



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

2 APRIL 2022 - 1 APRIL 2023

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 30 September 2023**

Nicholas David George Coburn

CVR NO. 44 83 13 17

CONTENTS

	Page
Company Details	
Company Details.....	3
Statement and Report	
Management's Statement.....	4
Independent Auditor's Report.....	5-6
Management Commentary	
Financial Highlights.....	7
Management Commentary.....	8
Financial Statements 2 April 2022 - 1 April 2023	
Income Statement.....	9
Balance Sheet.....	10-11
Equity.....	12
Notes.....	13-16
Accounting Policies.....	17-21

COMPANY DETAILS

Company	Danfloor A/S Østerbro 9 6933 Kibæk CVR No.: 44 83 13 17 Established: 9 May 1973 Municipality: Herning Financial Year: 2 April 2022 - 1 April 2023
Board of Directors	Nicholas David George Coburn, chairman Jeremy Edward Brice Jesper Krøjgaard Jensen Ian Charles Dexter
Executive Board	Jesper Krøjgaard Jensen
Auditor	BDO Statsautoriseret revisionsaktieselskab Birk Centerpark 30 7400 Herning
Law Firm	Dahl advokatfirma Lundborgvej 18 8800 Viborg

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Danfloor A/S for the financial year 2 April 2022 - 1 April 2023.

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 assets, liabilities and financial position at 1 April 2023 and of the results of the Company's operations for the financial year 2 April 2022 - 1 April 2023.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

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

Kibæk, 15 June 2023

Executive Board

Jesper Krøjgaard Jensen

Board of Directors

Nicholas David George Coburn
Chairman

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 2022 - 1 April 2023, 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 2023 and of the results of the Company's operations for the financial year 2 April 2022 - 1 April 2023 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 (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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.*

INDEPENDENT AUDITOR'S REPORT

- *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 Commentary

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover Management Commentary, 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 Commentary and, in doing so, consider whether Management Commentary 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management Commentary 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 Commentary.

Herning, 15 June 2023

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Steen Pedersen
State Authorised Public Accountant
MNE no. mne23302

FINANCIAL HIGHLIGHTS

	2022/23 DKK '000	2021/22 DKK '000	2020/21 DKK '000	2019/20 DKK '000	2018/19 DKK '000
Income statement					
Gross profit/loss.....	30.383	34.153	30.178	30.986	29.115
Operating profit/loss of main activities...	3.996	6.444	5.389	5.532	4.485
Financial income and expenses, net.....	142	-38	-8	14	28
Profit/loss for the year before tax.....	15.493	15.167	14.106	13.894	15.364
Profit/loss for the year.....	14.579	13.749	12.921	12.658	14.359
Balance sheet					
Total assets.....	189.166	185.145	173.019	169.547	164.077
Equity.....	160.658	155.933	145.650	142.744	138.954
Investment in property, plant and equipment.....	1.713	540	905	905	1.342
Key ratios					
Return on invested capital.....	4,1	6,8	4,7	6,1	10,5
Equity ratio.....	84,9	84,2	84,2	84,2	84,7
Return on equity.....	9,2	9,1	9,0	9,0	10,0

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

<i>Invested capital:</i>	<i>NWC + intangible and tangible assets (ex goodwill) - provisions - other operating liabilities, non-current</i>
<i>Return on invested capital:</i>	<i>$\frac{\text{Operating Profit/loss adjusted for goodwill amortisation} \times 100}{\text{Average invested capital}}$</i>
<i>Equity ratio:</i>	<i>$\frac{\text{Equity, at year-end} \times 100}{\text{Total assets, at year-end}}$</i>
<i>Return on equity:</i>	<i>$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$</i>

MANAGEMENT COMMENTARY

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 and economic position

During the financial year, the company has operated under some difficult market conditions.

The situation on the Supply Chain has also been a big issue, as lack of material in the global world together with longer lead time is an ongoing challenge that the company has been a part of. Increase in prices of raw material is another challenge that we have to coop with and we have not been in the position to raise our sales prices at the same level, as the raw material has increased.

Projects have been postponed during the period and this has impacted the company activity level in part of the year.

On the other side the company has focussed on different segments and there has been an uptrend in some of our segments and the company has achieved an increased activity in these areas. The company has also been in position to take extra market shares in some of the sales markets.

Taken this into consideration the result of operations for the financial year is satisfactory.

Profit/loss for the year compared to the expected development

Profit after tax for the year ended 1 April 2023 amounts to DKK ('000) 14.579 which is DKK ('000) 830 more than in 2021/22. 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

The situation and the war in Ukraine will have a negative effect of the future trading, as the European market is very unpredictable. At the same time the increases in prices and the overall inflation in the world will be an issue that can harm the business in the retail and contract market.

Current and any future political and economic measures that may be implemented could post financial risks related to the company's operations and possibly limit the company's trading opportunities

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 management is expecting a result for 2023/24 that is expected to be on same level as 2022/23.

INCOME STATEMENT 2 APRIL - 1 APRIL

	Note	2022/23 DKK	2021/22 DKK
GROSS PROFIT		30.382.783	34.153.178
Staff costs.....	1	-23.030.435	-24.183.771
Depreciation, amortisation and impairment.....		-3.356.522	-3.450.797
Other operating expenses.....		0	-75.000
OPERATING PROFIT		3.995.826	6.443.610
Income from investments in subsidiaries and associates.....	2	11.356.153	8.761.458
Other financial income.....	3	158.756	836
Other financial expenses.....		-17.248	-39.239
PROFIT BEFORE TAX		15.493.487	15.166.665
Tax on profit/loss for the year.....	4	-914.141	-1.417.855
PROFIT FOR THE YEAR	5	14.579.346	13.748.810

BALANCE SHEET AT 1 APRIL

ASSETS	Note	2023 DKK	2022 DKK
Land and buildings.....		18.948.384	19.740.987
Production plants and machinery.....		12.846.142	13.584.179
Other plants, machinery, tools and equipment.....		893.093	1.257.173
Property, plant and equipment.....	6	32.687.619	34.582.339
Equity investments in group enterprises.....		49.277.182	44.252.142
Equity investments in associated enterprises.....		23.009.151	23.881.178
Financial non-current assets.....	7	72.286.333	68.133.320
NON-CURRENT ASSETS.....		104.973.952	102.715.659
Raw materials and consumables.....		12.508.573	12.840.101
Work in progress.....		11.954.854	9.180.586
Finished goods and goods for resale.....		31.370.896	25.875.935
Inventories.....		55.834.323	47.896.622
Trade receivables.....		7.861.000	6.665.705
Receivables from group enterprises.....		3.063.448	11.414.584
Other receivables.....		535.736	1.194.039
Receivables corporation tax.....		789	0
Prepayments and accrued income.....	8	684.282	571.352
Receivables.....		12.145.255	19.845.680
Cash and cash equivalents.....		16.212.784	14.686.643
CURRENT ASSETS.....		84.192.362	82.428.945
ASSETS.....		189.166.314	185.144.604

BALANCE SHEET AT 1 APRIL

EQUITY AND LIABILITIES	Note	2023 DKK	2022 DKK
Share capital.....	9	5.000.000	5.000.000
Reserve for revaluation.....		186.428	201.856
Reserve for net revaluation according to equity value method..		72.171.285	68.018.270
Retained earnings.....		78.299.917	76.713.357
Proposed dividend.....		5.000.000	6.000.000
EQUITY.....		160.657.630	155.933.483
Provision for deferred tax.....	10	5.595.968	5.800.558
PROVISIONS.....		5.595.968	5.800.558
Corporation tax.....		829.974	1.311.880
Other liabilities.....		0	3.045.000
Non-current liabilities.....	11	829.974	4.356.880
Trade payables.....		8.051.446	9.147.428
Payables to associated enterprises.....		7.628.060	7.332.955
Other liabilities.....		6.403.236	2.573.300
Current liabilities.....		22.082.742	19.053.683
LIABILITIES.....		22.912.716	23.410.563
EQUITY AND LIABILITIES.....		189.166.314	185.144.604
Related parties	12		
Consolidated Financial Statements	13		

EQUITY

	Share capital	Reserve for revaluation	Reserve for net revaluation according to equity value method	Retained earnings	Proposed dividend	Total
Equity at 2 April 2022.....	5.000.000	201.856	68.018.271	76.713.356	6.000.000	155.933.483
Proposed profit allocation see note 5.....			11.356.153	-1.776.807	5.000.000	14.579.346
Transactions with owners						
Dividend paid.....					-6.000.000	-6.000.000
Other legal bindings						
Foreign exchange adjustments.....			-3.855.199			-3.855.199
Transfers						
Receiv./decl. dividend.....			-3.347.940	3.347.940		0
Depriciation.....		-15.428		15.428		0
Equity at 1 April 2023.....	5.000.000	186.428	72.171.285	78.299.917	5.000.000	160.657.630

NOTES

	2022/23 DKK	2021/22 DKK	Note
Staff costs			1
Average number of employees	37	38	
Wages and salaries.....	19.056.880	20.311.390	
Pensions.....	3.559.096	3.532.545	
Social security costs.....	414.459	339.836	
	23.030.435	24.183.771	
Information on remuneration of Management is not disclosed, cf. the exemption provision in section 98b(3)(2) of the Danish Financial Statements Act.			
Income from investments in subsidiaries and associates			2
Income from investments in subsidiaries.....	12.228.180	9.180.631	
Result of equity investments in associated enterprises.....	-872.027	-419.173	
	11.356.153	8.761.458	
Other financial income			3
Other interest income.....	158.756	836	
	158.756	836	
Tax on profit/loss for the year			4
Calculated tax on taxable income of the year.....	1.117.974	1.573.880	
Adjustment of tax for previous years.....	757	0	
Adjustment of deferred tax.....	-204.590	-156.025	
	914.141	1.417.855	
Proposed distribution of profit			5
Proposed dividend for the year.....	5.000.000	6.000.000	
Allocation to reserve for net revaluation according to equity value method.....	11.356.153	8.761.458	
Retained earnings.....	-1.776.807	-1.012.648	
	14.579.346	13.748.810	

NOTES

				Note
Property, plant and equipment				6
	Land and buildings	Production plants and machinery	Other plants, machinery, tools and equipment	
Cost at 2 April 2022.....	40.108.738	59.826.774	6.099.463	
Additions.....	0	1.386.687	325.692	
Disposals.....	0	-1.697.656	-819.617	
Cost at 1 April 2023.....	40.108.738	59.515.805	5.605.538	
Revaluation at 2 April 2022.....	989.005	0	0	
Revaluation at 1 April 2023.....	989.005	0	0	
Depreciation and impairment losses at 2 April 2022.....	21.356.756	46.242.595	4.842.289	
Reversal of depreciation of assets disposed of..	0	-1.697.656	-569.039	
Depreciation for the year.....	792.603	2.124.724	439.195	
Depreciation and impairment losses at 1 April 2023.....	22.149.359	46.669.663	4.712.445	
Carrying amount at 1 April 2023.....	18.948.384	12.846.142	893.093	
Value of recognised assets, excluding revaluation under § 41 (1).....	18.708.901			
Financial non-current assets				7
		Equity investments in group enterprises	Equity investments in associated enterprises	
Cost at 2 April 2022.....		38.048	77.000	
Cost at 1 April 2023.....		38.048	77.000	
Revaluation at 2 April 2022.....		44.214.093	23.804.178	
Exchange adjustment.....		-3.814.379	0	
Dividend.....		-3.388.760	0	
Profit/loss for the year.....		12.229.088	-872.027	
Other adjustments.....		-908	0	
Revaluation at 1 April 2023.....		49.239.134	22.932.151	
Carrying amount at 1 April 2023.....		49.277.182	23.009.151	
Investments in subsidiaries (DKK)				
Name and domicil	Equity	Profit/loss for the year	Ownership	
Danfloor UK Ltd., Bristol, UK.....	49.277.182	12.229.088	100 %	

NOTES

				Note
Fixed asset investments (continued)				7
Investments in associates (DKK)				
Name and domicil	Equity	Profit for the year	Ownership	
Foamtex ApS, Ikast	69.027.450	-2.616.081	33 %	
		2023 DKK	2022 DKK	
Prepayments and accrued income				8
Costs.....		684.282	571.352	
		684.282	571.352	
Accruals recognised as assets include costs incurred relating to the subsequent financial year.				
Share capital				9
Allocation of share capital:				
A-shares, 5.000 unit in the denomination of 1.000 DKK.....		5.000.000	5.000.000	
		5.000.000	5.000.000	
Provision for deferred tax				10
Provision for deferred tax comprises deferred tax on tangible fixed assets and prepayments and accrued income.				
Provsion for deferred tax comprises:				
Tangible Fixed assets.....		5.445.426	5.674.861	
Prepayments and accrued income.....		150.542	125.697	
		5.595.968	5.800.558	
Deferred tax, beginning of year.....		5.800.558	5.956.583	
Deferred tax of the year, income statement.....		-204.590	-156.025	
Deferred tax of the year, income statement.....		5.595.968	5.800.558	
Long-term liabilities				11
	1/4 2023 total liabilities	Repayment next year	Debt outstanding after 5 years	1/4 2022 total liabilities
Corporation tax.....	829.974	0	0	1.311.880
Other liabilities.....	0	0	0	3.045.000
	829.974	0	0	4.356.880

NOTES**Note****Related parties****12**

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**13**

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 2022/23 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.

Where products with a high degree of individual adjustments are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total costs and expenses regarding the contract and the degree of completion at the balance sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the company.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Other operating income

Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities, including profit from sale of intangible and tangible fixed assets. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.

Other operating expenses

Other operating expenses include items of a secondary nature in relation to the enterprises' principal activities, including loss 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.

ACCOUNTING POLICIES

Income from 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.

In connection with transfers, potential profits are recognised when the economic rights related to the sold equity interests are transferred, however, at the earliest when the profit has been realised or is regarded as realisable. Moreover, realised losses other than impairments are included where identified.

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.

BALANCE SHEET

Tangible fixed assets

Land and buildings, production plant and machinery, other plants, 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:

	<i>Useful life</i>	<i>Residual value</i>
<i>Buildings.....</i>	<i>50 years</i>	<i>0 %</i>
<i>Production plants and machinery.....</i>	<i>2-15 years</i>	<i>0 %</i>
<i>Other plants, machinery, tools and equipment.....</i>	<i>2-5 years</i>	<i>0 %</i>

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.

Financial non-current assets

Investments in are measured in the company's balance sheet under the equity method.

Investments in 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

ACCOUNTING POLICIES

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 subsidiaries 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.

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.

ACCOUNTING POLICIES

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.

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.

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.

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.

Exchange rate differences recognised in Equity are accumulated in a fair value reserve for currency translation of foreign entities and are transferred to the Income Statement when object of the currency translation is realised or ends. An exception is exchange rate differences arising from translation of Equity interests, which are recognised at Equity value, where the whole value adjustment, including exchange rate differences, are included in the reserve for net valuation according to the Equity value method.

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.