2care4 Generics ApS

Stenhuggervej 12, DK-6710 Esbjerg V

Annual Report for 2023

CVR No. 36 96 05 66

The Annual Report was presented and adopted at the Annual General Meeting of the company on 25/4 2024

Thomas Hjarsbæk Rasmussen
Chairman of the general meeting

Contents

	Page
Management’s Statement and Auditor’s Report	
Management's Statement	1
Independent Auditor's Report	2
Management’s Review	
Company information	4
Financial Highlights	5
Management's Review	6
Financial Statements	
Income Statement 1 January - 31 December	7
Balance sheet 31 December	8
Statement of changes in equity	10
Notes to the Financial Statements	11

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of 2care4 Generics ApS for the financial year 1 January - 31 December 2023.

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 2023 of the Company and of the results of the Company operations for 2023.

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.

Esbjerg V, 25 April 2024

Executive Board

Ulrik Ernst Rasmussen
CEO

Board of Directors

Henrik Bisgaard Jensen   Toke Værndal

Independent Auditor's report

To the shareholders of 2care4 Generics ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company´s operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of 2care4 Generics ApS for the financial year 1 January - 31 December 2023, 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 Financial 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 misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company´s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

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.

Esbjerg, 25 April 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Palle H. Jensen	Stefan Dracea
State Authorised Public Accountant	State Authorised Public Accountant
mne32115	mne42827

pwc

Company information

The Company	2care4 Generics ApS Stenhuggervej 12 DK-6710 Esbjerg V CVR No: 36 96 05 66 Financial period: 1 January - 31 December Incorporated: 10 July 2015 Financial year: 8th financial year Municipality of reg. office: Esbjerg
Board of Directors	Henrik Bisgaard Jensen Toke Værndal
Executive Board	Ulrik Ernst Rasmussen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Esbjerg Brygge 28, 2. DK-6700 Esbjerg

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit	73,414	75,691	55,863	32,852	-77
Profit/loss of primary operations	41,160	44,649	36,160	19,182	-77
Profit/loss of financial income and expenses	-678	-377	96	73	-731
Net profit/loss for the year	31,564	34,598	29,083	15,715	-599
Balance sheet					
Balance sheet total	170,370	170,991	127,774	72,433	35,417
Investment in property, plant and equipment	149	598	0	500	369
Equity	86,544	74,230	44,632	15,549	-166
Number of employees	23	20	15	12	8
Ratios					
Return on assets	24.2%	26.1%	28.3%	26.5%	-0.2%
Solvency ratio	50.8%	43.4%	34.9%	21.5%	-0.5%
Return on equity	39.3%	58.2%	96.7%	204.3%	-730.5%

Management's review

Key activities

The Main activity of the company is to develop, import, produce and export generic pharmaceutical products.

Development in the year

The income statement of the Company for 2023 shows a profit of TDKK 31,564, and at 31 December 2023 the balance sheet of the Company shows a positive equity of TDKK 86,544.

The past year and follow-up on development expectations from last year

The activity level and profit in 2023 was the same compared to 2022. Many of the developed projects has reached market, and had a positive impact on the gross profit.

Targets and expectations for the year ahead

For the financial year 2024 the management expect activity level and net profit in line with 2023.

Research and development

The development of the company includes implemented measures that within a few years in expected to generate increased revenue for the company.

External environment

The energy consumption and general environmental footprint from the 2care4 Generics activities are very limited and has limited impact on the surrounding environment. Since the medical products are purchased as commodities, the Company has little opportunity to assess and evaluate impacts on the environment in the supply chain. This given that there is no contact with the original producer as such and, therefore, the Company has no influence on the production phase at all.

In our opinion, we as a Company comply with current legislation in the area, and we are in dialogue with our business partners concerning compliance with local legislation at the locations in the world where the Company´s products are manufactured. 2care4 Generics is managed by the headquarters in Denmark at which we ensure compliance with local Danish legislation.

The Group CSR policy (see link below), includes the Company´s policy on Environment and Climate. Since the policy was established in 2020 the following initiatives have concretely been implemented; optimized waste disposal, change to LED lightning and electricity consumption based on 100% sustainable energy.

https://www.epaper.dk/mss2care4/csrpolicy/csr-2care4-policy/

Going forward, 2care4 Group will ongoingly update the CSR policy to optimise the energy consumption and environmental footprint.

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

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	2023	2022
		TDKK	TDKK
Gross profit		**73,414**	**75,691**
Staff expenses	1	-26,457	-21,387
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	2	-5,797	-9,655
Profit/loss before financial income and expenses		**41,160**	**44,649**
Financial income	3	3,399	1,495
Financial expenses	4	-4,077	-1,872
Profit/loss before tax		**40,482**	**44,272**
Tax on profit/loss for the year	5	-8,918	-9,674
Net profit/loss for the year	6	**31,564**	**34,598**

Balance sheet 31 December

Assets

	Note	2023	2022
		TDKK	TDKK
Completed development projects		8,238	9,545
Acquired licenses		1,345	132
Development projects in progress		26,309	24,301
Intangible assets	7	**35,892**	**33,978**
Other fixtures and fittings, tools and equipment		513	575
Property, plant and equipment	8	**513**	**575**
Deposits	9	84	77
Fixed asset investments		**84**	**77**
Fixed assets		**36,489**	**34,630**
Inventories	10	**47,838**	**31,861**
Trade receivables		21,723	24,034
Receivables from group enterprises		62,686	62,415
Other receivables		1,196	1,154
Receivables		**85,605**	**87,603**
Cash at bank and in hand		**438**	**16,897**
Current assets		**133,881**	**136,361**
Assets		**170,370**	**170,991**

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		TDKK	TDKK
Share capital		50	50
Reserve for development costs		26,946	26,400
Retained earnings		34,548	28,530
Proposed dividend for the year		25,000	19,250
Equity		**86,544**	**74,230**
Provision for deferred tax	11	7,848	7,471
Other provisions	12	822	1,192
Provisions		**8,670**	**8,663**
Lease obligations		350	356
Long-term debt	13	**350**	**356**
Credit institutions		1,031	39,692
Lease obligations	13	62	67
Trade payables		10,262	10,196
Payables to group enterprises		43,751	12,304
Payables to group enterprises relating to corporation tax		8,539	9,486
Other payables		11,161	15,997
Short-term debt		**74,806**	**87,742**
Debt		**75,156**	**88,098**
Liabilities and equity		**170,370**	**170,991**
Contingent assets, liabilities and other financial obligations	14		
Related parties	15		
Accounting Policies	16		

Statement of changes in equity

	Share capital	Reserve for development costs	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	50	26,400	28,530	19,250	74,230
Ordinary dividend paid	0	0	0	-19,250	-19,250
Development costs for the year	0	3,072	-3,072	0	0
Depreciation, amortisation and impairment for the year	0	-2,526	2,526	0	0
Net profit/loss for the year	0	0	6,564	25,000	31,564
Equity at 31 December	**50**	**26,946**	**34,548**	**25,000**	**86,544**

Notes to the Financial Statements

	2023	2022
	TDKK	TDKK

1. Staff Expenses

	2023	2022
Wages and salaries	24,739	20,034
Pensions	1,174	940
Other social security expenses	154	149
Other staff expenses	390	264
	26,457	**21,387**
Including remuneration to the Executive Board and Board of Directors	**1,511**	**1,258**
Average number of employees	**23**	**20**

	2023	2022
	TDKK	TDKK

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

	2023	2022
Amortisation of intangible assets	3,501	3,039
Depreciation of property, plant and equipment	211	190
Gain and loss on disposal	2,085	6,426
	5,797	**9,655**

	2023	2022
	TDKK	TDKK

3. Financial income

	2023	2022
Interest received from group enterprises	3,399	1,495
	3,399	**1,495**

	2023	2022
	TDKK	TDKK

4. Financial expenses

	2023	2022
Interest paid to group enterprises	696	73
Other financial expenses	3,381	1,799
	4,077	**1,872**

Notes to the Financial Statements

5. Income tax expense

	2023	2022
	TDKK	TDKK
Current tax for the year	8,539	9,486
Deferred tax for the year	377	188
Adjustment of tax concerning previous years	2	0
	8,918	**9,674**

6. Profit allocation

	2023	2022
	TDKK	TDKK
Proposed dividend for the year	25,000	19,250
Retained earnings	6,564	15,348
	31,564	**34,598**

Notes to the Financial Statements

7. Intangible fixed assets

	Completed development projects	Acquired licenses	Develop-ment projects in progress
	TDKK	TDKK	TDKK
Cost at 1 January	19,257	317	24,301
Additions for the year	736	1,476	5,288
Disposals for the year	0	0	-2,085
Transfers for the year	1,195	0	-1,195
Cost at 31 December	21,188	1,793	26,309
Impairment losses and depreciation at 1 January	9,712	185	0
Depreciation for the year	3,238	263	0
Impairment losses and depreciation at 31 December	12,950	448	0
Carrying amount at 31 December	**8,238**	**1,345**	**26,309**
Amortised over	5 years	3 years	

Development projects in progress

Development projects in progress comprise development and registration of generic pharmaceutical products. The costs include both external costs to business partners and internal workling hours. Costs are registered in an internal project tool. The individual pharmaceutical product will be finished in the years 2024-2027. Afterwards, sales will start up. Overall, the products are expected to contribute with significant competitive advantages and therefore a substantial increase in activity level and result. The management has completed impairment test of the current book value of the assets. The recoverable amount, value in-use, exceeds the book value. Value in-use is calculated from expected cashflows based on management approved budgets through 2024-2029.

Completed development projects

Completed development projects include development and registration of pharmaceutical products for humans. Each product has a 5 year depreciation period, starting from when the product is launched in the market. The management has not established any indication for impairment of the current book value of the assets.

8. Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 January	598
Additions for the year	149
Cost at 31 December	747
Impairment losses and depreciation at 1 January	23
Depreciation for the year	211
Impairment losses and depreciation at 31 December	234
Carrying amount at 31 December	**513**
Amortised over	3 years

9. Other fixed asset investments

	Deposits
	TDKK
Cost at 1 January	77
Additions for the year	7
Cost at 31 December	84
Carrying amount at 31 December	**84**

10. Inventories

	2023	2022
	TDKK	TDKK
Finished goods and goods for resale	45,564	24,168
Prepayments for goods	2,274	7,693
	47,838	**31,861**

11. Provision for deferred tax

	2023	2022
	TDKK	TDKK
Deferred tax liabilities at 1 January	7,471	7,283
Amounts recognised in the income statement for the year	377	188
Deferred tax liabilities at 31 December	**7,848**	**7,471**

12. Other provisions

The recognized provision amounts to kDKK 822 (2022: kDKK 1.192) to cover the estimated reimbursement of price reductions to customers and to cover items at customers and profit on goods that probably will be returned according to cooperation agreements. The provision is recognized based on previous experience regarding the extend of these liabilities.

	2023	2022
	TDKK	TDKK
Other provisions	822	1,192
	822	**1,192**

The provisions are expected to mature as follows:

Within 1 year	822	1,192
After 5 years	0	0
	822	**1,192**

	2023	2022
	TDKK	TDKK

13. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2023	2022
Lease obligations		
After 5 years	0	0
Between 1 and 5 years	350	356
Long-term part	350	356
Within 1 year	62	67
	412	**423**

14. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The 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 disclosed in the Annual Report of 2care4 Group ApS, which is the management company of the joint taxation purposes. Moreover, the 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.

15. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
2care4 Group ApS, Esbjerg	Parent Company
Other related parties	
Henrik Bisgaard Jensen, Esbjerg	Member of the Board of Directors
Toke Værndal, Esbjerg	Member of the Board of Directors

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
2care4 Group ApS	Esbjerg

Notes to the Financial Statements

16. Accounting policies

The Annual Report of 2care4 Generics ApS for 2023 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 2023 are presented in TDKK.

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 , the Company has not prepared a cash flow statement.

Recognition and measurement

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 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 transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Income statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

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.

Other external expenses

Other external expenses comprise indirect production costs and 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, gross profit/loss is calculated as a summary of revenue, expenses for raw materials and consumables and other external expenses.

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.

Notes to the Financial Statements

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

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

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with 2care4 Group ApS and all subsidiaries of the parent company. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance sheet

Intangible fixed assets

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company’s development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 year.

Other intangible fixed assets

Other intangible fixed assets are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

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.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

Notes to the Financial Statements

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

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Other fixed asset investments

Other fixed asset investments consist of other receivables.

Inventories

Inventories are measured at the lower of cost under the FIFO method 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 and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

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.

Equity

Dividend

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

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Notes to the Financial Statements

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

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. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

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

Financial Highlights

Explanation of financial ratios

Return on assets	Profit/loss of ordinary primary operations x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity