.011.152	8.504.637
Change in deferred tax for the year	1.199.000	0
	5.210.152	**8.504.637**

	2016 DKK	2015 DKK
3. Proposed distribution of profit/loss		
Retained earnings	(5.330.078)	(2.057.418)
	(5.330.078)	**(2.057.418)**

Notes to consolidated financial statements

	Acquired patents DKK	Goodwill DKK
4. Intangible assets		
Cost beginning of year	77.000	120.300.782
Additions	101.815	0
Cost end of year	**178.815**	**120.300.782**
Amortisation and impairment losses beginning of year	(2.139)	(30.075.196)
Amortisation for the year	(31.824)	(24.060.156)
Amortisation and impairment losses end of year	**(33.963)**	**(54.135.352)**
Carrying amount end of year	**144.852**	**66.165.430**

	Other fixtures and fittings, tools and equipment DKK	Leasehold improve-ments DKK
5. Property, plant and equipment		
Cost beginning of year	12.537.231	1.058.693
Additions	4.578.743	181.916
Disposals	(3.958.881)	(107.578)
Cost end of year	**13.157.093**	**1.133.031**
Depreciation and impairment losses beginning of the year	(7.610.749)	(824.288)
Depreciation for the year	(3.228.261)	(153.102)
Reversal regarding disposals	3.661.521	107.578
Depreciation and impairment losses end of the year	**(7.177.489)**	**(869.812)**
Carrying amount end of year	**5.979.604**	**263.219**

6. Fixed asset investments

The Company hedges foreign currency risks on expected transactions in USD within the next year through currency options.

Notes to consolidated financial statements

	Period	Contractual value 2016 DKK'000	Gains and losses recognised in equity 2016 DKK'000
Currency options	0-6 months	9.600	1.326
Currency options	6-12 months	1.500	185
		11.100	**1.511**

Forward exchange contracts relate to hedging of goods purchased, see the Company's policy in this respect. Fair value adjustments are recognised in equity and are expected to be realised and recognised in the income statement after the balance sheet date. The forward exchange contracts have been concluded with the Company's usual bank.

7. Prepayments

Prepayments consist of prepayments relating to fairs, catalogues for the new year and prepayments relating to costs in the subsequent financial year

8. Other provisions

Other provisions relate to the estimated cost of pending disputes etc.

	2016 DKK	2015 DKK
9. Change in working capital		
Increase/decrease in inventories	(8.524.821)	(26.975.266)
Increase/decrease in receivables	(961.547)	(2.006.771)
Increase/decrease in trade payables etc	266.897	5.962.302
	(9.219.471)	**(23.019.735)**

10. Contingent liabilities

Operating rental and lease commitments total DKK 339k of which DKK 98k falls due in the next financial year, whereas DKK 0k falls due more than five years after the balance sheet date.

The Company has entered into a tenancy agreement with an annual rent of DKK 2,315k. The tenancy cannot be terminated by the tenant to be vacated not earlier than 1 June 2021.

The Company has entered into a business agreement on outsourcing of IT. Relating contingent liabilities amount to DKK 1,267k. The agreement may be terminated by 6 months' notice not to expire earlier than 30 June 2019.

Notes to consolidated financial statements

The Entity participates in a Danish joint taxation arrangement in which BV Holding Company ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore alternatively liable from the financial year 2013 for income taxes etc for the jointly taxed entities, but only for the share by which the Entity is included in the Group, and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

11. Mortgages and securities

Bank debt is secured on a floating charge of nominal DKK 9,000k. The charge covers unsecured claims from sale of goods and services, operating equipment, finished goods inventories as well as goodwill, domain names and rights relating to certain acts.

At 31 December 2016, the carrying amount of mortgaged assets relating to the floating charge consists of:

- Trade receivables, DKK 13,460k.
- Other fixtures and fittings, tools and equipment, DKK 5,980k.
- Inventories, DKK 58,113k.

Plant and machinery of a carrying amount of DKK 1,207k at 31 December 2016 have been acquired through finance leases.

	Registered in	Corpo-rate form	Equity inte-rest %	Equity DKK	Profit/loss DKK
12. Subsidiaries					
Bloomingville A/S	Ikast-Brande	A/S	100,0	72.682.335	21.073.790

Parent income statement for 2016

	Notes	2016 DKK	2015 DKK
Gross loss		**(64.545)**	**(104.169)**
Income from investments in group enterprises		10.500.000	0
Other financial income		488	15.497.692
Other financial expenses	1	(2.340.846)	(14.004.437)
Profit/loss before tax		**8.095.097**	**1.389.086**
Tax on profit/loss for the year		529.079	2.141.065
Profit/loss for the year	2	**8.624.176**	**3.530.151**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK
Investments in group enterprises		157.019.460	157.019.460
Fixed asset investments	3	**157.019.460**	**157.019.460**
Fixed assets		**157.019.460**	**157.019.460**
Receivables from group enterprises		0	11.556.534
Joint taxation contribution receivable		6.294.574	0
Receivables		**6.294.574**	**11.556.534**
Cash		**234.428**	**451**
Current assets		**6.529.002**	**11.556.985**
Assets		**163.548.462**	**168.576.445**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK
Contributed capital		51.000	51.000
Retained earnings		64.948.917	56.324.741
Equity		**64.999.917**	**56.375.741**
Payables to group enterprises		92.709.612	102.685.235
Non-current liabilities other than provisions		**92.709.612**	**102.685.235**
Payables to group enterprises		42.188	0
Income tax payable		5.765.495	9.415.469
Other payables		31.250	100.000
Current liabilities other than provisions		**5.838.933**	**9.515.469**
Liabilities other than provisions		**98.548.545**	**112.200.704**
Equity and liabilities		**163.548.462**	**168.576.445**

Parent statement of changes in equity for 2016

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	51.000	56.324.741	56.375.741
Profit/loss for the year	0	8.624.176	8.624.176
Equity end of year	**51.000**	**64.948.917**	**64.999.917**

Notes to parent financial statements

	2016 DKK	2015 DKK
1. Other financial expenses		
Financial expenses from group enterprises	2.001.501	1.201.587
Interest expenses	339.345	12.802.850
	2.340.846	**14.004.437**

	2016 DKK	2015 DKK
2. Proposed distribution of profit/loss		
Retained earnings	8.624.176	3.530.151
	8.624.176	**3.530.151**

	Investments in group enterprises DKK
3. Fixed asset investments	
Cost beginning of year	157.019.460
Cost end of year	**157.019.460**
Carrying amount end of year	**157.019.460**

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.

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.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries’ net assets at the acquisition date, with net assets having been calculated at fair value.

Accounting policies

Income statement

Gross profit or loss

Gross profit or loss comprises external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

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 writedowns 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 dividend etc received from the individual group enterprises in the financial year.

Other financial income from group enterprises

Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Accounting policies

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, 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.

Balance sheet
Goodwill
Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If it is not possible to estimate the useful life reliably, it is set at 10 years. Useful lives are reassessed on an annual basis. The amortisation periods used are 5 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc
Intellectual property rights etc comprise acquired intellectual property.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
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 assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

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:

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

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Accounting policies

Estimated useful lives and residual values are reassessed annually.

Items of 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 measured at cost and 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.

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 equalling nominal value less writedowns for bad and doubtful debts.

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

Cash
Cash comprises cash in hand and bank deposits.

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.

Other provisions
Other provisions comprise loss on contract work in progress etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Accounting policies

Finance lease liabilities
Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

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

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

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 activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

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, inception of finance leases, repayments of interest-bearing debt and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.