

Unilever Danmark A/S

Ørestads Boulevard 73

2300 København S

CVR No 45963128

Annual Report 2017

The Annual Report was presented and
approved at the Annual General Meeting of
the Company on 30 May 2018

A handwritten signature in black ink, appearing to read 'Anders St. Radtke', written over a horizontal line.

Chairman

Unilever Danmark A/S

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Unilever Danmark A/S

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the Annual Report of Unilever Danmark A/S for the financial year 1 January - 31 December 2017

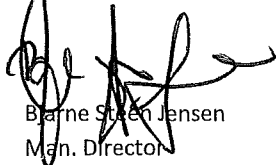
The Annual Report has been prepared in accordance with the Danish Financial Statements Act

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January 2017 - 31 December 2017.

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

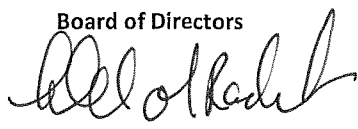
Copenhagen, 30 May 2018

Executive Board



Bjarne Steen Jensen
Man. Director

Board of Directors



Lisbeth Mundrup Radant
Chairman of the Board



Patricia Juliá Leiche



Anders Andreassen



Kenneth Hansen
Employee Representative

Independent auditor's report

To the shareholders of Unilever Danmark A/S

Opinion

We have audited the financial statements of Unilever Danmark A/S for the financial year 1 January - 31 December 2017 comprising income statement, balance sheet, statement of changes in equity and notes, including 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 Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 that 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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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 judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company 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.

Unilever Danmark A/S

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's review

Management is responsible for the Management's review.

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

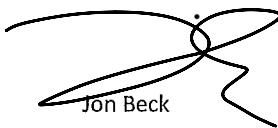
Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review

Copenhagen, 30 May 2018

KPMG

Statsautoriseret Revisionspartnerselskab

CVR-no. 25578198



Jon Beck

State Authorised

Public Accountant

mne32169

Unilever Danmark A/S

Company details

Company	Unilever Danmark A/S Ørestads Boulevard 73 2300 København S
Website	www.unilever.dk
CVR No.	45963128
Date of formation	28 February 1939
Registered office	København
Financial year	1 January 2017 - 31 December 2017
Supervisory Board	Lisbeth Mundrup Radant, Chairman of the Board Patricia Juliá Lerche Anders Andreassen Kenneth Hansen, Employee Representative
Executive Board	Bjarne Steen Jensen, Man. Director
Auditors	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 2100 København Ø CVR-no · 25578198
Annual General Meeting	The Annual General Meeting is held on 30 May 2018.

Unilever Danmark A/S

Management's Review

Principal activities

Unilever operates in the fast-moving consumer goods industry. In 2017, the company operated across four categories, Personal Care, Home Care, Foods and Refreshment

Development in activities and financial position

The Company realised a profit for the year of T DKK 16 124 (2016: T DKK 6.485), and the Company's total Assets and Equity at 31 December 2017 amount to T DKK 403.181 thousand (2016: T DKK 396 047) and T DKK 264.120 (2016: T DKK 254.481), respectively

2017 brought forward some new launches like the new introduction of Bertolli, an Italian food platform, but also the big introduction of Magnum Pints, awarded the 'best launch of FMCG in 2017' according to the DLF industry association. Value brands like OMO performed well and also in Personal Care, continued growth was materialized in Oral Care, Hand and Body care and growth in brands like Rexona for Men and Dove. In-store execution was a positive contributor to performance driven by strong Field Force management, resulting in the recognition of Best Field Force in Denmark for the Home and Personal Care Field team reported by the national FAKTUM research. Sales are lower than last year's predominantly due to a poor summer that had a negative impact on ice-cream sales.

The result for 2017 is higher than last year's expectations due to new successful launches as well as growth in already existing brands. A similar result is expected for 2018

Corporate social responsibility

Unilever Danmark A/S is included in the consolidated accounts of Unilever N.V, where the Corporate Social Responsibility statement, including environment, human rights and climate are presented (p.7 to 18). The company therefore does not present it in the Annual Report, Danish Financial Statement Act §99a, section 6

The Annual Report of Unilever N.V can be found using the link.

<https://www.unilever.com/investor-relations/annual-report-and-accounts/>

Goals and policies for the underrepresented gender

The company has a policy for gender balance in the Board of Directors and other management levels

For the gender balance of the Board of Directors, the company has set the following goals:

The company continues to have a target of 33% women among the members elected by the general Assembly. When it comes to the employee-elected Board members, the Board will still need to make an extraordinary effort to encourage female candidates to make up for being elected to the Board of Directors when elections are held. There are currently no female employee-representatives in the Board. Next election will be in 2018

The target for women in other management levels has been set to 50%. In order to ensure that the proportion of women on other management levels of the company increases, the Board of Directors has implemented the following activities to the extent that it is deemed relevant:

- * work to ensure that company policies reflects that women and men's will have equal career opportunities, including the recruitment procedures and promotions,
- * Create development programs that help to visualize female leadership talents
- * Ensure that there are both female and male candidates shortlisted for internal and external recruitment,
- * Ensure that recruiting staff know about this management philosophy and has included this policy in their specific recruitment procedure, and

Unilever Danmark A/S

Management's Review

* Ensure that instructions are given to external head hunters so that both qualified female and male candidates are recommended. The ambition is that all shortlists should contain 50% female candidates.

Status for 2017:

2017 has been a year with high attrition in the Sales organization. It has been extremely difficult to find Key Account Manager candidates overall. Two female Key Account Managers resigned during 2017. Thus, the proportion of women at other management levels in the company is 38%, which is a big drop from 47% in 2016.

Due to a termination amongst the company appointed members in the Board of Directors, the target of 33% women among the company appointed members was reached in 2017. One male employee-elected employee has also left the company in 2017 and not replaced due to the upcoming election. The total gender balance in the board is therefore 67% women and the board is considered in balance, in accordance with the Danish Financial Statement Act §99b, section 3.

Risks

Unilever Danmark A/S act as low risk distributor (LRD) delivering sales and marketing services to Unilever Europe BV (Principal) for a remuneration. The Principal is carrying all business related risks

Currency risks

Currency risks for the European business are managed by Unilever Europe BV (UEBV) and UEBV applies FX hedging in line with the corporate guidelines.

Interest risks

Interest risk for the whole group are managed by Unilever Global Treasury department.

Price risks

UEBV manages the risk on commodity prices and applies commodity hedging, in line with corporate CRM policies. Local company Denmark implements pricing (on instruction of UEBV) to offset impact of commodity price changes

Events after the balance sheet date

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

Unilever Danmark A/S

Key Figures and Financial Ratios

The development in the Company's key figures and financial ratios can be described as follows:
Key figures are in million. kr.

	2017	2016	2015	2014	2013
Revenue	1 392	1,474	1,441	1 642	1,589
Operating profit/loss	29	20	48	-7	-15
Profit/loss from financial income and expenses	1	0	0	-8	0
Profit/loss for the year	16	7	32	-85	-28
Total assets	403	396	445	500	507
Investment in property, plant and equipment	5	5	6	5	8
Total equity	264	254	280	248	333
Avg. number of full-time employees	228	235	237	244	246
Gross profit (%)	22,93	21,37	24,60	21,10	6,40
Profit margin (%)	2,08	1,32	3,30	-0,43	-0,94
Return on capital employed (%)	7,43	4,64	10,20	-1,39	-2,78
Solvency ratio (%)	65,51	64,26	62,81	49,60	65,70
Return on equity (ROE) (%)	6,22	2,62	12,13	-29,26	-8,07

For definitions of key ratios, see Accounting policies on page 21.

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Ratios".

Unilever Danmark A/S
 Financial statements 1 January - 31 December

Income Statement

	Note	2017 T DKK	2016 T DKK
Revenue	1	1.391.717	1.474.455
Production costs	2, 3	-1.072.561	-1.158.452
Gross profit		319.156	316.003
Distribution costs	2, 3	-282.103	-278.133
Administration costs	2, 3	-18.956	-29.719
Profit from ordinary operating activities		18.097	8.151
Other operating income		10.798	11.369
Operating profit		28.895	19.520
Financial income		789	402
Financial expenses		-42	-21
Profit from ordinary activities before tax		29.642	19.901
Tax on profit for the year	4	-13.518	-13.416
Profit for the year	5	16.124	6.485

Unilever Danmark A/S
 Financial statements 1 January - 31 December

Balance Sheet as of 31 December

	Note	2017 T DKK	2016 T DKK
Assets			
Trademarks	6	36.750	49.101
Goodwill	7	57.420	70.449
Intangible assets		94.170	119.550
Fixtures, fittings, tools and equipment	8	25.276	27.670
Property, plant and equipment		25.276	27.670
Deposits	9	2.606	2.619
Financial assets		2.606	2.619
Fixed assets		122.052	149.839
Finished goods and goods for resale		1.102	1.393
Inventories		1.102	1.393
Trade receivables		104.977	73.316
Receivables from group entities		167.012	163.730
Deferred tax	10	2.804	2.944
Tax receivables		512	0
Other receivables		941	2.920
Receivables		276.246	242.910
Cash and cash equivalents		3.781	1.905
Current assets		281.129	246.208
Assets		403.181	396.047

Unilever Danmark A/S
 Financial statements 1 January - 31 December

Balance Sheet as of 31 December

	Note	2017 T DKK	2016 T DKK
Liabilities and equity			
Share capital	11	190.205	190.205
Retained earnings		57.791	57.791
Proposed dividends for the year		16.124	6.485
Equity		264.120	254.481
Other provisions	12	0	700
Provisions		0	700
Trade payables		29.292	9.876
Payables to group entities		64.245	88.789
Tax payables		0	383
Other payables		45.192	40.989
Deferred income	13	332	829
Current liabilities other than provisions		139.061	140.866
Liabilities other than provisions within the business		139.061	140.866
Liabilities and equity		403.181	396.047
Contingent liabilities	14		
Contractual obligations	15		
Related parties	16		
Fees for auditors elected on the general meeting	17		

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Statement of changes in Equity

	Share capital	Retained earnings	Proposed dividends for the year	Total
Equity 1 January 2017	190 205	57 791	6 485	254 481
Dividend paid	0	0	-6 485	-6 485
Profit	0	0	16 124	16 124
Equity 31 December 2017	<u>190.205</u>	<u>57 791</u>	<u>16.124</u>	<u>264.120</u>

Unilever Danmark A/S
Financial statements 1 January - 31 December

Notes

	2017 T DKK	2016 T DKK
1. Revenue		
Domestic	1.309 020	1 393 442
Foreign	82.357	80.637
Domestic and foreign	340	376
	1.391.717	1.474.455
Home Care and personal care	518.009	548.259
Foods, refreshments and Ice cream	873 708	926 196
	1.391.717	1.474.455
2. Staff costs		
Wages and salaries	121.928	118.805
Pension	12.192	12.288
Other social security costs	2 616	3 332
	136.736	134.425
<i>Staff costs are allocated as follows in the income statement</i>		
Production costs	9.364	8.716
Distribution costs	113.613	113.036
Administration costs	13.759	12.673
	136.736	134.425
<i>Hereof remuneration to The Executive board and the Board of Directors</i>		
Wages and salaries	3.765	2.559
Pension	306	252
	4.071	2.811
Average number of employees	228	235

Referring to the Danish Financial Statement Act §98B, section 3.1 salaries has not been separated between the Executive Board and the Board of Directors

Incentive schemes for Management

All employees are included in Unilever's compensation program, which includes bonus and share award programs. The level of bonus possibility depends on the level of managerial responsibility, pay-out depends on individual and organizational performance.

Unilever offers two types of share schemes.

Manager Co Investment Plan (MCIP):

Managers can chose to invest up to 100% of the yearly bonus in Unilever shares. Unilever is matching the equivalent amount of shares (Matching shares).

Matching shares are vesting after 4 years provided the manager is still employed in the company

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Global shares plans:

Non-executive employees can chose to invest part of their salary in Unilever shares (Investment shares). Every third month Unilever will match every third investment share with one share.

To get the matching share the employee needs to retain share in minimum 3 years.

	2017 T DKK	2016 T DKK
3. Depreciation, amortisation and impairment of intangible and tangible assets		
Intangible Assets		
Production costs	25.379	25.378
	<u>25.379</u>	<u>25.378</u>
Tangible assets		
Distribution costs	7.147	9.351
Administration costs	456	782
	<u>7.603</u>	<u>10.133</u>
4. Tax on profit for the year		
<i>Current tax for the year</i>		
Tax on profit current year	13.402	14.186
Deferred tax, adjustment for the year	140	-769
Adjustment to prior year	-24	-1
	<u>13.518</u>	<u>13.416</u>
5. Profit for the year		
Profit for the year	16.124	6.485
Proposed dividends for the year	16.124	6.485
6. Trademarks		
Cost at the beginning of the year	123.510	123.510
Cost at the end of the year	<u>123.510</u>	<u>123.510</u>
Impairment losses and amortisation at the beginning of the year	-74.409	-62.058
Amortisation for the year	-12.351	-12.351
Impairment losses and amortisation at the end of the year	<u>-86.760</u>	<u>-74.409</u>
Carrying amount at the end of the year	<u>36.750</u>	<u>49.101</u>

Notes

	2017 T DKK	2016 T DKK
7. Goodwill		
Cost at the beginning of the year	948.691	948.691
Cost at the end of the year	948.691	948.691
Impairment losses and amortisation at the beginning of the year	-878.242	-865.216
Amortisation for the year	-13.029	-13.026
Impairment losses and amortisation at the end of the year	-891.271	-878.242
Carrying amount at the end of the year	57.420	70.449
8. Fixtures, fittings, tools and equipment		
Cost at the beginning of the year	120.479	118.858
Addition during the year	5.431	4.950
Disposal during the year	-1.919	-3.329
Cost at the end of the year	123.991	120.479
Impairment losses and amortisation at the beginning of the year	-92.809	-85.756
Amortisation for the year	-6.950	-10.004
Impairment in the year	-653	0
Reversal of impairment losses and amortisation of disposed assets	1.697	2.951
Impairment losses and depreciation at the end of the year	-98.715	-92.809
Carrying amount at the end of the year	25.276	27.670
9. Deposits		
Opening	2.619	2.578
Additions	15	41
Disposal	-28	0
Carrying amount at the end of the year	2.606	2.619
10. Deferred tax asset		
Deferred tax relates to		
Intangible assets	-605	-511
Property, plant and equipment	-425	-261
Receivables	1.010	1.193
Other payables	2.824	2.523
	2.804	2.944

The Company recognizes deferred tax assets if management assesses that the tax assets can be offset against positive taxable income in the foreseeable future. The judgement is made annually and based on budgets and business plans for the coming years. The deferred tax asset is expected to be realized within 1-5 years.

Unilever Danmark A/S
Financial statements 1 January - 31 December

Notes

11. Share capital

All shares rank equally.

	2017 T DKK	2016 T DKK
12. Other provisions		
Balance at the beginning of the year	700	0
Additions during the year	0	700
Disposals during the year	-700	0
Balance at the end of the year	0	700

13. Deferred income

Deferred income comprise prepayments received in respect of income in subsequent years

14. Contingent liabilities

The company is jointly taxed with other Danish companies in the Unilever Group in accordance with the rules on compulsory joint taxation. The company is liable unrestricted and jointly with the other companies in the joint taxation for Danish corporation tax and withholding tax on dividends and interest in joint taxation. The total income tax liability to the Danish Tax Authorities for the whole tax group amounts to 43 T DKK as of December 31, 2017.

15. Contractual obligations

Commitments from operating leasing

Within 1 year	12.007	14 673
1 to 5 years	18 332	22 978
After 5 years	902	2 537
	31.241	40.188

Included in the above commitments is leasing commitment for rent until end of Aug 2018, which amounts to 3.573 T DKK (7.109 T DKK as of December 31, 2016)

16. Related parties

Unilever Danmark A/S' related parties comprise the following:

Control:
Unilever Finland OY, PL 254, 00101 Helsinki, Finland

The consolidated statement can be obtained on the same address.

Related party transactions:

The company has chosen to disclose transactions that are not conducted on normal commercial terms after Statements § 98 c, subsection 7

17. Fees for auditors elected on the general meeting

Fee to the auditors appointed at the general meeting are not disclosed with reference to the Danish Financial Statements Act §96 (3)

Unilever Danmark A/S
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Accounting Policies

Reporting Class

The Annual Report of Unilever Danmark A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Unilever Danmark A/S and group entities are included in the consolidated financial statements of Unilever N.V., Weena 455, 3000 DK Rotterdam, Netherland, Business ID 24051830.

Accounting policies Cash Flow Statement

Unilever Danmark A/S' cash flow statement is included in the consolidated accounts of Unilever N.V., Rotterdam, The Netherlands. Unilever Danmark A/S therefore does not present cash flow statement in the annual report, cf. section 86 (4) of the Danish Financial Statements Act

Reporting currency

The Annual Report is presented in thousand Danish kroner

Income Statement

Revenue

Income from the sale of goods is recognised in the Income Statement from the date of delivery and when the risk has passed to the buyer if it is possible to calculate the income reliably. Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue

Production costs

Production costs are direct and indirect costs incurred for production during the year, including costs for raw materials and consumables, production wages, other external costs as well as amortisation and impairment of intangible assets and operating the administration.

Distribution costs

Distribution costs comprise costs incurred for the distribution goods sold during the year, including costs for sales staff, transport, promotion activities and similar costs as well as depreciation and impairment of tangible assets.

Administration costs

Expenses incurred during the year for management and administration are recognised in administration costs. This includes expenses incurred for the administrative staff, Management, offices as well as office expenses, similar expenses, depreciation and impairment of tangible assets.

Other operating income

Other operating income comprises items of a secondary nature to the activities of the enterprises, including profits on sale of intangible and tangible assets as well as current income relating to certain royalties

Financial income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses on debt and foreign currency transactions as well as surcharges and allowances under the tax repayment scheme.

Accounting Policies

Tax on net profit

Tax on net profit for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

The Company and the Danish associates are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution). The Company is the administration company for the Danish taxation group.

Balance Sheet

Intangible assets

Trademarks are measured at cost less accumulated amortisation and impairment losses or the recoverable amount, where this is lower. Trademarks are depreciated over a maximum of 10 years.

Goodwill is measured at cost less accumulated amortisation and impairment losses. Goodwill is amortised on a straight line basis, based on an assessment of useful life of 10 years.

Amortisation is recognized in the Income Statement under production costs.

Tangible assets

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and costs directly attributable to the purchase until the date when the asset is available for use. For own-produced assets, the cost includes direct and indirect costs for wage consumption, materials, components and subcontractors.

Amortisation and impairment of tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life
Fixtures and fittings, tools and equipment	7-14 years

Depreciation is recognized in the Income Statement under distribution and administration costs.

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Profit and loss on sale of tangible assets are calculated as the difference between the selling price less selling costs and the carrying amount at the time of sale. Profits or losses are recognized in the Income Statement under other operating income and other operating expenses.

Financial assets

Deposits are measured at cost. In cases where the cost price exceeds the recoverable amount, there will be a write down to the lower price.

Accounting Policies

Impairment of fixed assets

The carrying amount of intangible and tangible fixed assets is assessed annually for indications of impairment in addition to that expressed by depreciation.

If there are indications of impairment, impairment tests of each asset or groups of connected assets are carried out, impairment losses are made at the recoverable amount if this is lower than the carrying amount

The recoverable amount of the asset is calculated as the highest value of the net selling price and capital value. If it is not possible to determine a recoverable amount for each asset, the assets are assessed collectively in the smallest group of assets where a reliable recoverable amount can be determined by a comprehensive assessment.

Goodwill and other assets where it is not possible to calculate any own capital value as the asset itself does not generate future cash flows is assessed for impairment with the group of assets to which they can be attributed

Inventories

Inventories are measured at cost on the basis of the FIFO principle or at the net realisable value if the latter is lower.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries as well as indirect production costs. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realizable value of inventories is calculated as selling price less cost of completion and costs incurred to effect sales and is determined taking into account marketability, uncertainty and development in the expected selling price

Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

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

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Equity

Proposed dividend for the year is recognised as a separate item in equity.

Other provisions

Provisions are recognised when, at the balance sheet date, the company has a legal or actual obligation and it is likely that settlement will result in the company spending financial resources.

Accounting Policies

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Liabilities

Liabilities are measured at amortised cost which usually corresponds to the nominal value.

Deferred income

Accruals and deferred income entered as liabilities consist of payments received regarding income in the subsequent financial years

Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses

Contractual obligations

The Company hasn't entered into financial leases. Thus, leases are considered operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc

Explanation of financial ratios

Gross profit (%)	=	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	=	$\frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$
Return on equity (%)	=	$\frac{\text{Profit/loss for the year}}{\text{Average equity}}$
Return on capital employed (%)	=	$\frac{(\text{Operating profit} + \text{Financial income}) \times 100}{\text{Average assets}}$
Solvency ratio (equity ratio) (%)	=	$\frac{\text{Total equity} \times 100}{\text{Total assets}}$