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Frismodt Holding ApS
Norsmindevej 150
8340 Malling
Central Business Registration
No 37207543

Annual report 2019

The Annual General Meeting adopted the annual report on 09.09.2020

Chairman of the General Meeting

Name: Christian Frismodt

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Entity details

Entity

Frismodt Holding ApS
Norsmindevej 150
8340 Malling

Central Business Registration No (CVR): 37207543
Registered in: Aarhus
Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Christian Frismodt, formand

Executive Board

Christian Frismodt, Direktør

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Frismodt Holding ApS for the financial year 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019.

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.

Aarhus, 09.09.2020

Executive Board

Christian Frismodt
Direktør

Board of Directors

Christian Frismodt
formand

Independent auditor's report

To the shareholders of Frismodt Holding ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Frismodt Holding ApS for the financial year 01.01.2019 - 31.12.2019, 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 31.12.2019, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2019 - 31.12.2019 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 Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements

Independent auditor's report

can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these 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 Parent'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 Parent'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.

Aarhus, 09.09.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Søren Alsen Lauridsen
State Authorised Public Accountant
Identification No (MNE) mne40040

Management commentary

	2019 DKK'000	2018 DKK'000	2017 DKK'000
Financial highlights			
Key figures			
Gross profit	41.892	26.485	12.820
Operating profit/loss	23.680	17.369	10.304
Net financials	1.112	400	(804)
Profit/loss for the year	19.221	13.559	7.337
Profit/loss excl minority interests	19.221	13.559	7.337
Total assets	72.883	63.659	43.420
Investments in property, plant and equipment	389	448	27
Equity	36.465	17.292	3.797
Equity excl minority interests	36.465	17.292	3.797
Ratios			
Return on equity (%)	71,5	128,6	193,2
Equity ratio (%)	50,0	27,2	8,7

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

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

Management commentary

Primary activities

The activity of the group is to operate in trade and related business and consultancy business.

Development in activities and finances

The result of the year 2019 is satisfying. The group has realised a profit after tax of t.DKK 19,221 which is an improvement from last year of t.DKK 5,662. Furthermore, the equity has been improved by t.DKK 19,173 and is now t.DKK 36,465. The results of the year are affected by several extraordinary items - including reduction of activities and assets in subsidiaries, commission and accumulated compensation agreements that have been disbursed during the financial year.

Outlook

Our expectations for the financial year 2020 are that the result of the year will be approximately at the same level as the result of 2019. We expect the sales to increase slightly, but at the same time also, that the exchange rate will decrease.

Regarding future performance, the development of the USD exchange rate must be taken into account, as all trading is done in USD. We do not use future exchange contracts. Exchanges are done when the exchange rate is favourable.

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 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Gross profit		41.892.233	26.484.706
Staff costs	1	(17.988.400)	(9.098.965)
Depreciation, amortisation and impairment losses	2	(223.424)	(16.292)
Operating profit/loss		23.680.409	17.369.449
Income from investments in associates		335.000	0
Other financial income	3	1.588.512	673.453
Other financial expenses	4	(811.330)	(273.323)
Profit/loss before tax		24.792.591	17.769.579
Tax on profit/loss for the year	5	(5.571.649)	(4.210.879)
Profit/loss for the year	6	19.220.942	13.558.700

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Acquired intangible assets		112.553	0
Intangible assets	7	112.553	0
Other fixtures and fittings, tools and equipment		483.765	421.496
Leasehold improvements		218.400	0
Property, plant and equipment	8	702.165	421.496
Investments in associates		2.130.835	1.795.835
Receivables from associates		317.850	317.850
Deposits		106.600	106.600
Other receivables		1.252.698	747.240
Fixed asset investments	9	3.807.983	2.967.525
Fixed assets		4.622.701	3.389.021
Manufactured goods and goods for resale		673.403	0
Inventories		673.403	0
Trade receivables		22.501.402	45.178.636
Other receivables		685.787	511.595
Prepayments		98.966	101.989
Receivables		23.286.155	45.792.220
Cash		44.301.097	14.477.465
Current assets		68.260.655	60.269.685
Assets		72.883.356	63.658.706

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Contributed capital		125.000	125.000
Retained earnings		36.229.436	17.059.024
Proposed dividend		110.600	108.000
Equity		36.465.036	17.292.024
Deferred tax		0	39.000
Provisions		0	39.000
Bank loans		78.237	2.292.459
Trade payables		20.028.758	36.886.759
Payables to shareholders and management		34.772	24.772
Income tax payable		3.531.733	2.131.239
Other payables		12.744.820	4.992.453
Current liabilities other than provisions		36.418.320	46.327.682
Liabilities other than provisions		36.418.320	46.327.682
Equity and liabilities		72.883.356	63.658.706
Assets charged and collateral	11		
Subsidiaries	12		

Consolidated statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	125.000	17.059.024	108.000	17.292.024
Ordinary dividend paid	0	0	(108.000)	(108.000)
Exchange rate adjustments	0	60.070	0	60.070
Profit/loss for the year	0	19.110.342	110.600	19.220.942
Equity end of year	125.000	36.229.436	110.600	36.465.036

Consolidated cash flow statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Operating profit/loss		23.680.409	17.369.449
Amortisation, depreciation and impairment losses		223.424	16.292
Working capital changes	10	12.737.028	(4.155.500)
Cash flow from ordinary operating activities		36.640.861	13.230.241
Financial income received		1.587.271	95.913
Financial expenses paid		(463.744)	(131.422)
Income taxes refunded/(paid)		(4.210.155)	(4.140.489)
Cash flows from operating activities		33.554.233	9.054.243
Acquisition etc of intangible assets		(227.640)	0
Acquisition etc of property, plant and equipment		(389.006)	(447.851)
Sale of property, plant and equipment		0	89.000
Acquisition of fixed asset investments		(375.000)	(770.640)
Loans		(506.158)	0
Cash flows from investing activities		(1.497.804)	(1.129.491)
Dividend paid		(108.000)	(105.800)
Cash flows from financing activities		(108.000)	(105.800)
Increase/decrease in cash and cash equivalents		31.948.429	7.818.952
Cash and cash equivalents beginning of year		12.185.006	3.888.481
Currency translation adjustments of cash and cash equivalents		89.425	477.573
Cash and cash equivalents end of year		44.222.860	12.185.006
Cash and cash equivalents at year-end are composed of:			
Cash		44.301.097	14.477.465
Short-term debt to banks		(78.237)	(2.292.459)
Cash and cash equivalents end of year		44.222.860	12.185.006

Notes to consolidated financial statements

	2019 DKK	2018 DKK
1. Staff costs		
Wages and salaries	17.259.548	8.601.819
Pension costs	649.720	174.305
Other social security costs	75.722	56.270
Other staff costs	3.410	266.571
	17.988.400	9.098.965
Average number of employees	10	8
	2019 DKK	2018 DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	115.087	0
Depreciation of property, plant and equipment	108.337	46.957
Profit/loss from sale of intangible assets and property, plant and equipment	0	(30.665)
	223.424	16.292
	2019 DKK	2018 DKK
3. Other financial income		
Other interest income	385.275	100.029
Exchange rate adjustments	1.203.237	573.424
	1.588.512	673.453
	2019 DKK	2018 DKK
4. Other financial expenses		
Other interest expenses	465.685	131.422
Exchange rate adjustments	345.645	141.901
	811.330	273.323
	2019 DKK	2018 DKK
5. Tax on profit/loss for the year		
Current tax	5.610.649	4.172.855
Change in deferred tax	(39.000)	38.024
	5.571.649	4.210.879

Notes to consolidated financial statements

	2019 DKK	2018 DKK
6. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	110.600	108.000
Retained earnings	19.110.342	13.450.700
	19.220.942	13.558.700
		Acquired intangible assets DKK
7. Intangible assets		
Additions		227.640
Cost end of year		227.640
Amortisation for the year		(115.087)
Amortisation and impairment losses end of year		(115.087)
Carrying amount end of year		112.553
	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
8. Property, plant and equipment		
Cost beginning of year	741.469	0
Additions	116.006	273.000
Cost end of year	857.475	273.000
Depreciation and impairment losses beginning of year	(319.973)	0
Depreciation for the year	(53.737)	(54.600)
Depreciation and impairment losses end of year	(373.710)	(54.600)
Carrying amount end of year	483.765	218.400

Notes to consolidated financial statements

	Investments in associates DKK	Receivables from associates DKK	Deposits DKK	Other receivables DKK
9. Fixed asset investments				
Cost beginning of year	1.795.835	317.850	106.600	747.240
Exchange rate adjustments	0	0	0	(700)
Additions	375.000	0	0	506.158
Disposals	(40.000)	0	0	0
Cost end of year	2.130.835	317.850	106.600	1.252.698
Carrying amount end of year	2.130.835	317.850	106.600	1.252.698
10. Change in working capital				
Increase/decrease in inventories			(673.403)	19.719
Increase/decrease in receivables			22.506.065	(12.153.274)
Increase/decrease in trade payables etc			(9.095.634)	7.978.055
			12.737.028	(4.155.500)
11. Assets charged and collateral				
There are no assets charged or collateral in the group.				
12. Subsidiaries				
	Registered in	Corpo- rate form	Equity inte- rest %	
Forsco ApS	Denmark	ApS	100,0	
MSPAY ApS	Denmark	ApS	100,0	
Shanghai EverRest Furniture Co. Ltd.	China	Ltd.	100,0	

Parent income statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Gross profit		92.327	(222.128)
Depreciation, amortisation and impairment losses	2	(54.600)	0
Operating profit/loss		37.727	(222.128)
Income from investments in group enterprises		20.003.553	14.720.729
Other financial income from group enterprises		0	4.116
Other financial expenses	3	(22.082)	(149.538)
Profit/loss before tax		20.019.198	14.353.179
Tax on profit/loss for the year	4	(3.052)	0
Profit/loss for the year	5	20.016.146	14.353.179

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Leasehold improvements		218.400	0
Property, plant and equipment	6	218.400	0
Investments in group enterprises		29.302.100	18.761.245
Investments in associates		2.130.835	1.755.835
Other receivables		1.252.698	747.240
Fixed asset investments	7	32.685.633	21.264.320
Fixed assets		32.904.033	21.264.320
Manufactured goods and goods for resale		673.403	0
Inventories		673.403	0
Receivables from group enterprises		426.500	0
Deferred tax		10.000	0
Income tax receivable		1.786.948	1.995.328
Receivables		2.223.448	1.995.328
Cash		4.213.859	2.087.750
Current assets		7.110.710	4.083.078
Assets		40.014.743	25.347.398

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Contributed capital		125.000	125.000
Retained earnings		37.937.622	18.032.166
Proposed dividend		110.600	108.000
Equity		38.173.222	18.265.166
Payables to group enterprises		1.780.903	7.031.703
Payables to shareholders and management		34.772	24.772
Other payables		25.756	25.757
Current liabilities other than provisions		1.841.431	7.082.232
Liabilities other than provisions		1.841.431	7.082.232
Equity and liabilities		40.014.653	25.347.398
Staff costs	1		
Contingent liabilities	8		

Parent statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	125.000	18.032.166	108.000	18.265.166
Ordinary dividend paid	0	0	(108.000)	(108.000)
Profit/loss for the year	0	19.905.456	110.600	20.016.056
Equity end of year	125.000	37.937.622	110.600	38.173.222

Notes to parent financial statements

	2019	2018
1. Staff costs		
Average number of employees	0	0
	2019 DKK	2018 DKK
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	54.600	0
	54.600	0
	2019 DKK	2018 DKK
3. Other financial expenses		
Other interest expenses	22.082	55.000
Exchange rate adjustments	0	94.538
	22.082	149.538
	2019 DKK	2018 DKK
4. Tax on profit/loss for the year		
Current tax	3.052	0
	3.052	0
	2019 DKK	2018 DKK
5. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	110.600	108.000
Retained earnings	19.905.456	14.245.179
	20.016.056	14.353.179
		Leasehold improve- ments DKK
6. Property, plant and equipment		
Additions		273.000
Cost end of year		273.000
Depreciation for the year		(54.600)
Depreciation and impairment losses end of year		(54.600)
Carrying amount end of year		218.400

Notes to parent financial statements

	Invest- ments in group enterprises DKK	Investments in associates DKK	Other receivables DKK
7. Fixed asset investments			
Cost beginning of year	5.574.535	1.755.835	747.240
Exchange rate adjustments	0	0	(700)
Additions	37.302	375.000	506.158
Cost end of year	5.611.837	2.130.835	1.252.698
Revaluations beginning of year	13.186.710	0	0
Share of profit/loss for the year	20.003.553	0	0
Dividend	(9.500.000)	0	0
Revaluations end of year	23.690.263	0	0
Carrying amount end of year	29.302.100	2.130.835	1.252.698

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

	Registered in	Corpo- rate form	Equity inte- rest %
Investments in associates comprise:			
EverRest Production d.o.o.	Serbien	Selskab	10,0

8. Contingent liabilities

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

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Accounting policies

Reporting class

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

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

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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

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

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.

Accounting policies

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

Depreciation, amortisation and impairment losses relating to property, plant and equipment depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of property, plant and equipment.

Income from investments in group enterprises

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

Income from investments in associates

Income from investments in associates comprises dividends etc received from the individual associates in the financial year.

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 or exchange 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.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange 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

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement.

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

Accounting policies

Property, plant and equipment

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

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

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

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

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

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

In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Investments in associates

Investments in associates are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Inventories

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

Accounting policies

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Deferred tax

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

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.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Operating leases

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

Other financial liabilities

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

Income tax receivable or payable

Current tax receivable or payable 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.

Accounting policies

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, 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, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

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