Tel.: +45 96 26 38 00
herning@bdo.dk
www.bdo.dk

BDO Statsautoriseret revisionsaktieselskab
Birk Centerpark 30
DK-7400 Herning
CVR no. 20 22 26 70

DANFLOOR A/S

ØSTERBRO 9, 6933 KIBÆK

ANNUAL REPORT

2015/16

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 26 August 2016

Nicholas David George Coburn

CVR NO. 44 83 13 17

CONTENTS

COMPANY DETAILS

Company	Danfloor A/S Østerbro 9 6933 Kibæk	
	CVR no.:	44 83 13 17
	Established:	9 May 1973
	Registered Office:	Kibæk
	Financial Year:	2 April 2015 - 1 April 2016
Board of Directors	Nicholas David George Coburn, Chairman Richard Donald Stewart Jeremy Edward Brice Wilson Jesper Krøjgaard Jensen Ian Charles Dexter	
Board of Executives	Jesper Krøjgaard Jensen	
Auditor	BDO Statsautoriseret revisionsaktieselskab Birk Centerpark 30 7400 Herning	
Bank	Nordea	

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of Danfloor A/S for the year 2 April 2015 - 1 April 2016.

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

In our opinion the Financial Statements give a true and fair view of the the Company's financial position at 1 April 2016 and of the results of the Company's operations for the financial year 2 April 2015 - 1 April 2016.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the review.

We recommend the Annual Report be approved at the Annual General Meeting.

Kibæk, 13 June 2016

Board of Executives

Jesper Krøjgaard Jensen

Board of Directors

Nicholas David George Coburn Chairman	Richard Donald Stewart	Jeremy Edward Brice Wilson
Jesper Krøjgaard Jensen	Ian Charles Dexter	

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Danfloor A/S

REPORT ON THE FINANCIAL STATEMENTS

We have audited the Financial Statements of Danfloor A/S for the financial year 2 April 2015 to 1 April 2016, which comprise a summary of significant accounting policies, income statement, balance sheet and notes. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility 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 free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on the Financial Statements based on our audit. We have conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish Audit Legislation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of Financial Statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the Financial Statements.

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

The audit has not resulted in any qualification.

Opinion
In our opinion, the Financial Statements give a true and fair view of the company's assets, liabilities and financial position at 1 April 2016 and of the results of the company's operations for the financial year 2 April 2015 - 1 April 2016 in accordance with the Danish Financial Statements Act.

STATEMENT ON THE MANAGEMENT'S REVIEW

Pursuant to the Danish Financial Statements Act, we have read the management's review. We have not performed any further procedures in addition to the audit of the Financial Statements. On this basis, it is our opinion that the information provided in the management's review is consistent with the Financial Statements.

Herning, 13 June 2016

BDO Statsautoriseret revisionsaktieselskab, CVR-nr. 20 22 26 70

Steen Pedersen
State Authorised Public Accountant

FINANCIAL HIGHLIGHTS

	2015/16 DKK '000	2014/15 DKK '000	2013/14 DKK '000	2012/13 DKK '000	2011/12 DKK '000
Income statement					
Gross profit/loss	39.980	36.723	31.286	29.918	28.632
Operating profit/loss	15.779	14.040	9.854	7.972	6.766
Financial income and expenses, net	-9	106	-204	-374	-545
Profit/loss for the year before tax	26.762	24.372	16.650	14.205	10.868
Profit/loss for the year	23.426	21.105	15.086	12.288	9.296
Balance sheet					
Balance sheet total	182.403	169.805	150.028	136.591	127.951
Equity	152.423	137.587	117.550	105.019	94.391
Investments in tangible fixed assets	998	2.975	3.249	5.683	1.934
Ratios					
Rate of return	15,4	15,7	12,3	11,1	10,2
Solvency ratio	83,6	81,0	78,4	76,9	73,8
Return on equity	16,2	16,5	13,6	12,3	10,6

The ratios stated in the list of key figures and ratios have been calculated as follows:

Rate of return:

$$\frac{Profit\ /\ loss\ on\ ordinary\ activities \times 100}{Average\ invested\ capital}$$

Solvency ratio:

$$\frac{Equity,\ at\ year-end \times 100}{Total\ equity\ and\ liabilities,\ at\ year-end}$$

Return on equity:

$$\frac{Profit/loss\ after\ tax \times 100}{Average\ equity}$$

In all materiality the ratios comply with the recommendations of the CFA Society Denmark.

MANAGEMENT'S REVIEW

Business activities and mission
The Company's activity has included sales, design and production of broadloom carpets and carpet tiles for the residential and contract market as previous years. The designs and collections are sold in the domestic and export market as well as through the wholly owned subsidiary danfloor UK, Ltd.

Business review
Profit after tax for the year ended 1 April 2016 amount to DKK 23,426 thousand which is DKK 2,146 thousand more than in 2014/15. The results after tax for the year were expected to be at the same level as in 2014/15.

The improvement in the result of operations arises from an increasing level of activities on several markets and at the same time investment in new product portfolio and stronger organisation, both external and internal.
The investments have contributed to a strong position of our brand in the market and this will also be a benefit for the future.
Further, it enables us to gain market shares in a number of business segments and at the same time expand our possibilities in the global market.

In the financial year the company has also improved the equity ratio. Equity shows DKK 152.598 thousand and the equity ratio is 83,7 % at 1 April 2016.

The global market situation taken into consideration the result of operations for the financial year is satisfactory.

Post balance sheet events
No events have occurred since the year-end which have materially affected the financial position of the company.

Environmental impact
The company's business area is production of carpets and the impact on the external environment is limited.

Research and development activities
Environmentally based product development is continuously performed, and the costs are currently expensed.

Further to these, there are no real research and development costs.

Outlook for the future
The profit for the next financial year is affected by the global economic situation in Europe and the repercussions on the building industry and the retail market. Consequently, no large growth rate is expected due to severe competition in the market and the large production capacity. This may also affect the possibilities for organic growth.

However, measures initiated in the latest years to increase sales are expected to contribute to improve our possibilities in the markets.

INCOME STATEMENT 2 APRIL - 1 APRIL

	Note	2015/16 DKK	2014/15 DKK
GROSS PROFIT		**39.980.333**	**36.723.276**
Staff costs	1	-20.955.959	-19.795.305
Depreciation, amortisation and impairment		-3.245.354	-2.887.920
OPERATING PROFIT		**15.779.020**	**14.040.051**
Result after tax of equity investments in group and associates		10.991.735	10.226.463
Other financial income		128.408	282.884
Other financial expenses		-137.224	-177.318
PROFIT BEFORE TAX		**26.761.939**	**24.372.080**
Tax on profit/loss for the year	2	-3.335.851	-3.267.514
PROFIT FOR THE YEAR	3	**23.426.088**	**21.104.566**

BALANCE SHEET AT 1 APRIL

ASSETS	Note	2016 DKK	2015 DKK
Land and buildings		23.775.040	24.361.059
Production plant and machinery		6.626.183	7.677.079
Other plant, machinery, tools and equipment		1.566.812	2.177.604
Tangible fixed assets	4	**31.968.035**	**34.215.742**
Equity investments in group enterprises		23.975.916	26.320.756
Equity investments in associated enterprises		25.366.040	24.722.195
Fixed asset investments	5	**49.341.956**	**51.042.951**
FIXED ASSETS		**81.309.991**	**85.258.693**
Raw materials and consumables		7.759.509	6.138.248
Work in progress		13.500.546	11.780.789
Finished goods and goods for resale		23.586.311	20.418.405
Inventories		**44.846.366**	**38.337.442**
Trade receivables		6.751.767	6.029.997
Receivables from group enterprises		2.521.207	2.575.661
Other receivables		1.350.301	866.112
Prepayments and accrued income		349.297	215.843
Receivables		**10.972.572**	**9.687.613**
Cash and cash equivalents		**45.274.181**	**36.521.269**
CURRENT ASSETS		**101.093.119**	**84.546.324**
ASSETS		**182.403.110**	**169.805.017**

BALANCE SHEET AT 1 APRIL

EQUITY AND LIABILITIES	Note	2016 DKK	2015 DKK
Share capital	6	5.000.000	5.000.000
Reserve for revaluation		771.424	989.005
Reserve for net revaluation according to equity value method		49.226.908	50.734.475
Retained profit		91.624.640	75.663.503
Proposed dividend		5.800.000	5.200.000
EQUITY		**152.422.972**	**137.586.983**
Provision for deferred tax	7	4.451.374	4.636.836
PROVISION FOR LIABILITIES		**4.451.374**	**4.636.836**
Mortgage debt		851.053	1.980.176
Long-term liabilities	8	**851.053**	**1.980.176**
Short-term portion of long-term liabilities	8	1.128.675	1.120.517
Trade payables		7.422.397	7.499.968
Payables to associated enterprises		10.010.551	11.007.840
Corporation tax		1.002.876	437.794
Other liabilities		5.113.212	5.534.903
Current liabilities		**24.677.711**	**25.601.022**
LIABILITIES		**25.528.764**	**27.581.198**
EQUITY AND LIABILITIES		**182.403.110**	**169.805.017**
Contingencies etc.	9		
Charges and securities	10		
Related parties	11		

EQUITY

	Share capital	Reserve for revaluation	Reserve for net revaluation according to equity value method	Retained profit	Proposed dividend	Total
Equity at 2 April 2015........	5.000.000	989.005	50.734.475	75.643.508	5.200.000	137.566.988
Change of equity due to correction of errors...........		-217.581	193.445	42.331		18.195
Adjusted equity at 2 April 2015............................	**5.000.000**	**771.424**	**50.927.920**	**75.685.839**	**5.200.000**	**137.585.183**
Dividend paid					-5.200.000	-5.200.000
Foreign exchange adjustments...................			-4.304.308			-4.304.308
Net adjustment of hedging instrument.....................				916.009		916.009
Proposed distribution of profit...........................			2.603.296	15.022.792	5.800.000	23.426.088
Equity at 1 April 2016.......	**5.000.000**	**771.424**	**49.226.908**	**91.624.640**	**5.800.000**	**152.422.972**

NOTES

	2015/16 DKK	2014/15 DKK	Note
Staff costs			1
Average number of employees			
40 (2014/15: 39)			
Wages and salaries	18.955.520	17.903.514	
Pensions	1.677.894	1.573.089	
Social security costs	322.545	318.702	
	20.955.959	**19.795.305**	
Tax on profit/loss for the year			2
Calculated tax on taxable income of the year	3.827.626	3.162.795	
Adjustment of tax for previous years	-47.952	-34.522	
Adjustment of deferred tax	-443.823	139.241	
	3.335.851	**3.267.514**	
PROPOSED DISTRIBUTION OF PROFIT			3
Proposed dividend for the year	5.800.000	5.200.000	
Allocation to reserve for net revaluation according to equity value method	2.603.296	3.476.460	
Retained profit	15.022.792	12.428.106	
	23.426.088	**21.104.566**	

Tangible fixed assets 4

	Land and buildings	Production plant and machinery	Other plant, machinery, tools and equipment
Cost at 2 April 2015	39.090.983	42.948.261	6.119.902
Additions	183.793	746.200	67.655
Cost at 1 April 2016	**39.274.776**	**43.694.461**	**6.187.557**
Revaluation at 2 April 2015	989.005	0	0
Revaluation at 1 April 2016	**989.005**	**0**	**0**
Depreciation and write-down at 2 April 2015	15.718.930	35.271.182	3.942.298
Depreciation for the year	769.811	1.797.096	678.447
Depreciation and write-down at 1 April 2016	**16.488.741**	**37.068.278**	**4.620.745**
Carrying amount at 1 April 2016	**23.775.040**	**6.626.183**	**1.566.812**

NOTES

Note

Fixed asset investments 5

	Equity investments in group enterprises	Equity investments in associated enterprises
Cost at 2 April 2015	38.048	77.000
Cost at 1 April 2016	**38.048**	**77.000**
Revaluation at 2 April 2015	26.282.708	24.645.195
Exchange adjustment	-4.299.600	0
Dividend distributed	-8.393.130	0
Profit for the year	10.400.254	643.845
Other adjustments	-52.364	0
Revaluation at 1 April 2016	**23.937.868**	**25.289.040**
Carrying amount at 1 April 2016	**23.975.916**	**25.366.040**

Investments in subsidiaries (DKK)

Name and registered office	Equity	Profit/loss for the year	Voting and ownership share
danfloor UK Ltd., Bristol, UK	24.591.367	10.400.254	100 %

Investments in associates (DKK)

Name and registered office	Equity	Profit for the year	Voting and ownership share
Foamtex ApS, Ikast	76.098.119	1.931.535	33 %

	2016 DKK	2015 DKK	Note
Share capital			6
Specification of the share capital:			
5,000 A-shares in the denomination of DKK 1,000	5.000.000	5.000.000	
	5.000.000	**5.000.000**	

NOTES

Note

Provision for deferred tax 7

Provision for deferred tax comprises deferred tax on tangible fixed assets and borrowing expenses.

	2015/16 DKK DKK	2014/15 DKK DKK
Deferred tax concerns:		
Land and buildings	3.925.577	3.992.619
Production plant and machinery	454.882	530.834
Other plant, machinery, tools and equipment	73.685	117.721
Borrowing expenses	-2.770	-4.338
	4.451.374	**4.636.836**
Deferred tax, beginning of year at 2 April 2015	4.636.836	4.672.845
Deferred tax of the year in the income statement	-185.462	-36.009
Provision for deferred tax at 1 April 2016 1. april 2016	**4.451.374**	**4.636.836**

Long-term liabilities 8

	2/4 2015 total liabilities	1/4 2016 total liabilities	Repayment next year	Debt outstanding after 5 years
Mortgage debt	3.100.693	1.979.728	1.128.675	0
	3.100.693	**1.979.728**	**1.128.675**	**0**

Contingencies etc. 9

The company has issued performance guarantees of a total amount of DKK ('000) 55 at 1 April 2016.

The company has entered into forward contracts to hedge future sales of a total amount of GBP ('000) 500, which are due for payment in May 2016. In relation to the forward rate at the balance sheet date, the value of the contracts is positive by approx. DKK ('000) 428. The exchange gain is recognised in equity.

Charges and securities 10

As security for engagement with bank, mortgage deeds and all-moneys mortgages have been issued of a total amount of DKK ('000) 22,400, secured on the above land and buildings. The carrying amount of land and buildings is DKK ('000) 23,775 at 1 April 2016.

As security for debt to mortgage credit institute of DKK ('000) 1,980, the above land and buildings have been charged. The carrying amount of land and buildings is DKK ('000) 23,775 at 1 April 2016.

NOTES

Note

Related parties 11

Controlling interest
Ulster Carpet Mills (Holdings) Limited, Portadown, Northern Ireland.

Other related parties having performed transactions with the company
The company's related parties having a significant influence comprise subsidiaries and associates as well as the companies' Board of Directors, Board of Executives and executive officers and their relatives. Related parties include also companies in which the above mentioned group of persons has material interests.

Transactions with related parties
The company did not carry out any substantial transactions that were not concluded on market conditions.

ACCOUNTING POLICIES

The annual report of Danfloor A/S for 2015/16 is presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium enterprise.

The annual report is prepared consistently with the accounting principles used last year.

Change due to errors
The comparative figures include a correction of the value of equity investments in associated companies of DKK ('000) 193, which is due to an error in previous year. The correction is recognised directly in the equity at beginning of the year.

The comparative figures also include a correction of the adjustment of deferred tax, as tax on changes in equity has been recorded incorrect. The correction is recognised directly in the equity at beginning of the year.

Furthermore, an amount of DKK ('000) 218 has been transferred from reserve for revaluation to distributable reserves because reserve for revaluation was stated inclusive of tax.

Consolidated financial statements
Consolidated financial statements have not been prepared because the Group fulfils the exemption provisions of section 112 of the Danish Financial Statements Act on sub-groups. The company is included in the consolidated financial statements of Ulster Carpet Mills (Holdings) Limited, Portadown, Northern Ireland.

INCOME STATEMENT

Net revenue
Net revenue from sale of merchandise and finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less dis-counts related to the sale.

Cost of sales
Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses
Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

Staff costs
Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Investments in subsidiaries and associates
The income statement of the parent company recognises the proportional share of the results of each subsidiary and associated enterprise after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

Financial income and expenses
Financial income and expenses include interest income and expenses, realised and unrealised gains and losses arising from debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

ACCOUNTING POLICIES

Tax
The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Tangible fixed assets
Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and write-down. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Buildings	50 years	0 %
Production plant and machinery	5-10 years	0 %
Other plant, fixtures and equipment	2-5 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Fixed asset investments
Investments in subsidiaries and associates are measured in the parent company's balance sheet under the equity method.

Investments in subsidiaries and associates are measured in the balance sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill calculated in accordance with the acquisition method. Goodwill is amortised on a straight-line basis over the useful life which is estimated to 5 years. The amortisation period is based on an assessment of the acquired enterprise's market position and earnings profile and the industry sector.

Net revaluation of investments in subsidiaries and associates is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value. The acquisition method is used on purchase of subsidiaries, see description above under consolidated financial statements.

Subsidiaries and associates with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the parent company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds accounts receivable, the residual amount is recognised under provision for liabilities to the extent that the parent company has a legal or actual liability to cover the subsidiary's and associates' negative balance.

ACCOUNTING POLICIES

Impairment of fixed assets

The carrying amount of tangible fixed assets is assessed annually with respect to indications of impairment other than reflected by depreciation.

If there are indications of impairment, an impairment test is carried out for each asset or group of assets, respectively. The value is written down to the lower of recoverable value and carrying amount.

The recoverable value is the higher of net sales price and capital value. The capital value is stated at the present value of the expected net cash flows arising from the use of the asset or the group of assets and the expected net cash flows from sale of the asset or group assets after the end of the useful life.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, write-down is provided to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost, direct production cost and indirect production cost.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale. The value is determined with due regard to inventories' marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down to meet expected losses.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

ACCOUNTING POLICIES

Liabilities
Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Mortgage debt is measured at amortised cost which for cash loans is equal to the debt outstanding and for bond loans is equal to the debt outstanding, calculated on the basis of the underlying cash value of the loan at the time of borrowing.

Other liabilities are measured at amortised cost equal to nominal value.

Derivative financial instruments
The initial recognition measures derivative financial instruments in the balance sheet at cost price and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in receivables and liabilities, respectively.

Changes in the fair value of derivative financial instruments classified as and meeting the criteria for hedging the fair value of a recognised asset or a recognised liability, are recognised in the income statement together with changes in the fair value, if any, of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments, classified as and meeting the conditions of hedging future assets and liabilities, are recognised in receivables or liabilities and in equity. If the future transaction results in recognition of assets or liabilities, amounts are transferred, which were recognised in the equity, from the equity and are recognised in the cost price for the asset or the liability, respectively. If the future transaction results in income or expenses, amounts are transferred, which were recognised in the equity, to the income statement in the period where the hedging influences the income statement.

For derivative financial statements, if any, which do not meet the conditions for treatment as hedging instruments, changes in the fair value are recognised currently in the income statement.

ACCOUNTING POLICIES

Foreign currency translation
Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognised directly in the equity.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

On recognition of foreign subsidiaries that are not independent entities, but integrated entities, monetary items are translated at the exchange rate on the balance sheet date. Non-monetary items are translated at the rate at the time of acquisition or at the time of subsequent revaluation or writedown of the asset. The items of the income statement are translated at the rate on the transaction date, items derived from non-monetary items being translated at the historic rates of the non-monetary item.

The income statements of foreign subsidiaries and associates fulfilling the criteria for being independent entities are translated at an average exchange rate for the month and balance sheet items are translated at the rate of exchange on the balance sheet date. Exchange differences arising from translation of the equity of foreign subsidiaries at the beginning of the year to the rates of the balance sheet date and from translation of income statements from average rate to the rates of the balance sheet date are recognised directly in the equity.

Exchange adjustment of intercompany accounts with foreign subsidiaries that are deemed to be an addition to or deduction from the equity of independent subsidiaries are recognised directly in the equity.

CASH FLOW STATEMENT

With reference to section 86 of the Danish Financial Statements Act, a cash flow statement is not prepared.