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

DANFLOOR A/S

ØSTERBRO 9, 6933 KIBÆK

ANNUAL REPORT

2 APRIL 2018 - 1 APRIL 2019

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 30 August 2019

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Nicholas David George Coburn

CVR NO. 44 83 13 17

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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 2018 - 1 April 2019
Board of Directors	Nicholas David George Coburn, chairman Richard Donald Stewart Jeremy Edward Brice Jesper Krøjgaard Jensen Ian Charles Dexter
Board of Executives	Jesper Krøjgaard Jensen
Auditor	BDO Statsautoriseret revisionsaktieselskab Birk Centerpark 30 7400 Herning
Bank	Nordea
Law Firm	Dahl advokatfirma Lundborgvej 18 8800 Viborg

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 financial year 2 April 2018 - 1 April 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 Company's financial position at 1 April 2019 and of the results of the Company's operations for the financial year 2 April 2018 - 1 April 2019.

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, 11 June 2019

Board of Executives

Jesper Krøjgaard Jensen

Board of Directors

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Danfloor A/S

Opinion
We have audited the Financial Statements of Danfloor A/S for the financial year 2 April 2018 - 1 April 2019, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 1 April 2019 and of the results of the Company's operations for the financial year 2 April 2018 - 1 April 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 Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 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.*

INDEPENDENT AUDITOR'S REPORT

- *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.

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 Statements Act. We did not identify any material misstatement of Management's Review.

Herning, 11 June 2019

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Steen Pedersen
State Authorised Public Accountant
MNE no. mne23302

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FINANCIAL HIGHLIGHTS

	2018/19 DKK '000	2017/18 DKK '000	2016/17 DKK '000	2015/16 DKK '000	2014/15 DKK '000
Income statement					
Gross profit/loss	29.115	31.991	37.301	39.980	36.723
Operating profit/loss	4.485	6.548	12.112	15.779	14.040
Financial income and expenses, net	28	-6	19	-9	106
Profit/loss for the year before tax	15.364	16.112	22.090	26.762	24.372
Profit/loss for the year	14.359	14.666	19.370	23.426	21.105
Balance sheet					
Balance sheet total	164.077	175.719	202.681	182.403	169.805
Equity	138.954	147.923	163.828	152.423	137.587
Invested capital	94.543	94.527	120.636	110.514	94.719
Investment in tangible fixed assets	-1.342	-1.217	-18.487	-998	-2.975
Ratios					
Rate of return	4,7	6,1	10,5	15,4	15,7
Solvency ratio	84,7	84,2	80,8	83,6	81,0
Return on equity	10,0	9,4	13,4	18,4	19,0

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

Rate of return: $\dfrac{\text{Profit/loss on ordinary activities x 100}}{\text{Average invested capital}}$

Invested capital: *Intangible fixed assets (ex goodwill) + tangible assets + inventories + receivables + other working current assets - trade payables - other provisions - other long and short term working liabilities*

Solvency ratio: $\dfrac{\text{Equity ex. minorities, at year end x 100}}{\text{Total equity and liabilities, at year end}}$

Return on equity: $\dfrac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

The ratios follow in all material respects the recommendations of the Danish Finance Society.

MANAGEMENT'S REVIEW

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

Development in activities and financial position
The global market has been under pressure for a period and the markets demand has declined particular in the residential market. Taken this into consideration the result of operations for the financial year is satisfactory.

Profit/loss for the year compared to future expectations
Profit after tax for the year ended 1 April 2019 amounts to DKK ('000) 14,359 which is DKK ('000) 307 less than in 2017/18. The results after tax for the year were on the expected level, due to the current market situation.

Significant events after the end of the financial year
No events have occurred after the end of the financial year of material importance for the company's financial position.

Environmental situation
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.

Besides the above, there are no real research and development costs.

Future expectations
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	2018/19 DKK	2017/18 DKK
GROSS PROFIT		**29.114.765**	**31.990.699**
Staff costs	1	-20.898.316	-21.691.987
Depreciation, amortisation and impairment		-3.731.938	-3.750.701
OPERATING PROFIT		**4.484.511**	**6.548.011**
Result of equity investments in group and associates	2	10.851.493	9.570.116
Other financial income		28.464	15.469
Other financial expenses		0	-21.321
PROFIT BEFORE TAX		**15.364.468**	**16.112.275**
Tax on profit/loss for the year	3	-1.005.209	-1.446.119
PROFIT FOR THE YEAR	4	**14.359.259**	**14.666.156**

BDO

BALANCE SHEET AT 1 APRIL

ASSETS	Note	2019 DKK	2018 DKK
Land and buildings		22.011.001	22.741.778
Production plant and machinery		18.522.008	20.191.972
Other plant, machinery, tools and equipment		1.675.594	1.758.897
Tangible fixed assets	5	**42.208.603**	**44.692.647**
Equity investments in group enterprises		26.490.695	25.873.620
Equity investments in associated enterprises		24.202.578	22.879.083
Fixed asset investments	6	**50.693.273**	**48.752.703**
FIXED ASSETS		**92.901.876**	**93.445.350**
Raw materials and consumables		9.397.981	9.291.398
Work in progress		12.261.203	14.733.568
Finished goods and goods for resale		25.753.423	22.765.221
Inventories		**47.412.607**	**46.790.187**
Trade receivables		7.096.738	8.118.563
Receivables from group enterprises		1.793.430	2.329.330
Other receivables		125.798	557.724
Prepayments and accrued income	7	314.019	556.543
Receivables		**9.329.985**	**11.562.160**
Cash and cash equivalents		**14.432.168**	**23.920.954**
CURRENT ASSETS		**71.174.760**	**82.273.301**
ASSETS		**164.076.636**	**175.718.651**

BALANCE SHEET AT 1 APRIL

EQUITY AND LIABILITIES	Note	2019 DKK	2018 DKK
Share capital	8	5.000.000	5.000.000
Reserve for revaluation		248.140	263.569
Reserve for net revaluation according to equity value method		50.578.224	48.637.654
Retained earnings		75.127.825	78.021.570
Proposed dividend		8.000.000	16.000.000
EQUITY		**138.954.189**	**147.922.793**
Provision for deferred tax	9	6.103.431	5.987.286
PROVISION FOR LIABILITIES		**6.103.431**	**5.987.286**
Trade payables		6.325.617	6.907.384
Payables to associated enterprises		8.885.763	10.876.603
Corporation tax		179.064	246.406
Other liabilities		3.628.572	3.778.179
Current liabilities		**19.019.016**	**21.808.572**
LIABILITIES		**19.019.016**	**21.808.572**
EQUITY AND LIABILITIES		**164.076.636**	**175.718.651**

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EQUITY

	Share capital	Reserve for revaluation	Reserve for net revaluation according to equity value method	Retained earnings	Proposed dividend	Total
Equity at 2 April 2018	5.000.000	263.569	48.637.654	78.021.570	16.000.000	147.922.793
Dividend paid					-16.000.000	-16.000.000
Foreign exchange adjustments			588.712			588.712
Value adjustments of equity			2.583.425			2.583.425
Transfers to/from other items		-15.429		15.429		
Proposed distribution of profit			10.851.493	-14.992.234	18.500.000	14.359.259
Distributed extraordinary dividend					-10.500.000	-10.500.000
Transfer of dividend			-12.083.060	12.083.060		
Equity at 1 April 2019	**5.000.000**	**248.140**	**50.578.224**	**75.127.825**	**8.000.000**	**138.954.189**

NOTES

	2018/19 DKK	2017/18 DKK	Note
Staff costs			1
Average number of employees			
40 (2017/18: 41)			
Wages and salaries	17.921.841	19.306.529	
Pensions	2.663.595	2.076.500	
Social security costs	312.880	308.958	
	20.898.316	**21.691.987**	
Result after tax of equity investments in group enterprises and associates			2
Result of equity investments in group enterprises	10.111.423	8.720.569	
Result of equity investments in associated enterprises	740.070	849.547	
	10.851.493	**9.570.116**	
Tax on profit/loss for the year			3
Calculated tax on taxable income of the year	889.064	1.022.406	
Adjustment of deferred tax	116.145	423.713	
	1.005.209	**1.446.119**	
Proposed distribution of profit			4
Proposed dividend for the year	8.000.000	16.000.000	
Extraordinary dividend	10.500.000	0	
Allocation to reserve for net revaluation according to equity value method	10.851.493	-1.173.783	
Retained earnings	-14.992.234	-160.061	
	14.359.259	**14.666.156**	

NOTES

		Note

Tangible fixed assets — Note 5

	Land and buildings	Production plants and machinery	Other plants, machinery, tools and equipment
Cost at 2 April 2018	39.862.800	57.813.107	6.425.660
Transferred	0	-363.453	0
Additions	87.340	700.989	553.592
Disposals	0	-50.000	-493.694
Cost at 1 April 2019	**39.950.140**	**58.100.643**	**6.485.558**
Revaluation at 2 April 2018	989.005	0	0
Revaluation at 1 April 2019	**989.005**	**0**	**0**
Depreciation and impairment losses at 2 April 2018	18.110.027	37.621.134	4.666.766
Transferred	0	-363.453	0
Reversal of depreciation of assets disposed of	0	-50.000	-399.666
Depreciation for the year	818.117	2.370.954	542.864
Depreciation and impairment losses at 1 April 2019	**18.928.144**	**39.578.635**	**4.809.964**
Carrying amount at 1 April 2019	**22.011.001**	**18.522.008**	**1.675.594**
Value of recognised assets, excluding revaluation under § 41 (1)	21.688.095		

Fixed asset investments — Note 6

	Equity investments in group enterprises	Equity investments in associated enterprises
Cost at 2 April 2018	38.048	77.000
Cost at 1 April 2019	**38.048**	**77.000**
Revaluation at 2 April 2018	25.835.572	22.802.083
Exchange adjustment	588.712	0
Dividend	-10.083.060	-2.000.000
Profit/loss for the year	10.111.482	740.070
Equity movements	0	2.583.425
Other adjustments	-59	0
Revaluation at 1 April 2019	**26.452.647**	**24.125.578**
Carrying amount at 1 April 2019	**26.490.695**	**24.202.578**

Investments in subsidiaries (DKK)

Name and registered office	Equity	Profit/loss for the year	Ownership
Danfloor UK Ltd., Bristol, UK	26.490.695	10.111.482	100 %

NOTES

Note

Investments in associates (DKK)

Name and registered office	Equity	Profit for the year	Ownership
Foamtex ApS, Ikast	72.607.733	2.220.210	33 %

	2019 DKK	2018 DKK	Note
Prepayments and accrued income			7
Costs	314.019	556.543	
	314.019	**556.543**	

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

	2019 DKK	2018 DKK	Note
Share capital			8
Specification of the share capital:			
A-shares, 5.000 in the denomination of 1.000 DKK	5.000.000	5.000.000	
	5.000.000	**5.000.000**	

Provision for deferred tax 9

Provision for deferred tax comprises deferred tax on tangible fixed assets and prepayments and accrued income.

	2019 DKK	2018 DKK
Provision for deferred tax comprises:		
Tangible fixed assets	6.034.347	5.864.847
Prepayments and accrued income	69.084	122.439
	6.103.431	**5.987.286**
Deferred tax, beginning of year	5.987.286	5.559.402
Deferred tax of the year, income statement	116.145	423.713
Deferred tax of the year, equity	0	4.171
Deferred tax of the year, income statement	**6.103.431**	**5.987.286**

NOTES

Note

Related parties **10**
The Company's related parties include:

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

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 material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

Consolidated financial statements **11**
The company is included in the consolidated financial statements of Ulster Carpet Mills (Holdings) Limited, Portadown, Northern Ireland.

ACCOUNTING POLICIES

The Annual Report of Danfloor A/S for 2018/19 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium-size enterprise.

The Annual Report is prepared consistently with the accounting principles applied last year.

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 discounts related to the sale.

Other operating income
Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible fixed assets.

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 after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

The proportional share of the results of each associate after proportional elimination of intercompany profits/losses and deduction of amortisation of goodwill is recognised in the income statement of the owner company.

Financial income and expenses
Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, 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.

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.

ACCOUNTING POLICIES

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 impairment losses. 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	2-15 years	0 %
Other plant, machinery, tools 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 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

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.

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 company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds receivables, the residual amount is recognised under provision for liabilities to the extent that the company's has a legal or actual liability to cover the subsidiary's and associates' deficit.

Impairment of fixed assets
The carrying amount of tangible assets are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, the assets are written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

ACCOUNTING POLICIES

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, the inventories are written down 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 and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to 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 impairment losses 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.

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.

Amortised cost of current liabilities usually corresponds to nominal value.

ACCOUNTING POLICIES

Derivative financial instruments
Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised under receivables and payables, respectively.

Change in fair value of derivative financial instruments classified as and complying with the criteria for hedging of the fair value of a recognised asset or a recognised liability is recognised in the income statement together with possible changes in the fair value of the hedged asset or the hedged liability.

Change in fair value of derivative financial instruments classified as and complying with the criteria for hedging of future cash flows is recognised under receivables or payables and under equity. If the future transaction results in recognition of assets or liabilities, all amounts recognised under equity are transferred from equity and recognised under the initial cost of the asset or liability, respectively. If the future transaction results in income or expenses amounts recognised under equity are transferred to the Income Statement for the period where the Income Statement was affected by the hedged amount.

As regards possible derivative financial instruments, which do not comply with the criteria for classification as hedging instruments, any changes in fair value are recognised on a current basis in the Income Statement.

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.

ACCOUNTING POLICIES

CASH FLOW STATEMENT

With reference to Section 86(4) of the Danish Financial Statements Act, the company has not prepared a cash flow statement.