BUUS JENSEN
Statsautoriserede
Revisorer

Balyfa A/S

Smedeland 17, 2600 Glostrup

Company reg. no. 43 13 76 11

Annual report

1 July 2021 - 30 June 2022

The annual report was submitted and approved by the general meeting on the 28 October 2022.

Henrik Hagens
Chairman of the meeting

Contents

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Balyfa A/S for the financial year 1 July 2021 - 30 June 2022.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 June 2022 and of the results of the Company's operations for the financial year 1 July 2021 – 30 June 2022.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Glostrup, 28 October 2022

Managing Director

Niels Ojén Andersen

Board of directors

Ole Juul Jørgensen	Henrik Emil Hagens	Johnny Brejner Hansen

Independent auditor's report

To the Shareholders of Balyfa A/S

Opinion

We have audited the financial statements of Balyfa A/S for the financial year 1 July 2021 - 30 June 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 June 2022, and of the results of the Company's operations for the financial year 1 July 2021 - 30 June 2022 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 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.

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.

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 judgment and maintain professional skepticism 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.

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.

Independent auditor's report

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, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 28 October 2022

BUUS JENSEN
State Authorised Public Accountants
Company reg. no. 16 11 90 40

Ulrik Nørskov
State Authorised Public Accountant
mne29456

Peter Leth Keller
State Authorised Public Accountant
mne47790

Company information

The company	Balyfa A/S Smedeland 17 2600 Glostrup	
	Company reg. no.	43 13 76 11
	Established:	2 January 1973
	Domicile:	Glostrup
	Financial year:	1 July 2021 - 30 June 2022
Board of directors	Ole Juul Jørgensen Henrik Emil Hagens Johnny Brejner Hansen	
Managing Director	Niels Ojén Andersen	
Auditors	BUUS JENSEN, Statsautoriserede revisorer	
Parent company	Metal Parts Holding ApS	
Subsidiary	Balyfa Hungary Kft, Ungarn	

Management´s review

The principal activities of the company

Like previous years, the principal activities are produces and sells springs and metal parts to, amoung others, the automative industry, manufacturers of power plants and to industrial customers in general. With production facilities in both Denmark and Hungary, the company is centrally located, allowing us to provide an excellent and efficient service.

Development in activities and financial matters

Income or loss from ordinary activities after tax totals DKK 7.269.908 against DKK 5.345.624 last year. Management considers the net profit for the year satisfactory.

Expected developments

The management expects a positive result for the coming financial year.

Income statement 1 July - 30 June

All amounts in DKK.

Note		2021/22	2020/21
	Gross profit	**13.908.214**	**11.519.901**
1	Staff costs	-9.046.212	-8.895.585
	Depreciation and impairment of property, land, and equipment	-242.393	-280.776
	Other operating expenses	-38.425	-21.048
	Operating profit	**4.581.184**	**2.322.492**
	Income from investments in subsidiaries	3.632.354	3.018.163
2	Other financial income from subsidiaries	330.824	353.469
	Other financial income	9.101	0
3	Other financial expenses	-258.891	-333.500
	Pre-tax net profit or loss	**8.294.572**	**5.360.624**
4	Tax on net profit or loss for the year	-1.024.664	-15.000
	Net profit or loss for the year	**7.269.908**	**5.345.624**
	Proposed appropriation of net profit:		
	Reserves for net revaluation according to the equity method	3.632.354	3.018.163
	Dividend for the financial year	0	3.000.000
	Transferred to retained earnings	3.637.554	0
	Allocated from retained earnings	0	-672.539
	Total allocations and transfers	**7.269.908**	**5.345.624**

Balance sheet at 30 June

All amounts in DKK.

Note	Assets	2022	2021
	Non-current assets		
5	Plant and machinery	1.028.166	682.710
	Total property, plant, and equipment	1.028.166	682.710
7	Investments in subsidiaries	17.814.372	14.175.986
8	Deposits	502.692	489.971
	Total investments	18.317.064	14.665.957
	Total non-current assets	**19.345.230**	**15.348.667**
	Current assets		
	Raw materials and consumables	2.715.850	1.430.663
	Work in progress	280.570	334.095
	Manufactured goods and goods for resale	3.852.673	3.549.488
	Total inventories	6.849.093	5.314.246
	Trade receivables	5.107.646	4.661.989
9	Receivables from subsidiaries	10.499.259	13.948.224
	Deferred tax assets	30.000	423.000
	Other receivables	796.495	271.095
	Prepayments	1.500	1.500
	Total receivables	16.434.900	19.305.808
	Cash and cash equivalents	774	774
	Total current assets	**23.284.767**	**24.620.828**
	Total assets	**42.629.997**	**39.969.495**

Balance sheet at 30 June

All amounts in DKK.

Note	Equity and liabilities	2022	2021
	Equity		
10	Contributed capital	1.000.000	1.000.000
	Reserve for net revaluation according to the equity method	9.017.696	5.379.310
	Retained earnings	19.865.456	16.227.902
	Proposed dividend for the financial year	0	3.000.000
	Total equity	**29.883.152**	**25.607.212**
	Liabilities other than provisions		
	Bank loans	199.294	2.430.192
11	Total long term liabilities other than provisions	199.294	2.430.192
11	Current portion of long term liabilities	1.020.000	1.500.000
	Bank loans	8.203.522	6.618.621
	Trade payables	1.825.123	1.734.916
	Income tax payable to subsidiaries	631.664	0
	Other payables	867.242	2.078.554
	Total short term liabilities other than provisions	12.547.551	11.932.091
	Total liabilities other than provisions	**12.746.845**	**14.362.283**
	Total equity and liabilities	**42.629.997**	**39.969.495**

12 Charges and security

13 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for net revalua-tion according to the eq-uity method	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 July 2020	1.000.000	2.387.824	16.900.441	0	20.288.265
Share of results	0	3.018.163	-672.539	3.000.000	5.345.624
Exchange rate adjustments	0	-26.677	0	0	-26.677
Equity 1 July 2021	1.000.000	5.379.310	16.227.902	3.000.000	25.607.212
Distributed dividend	0	0	0	-3.000.000	-3.000.000
Share of results	0	3.632.354	3.637.554	0	7.269.908
Exchange rate adjustments	0	6.032	0	0	6.032
	1.000.000	**9.017.696**	**19.865.456**	**0**	**29.883.152**

Notes

All amounts in DKK.

		2021/22	2020/21
1.	**Staff costs**		
	Salaries and wages	8.266.356	8.139.657
	Pension costs	630.633	604.415
	Other costs for social security	149.223	151.513
		9.046.212	**8.895.585**
	Average number of employees	15	15
2.	**Other financial income from subsidiaries**		
	Interest, Metal Parts Holding ApS	23.330	57.680
	Interest, Balyfa Hungary Kft.	307.494	295.789
		330.824	**353.469**
3.	**Other financial expenses**		
	Other financial costs	258.891	333.500
		258.891	**333.500**
4.	**Tax on net profit or loss for the year**		
	Tax of the results for the year, parent company	631.664	0
	Adjustment for the year of deferred tax	393.000	15.000
		1.024.664	**15.000**

All amounts in DKK.

		30/6 2022	30/6 2021
5.	**Plant and machinery**		
	Cost 1 July 2021	4.072.263	4.146.263
	Additions during the year	636.274	234.528
	Disposals during the year	-48.425	-308.528
	Cost 30 June 2022	**4.660.112**	**4.072.263**
	Depreciation and writedown 1 July 2021	-3.389.553	-3.338.028
	Depreciation for the year	-242.393	-269.005
	Reversal of depreciation, amortisation and writedown, assets disposed of	0	217.480
	Depreciation and writedown 30 June 2022	**-3.631.946**	**-3.389.553**
	Carrying amount, 30 June 2022	**1.028.166**	**682.710**

6.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 July 2021	2.224.906	2.224.906
	Cost 30 June 2022	**2.224.906**	**2.224.906**
	Depreciation and writedown 1 July 2021	-2.224.906	-2.213.135
	Depreciation for the year	0	-11.771
	Depreciation and writedown 30 June 2022	**-2.224.906**	**-2.224.906**

All amounts in DKK.

		30/6 2022	30/6 2021
7.	**Investments in subsidiaries**		
	Acquisition sum, opening balance 1 July 2021	8.796.676	8.796.676
	Cost 30 June 2022	**8.796.676**	**8.796.676**
	Revaluations, opening balance 1 July 2021	5.379.310	2.387.824
	Translation by use of the exchange rate valid on balance sheet date	6.032	-26.677
	Results for the year before goodwill amortisation	3.653.264	3.055.174
	Change in intercompany profit on inventories	-20.910	-37.011
	Revaluation 30 June 2022	**9.017.696**	**5.379.310**
	Carrying amount, 30 June 2022	**17.814.372**	**14.175.986**

Financial highlights for the enterprises according to the latest approved annual reports

	Equity interest	**Equity**	**Results for the year**	**Carrying amount, Balyfa A/S**
Balyfa Hungary Kft, Ungarn	100 %	18.021.410	3.653.264	17.814.372

Change in intercompany profit on inventuries amounts to T.DKK -21. A total intercompany profit of T.DKK 207 has been adjusted.

		30/6 2022	30/6 2021
8.	**Deposits**		
	Cost 1 July 2021	489.971	478.020
	Additions during the year	12.721	11.951
	Cost 30 June 2022	**502.692**	**489.971**
	Carrying amount, 30 June 2022	**502.692**	**489.971**

9. Receivables from subsidiaries

The management expects that group enterprise receivable will be collected after 1 year.

10. Contributed capital

The share capital consists of 2.000 shares of a nominal value of DKK 500. No shares carry any special rights. There have been no changes in the share capital during the last 5 years.

Notes

All amounts in DKK.

	30/6 2022	30/6 2021

11. Long term labilities other than provisions

	Total payables 30 Jun 2022	**Current portion of long term payables**	**Long term payables 30 Jun 2022**	**Outstanding payables after 5 years**
Bank loans	1.219.294	1.020.000	199.294	0
	1.219.294	**1.020.000**	**199.294**	**0**

12. Charges and security

For bank loans and leasing agreements, T.DKK 9.423, the company has provided security in company assets representing a nominal value of T.DKK 13.000. This security comprises the assets below, stating the carrying amounts:

	DKK in thousands
Inventories	6.849
Trade receivables	5.108
Property, plant, and equipment	1.028

13. Contingencies

Contingent liabilities

	DKK in thousands
Lease liabilities	4.595
Rent liabilities	702
Total contingent liabilities	**5.297**

Joint taxation

With Metal Parts Holding ApS, company reg. no 29 44 83 88 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

All amounts in DKK.

13. Contingencies (continued)

Joint taxation (continued)

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

Accounting policies

The annual report for Balyfa A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or writedown for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Work performed for own account and capitalised includes staff cost and other internal costs incurred during the financial year and recognised in the cost of proprietary intangible and tangible fixed assets.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Other operating expenses

Other operating expenses comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in subsidiaries

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the investment in the individual subsidiaries are recognised in the income statement as a proportional share of the subsidiaries' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Plant and machinery	5-10 years	0 %
Other fixtures and fittings, tools and equipment	3-5 years	0 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Investments

Investments in subsidiaries

Investments in subsidiaries are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in subsidiaries are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterpriseswith a strong market position and a long-term earnings profile.

In relation to material assets and liabilities recognised in subsidiaries but are not represented in the parent, the following accounting policies have been applied.

Investments in subsidiaries with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in subsidiaries transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in subsidiaries.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in subsidiaries are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments

Prepaymentsrecognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Income tax receivable” or “Income tax payable”.

According to the rules of joint taxation, Balyfa A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Deferred income

Payments received concerning future income are recognised under deferred income.