

Oase Outdoors ApS

Kornvej 9

7323 Give

Central Business Registration No

51592018

Annual report 2015/16

The Annual General Meeting adopted the annual report on 06.04.2017

Chairman of the General Meeting


Name: JØRGEN PEDERSEN

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Entity details

Entity

Oase Outdoors ApS

Kornvej 9

7323 Give

Central Business Registration No: 51592018

Registered in: Give

Financial year: 31.10.2015 - 31.12.2016

Board of Directors

Robin Kristofer Molvin, Chairman

Johannes Leonard Falkenburg

Martin Olav Højbjerg Nielsen

Ole Holm

Executive Board

Henrik Arens, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Oase Outdoors ApS for the financial year 31.10.2015 - 31.12.2016.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 31.10.2015 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

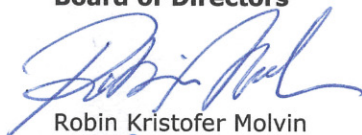
Give, 08.02.2017

Executive Board



Henrik Arens
CEO

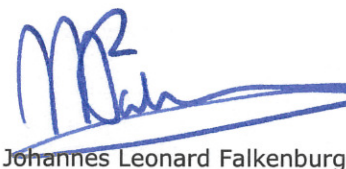
Board of Directors



Robin Kristofer Molvin
Chairman



Ole Holm



Johannes Leonard Falkenburg



Martin Olav Højbjerg Nielsen



Independent auditor's report

To the shareholders of Oase Outdoors ApS

Opinion

We have audited the financial statements of Oase Outdoors ApS for the financial year 31.10.2015 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including 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 Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 31.10.2015 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the 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 the management commentary.

Aarhus, 08.02.2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556



Thomas Rosquist Andersen

State Authorised Public Accountant

Management commentary

	2015/16	2014/15	2013/14	2012/13	2011/12
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Gross profit	125.002	92.922	87.684	81.034	76.657
Operating profit/loss	35.587	30.282	28.330	22.798	16.266
Net financials	(1.469)	(1.369)	(1.735)	(2.384)	(2.348)
Profit/loss for the year	25.076	22.029	19.965	15.107	10.427
Total assets	119.040	56.314	55.261	54.357	52.726
Investments in property, plant and equipment	2.101	2.234	2.138	0	0
Equity	33.935	25.184	30.347	15.548	7.647
Employees in average	66	64	64	63	71
Ratios					
Return on equity (%)	84,8	79,3	87,0	130,3	88,0
Equity ratio	29,2	45,7	54,9	28,6	14,5
Liquid ratio	131,9	160,0	204,5	125,4	118,8
Return on capital employed	40,1	53,9	51,7	42,6	29,6

FY 2015/16 covers 14 months due to change in reporting date from 31. October to 31. December.

As described on page 17, the accounting policies relating to recognition and measurement of investments have been changed from measurement under the equity method to cost. The comparative figures for the second to fourth comparative years have not been restated. The restatement of the comparative figures would have resulted in a decrease in profit, the value of investments and equity.

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity
Liquid ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$	The Company's ability to meet its current liabilities
Return on capital employed	$\frac{\text{Operating profit/loss} \times 100}{\text{Average assets}}$	The Company's ability to generate profit based on the contributed capital.

Management commentary

Primary activities

Oase Outdoors ApS is a leading name within the European camping/outdoor sector, distributing our own brand portfolio that comprises Outwell, Robens and Easy Camp, to a retail network that spans 45 countries. In addition to our Danish headquarters we have sales offices in several European countries and long standing representation in Shanghai, China. Our primary activities are innovation, procurement, marketing and sales of camping equipment.

Ratos, the new majority owner

In 2016, Ratos acquired approximately 80 per cent of the shares in the Group.

Ratos is a Swedish long-term investment company that owns and develops unlisted medium-sized companies in the Nordic region. It is listed on Nasdaq OMX Stockholm with a market capitalization of approximately SEK 15 billion per year-end 2016. Ratos has a strong financial position with net liquidity exceeding SEK 2 billion. Founded in 1866, Ratos has a long tradition of active ownership and its vision is to be perceived as the best owner company in the Nordic region. This is achieved by an entrepreneurial, and responsible exercise of its ownership role in a number of selected companies and investment situations, with a strong focus on the creation of long-term values. Ratos has contributed to Oase Outdoors in the strategic development of the company and by providing financial support to strengthen the balance sheet and support growth plans.

Development in activities and finances

Profit has been adversely affected by two factors. The change of our financial year to the calendar year means the current annual report encompasses the 14-month period from 1 November 2015 to 31 December 2016. Due to the seasonal characteristics of the business this has had a negative effect on profit as the extended period adds two out-of-season months. Transaction related costs has also had an adverse affect on the income statement.

The movement of the year end also affects the balance sheet, especially inventories, trade receivables, trade payables and financing, as the balance sheet covers different aspects of the trading calendar compared to previous years.

The income statement shows a profit of 25,1 MDKK compared to 22,0 MDKK and the balance sheet shows an equity of 33,9 MDKK compared to 25,2 MDKK last year. Management considers this a satisfactory result compared to expectations and taking the change of financial year into consideration.

Outlook

Oase Outdoors Group will continue to develop and strengthen its market position both product wise and geographically.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Income statement for 2015/16

	<u>Notes</u>	<u>2015/16</u> <u>DKK</u>	<u>2014/15</u> <u>DKK</u>
Gross profit		125.001.672	92.922.215
Distribution costs	1	(30.582.269)	(23.826.939)
Administrative costs	1, 2	(58.659.699)	(38.792.162)
Other operating expenses		<u>(172.548)</u>	<u>(21.044)</u>
Operating profit/loss		35.587.156	30.282.070
Other financial income		284.274	309.997
Other financial expenses		<u>(1.753.295)</u>	<u>(1.679.370)</u>
Profit/loss before tax		34.118.135	28.912.697
Tax on profit/loss for the year		<u>(9.041.737)</u>	<u>(6.883.954)</u>
Profit/loss for the year	3	<u>25.076.398</u>	<u>22.028.743</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
Completed development projects		126.005	302.433
Intangible assets	4	126.005	302.433
Land and buildings		0	170.117
Other fixtures and fittings, tools and equipment		1.996.782	2.427.820
Leasehold improvements		1.251.245	1.550.957
Property, plant and equipment	5	3.248.027	4.148.894
Investments in group enterprises		990.800	804.542
Other receivables		1.055.779	1.055.779
Fixed asset investments	6	2.046.579	1.860.321
Fixed assets		5.420.611	6.311.648
Manufactured goods and goods for resale		83.177.459	8.372.301
Inventories		83.177.459	8.372.301
Trade receivables		4.731.711	12.796.219
Receivables from group enterprises		370.552	114.322
Deferred tax	7	3.642.042	179.133
Other receivables	8	9.615.706	2.299.059
Prepayments	9	9.728.796	8.076.968
Receivables		28.088.807	23.465.701
Cash		2.353.173	18.164.390
Current assets		113.619.439	50.002.392
Assets		119.040.050	56.314.040

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
Contributed capital	10	200.000	200.000
Retained earnings		33.735.340	4.483.963
Proposed dividend		0	20.500.000
Equity		<u>33.935.340</u>	<u>25.183.963</u>
Other provisions	11	835.172	500.000
Provisions		<u>835.172</u>	<u>500.000</u>
Bank loans		46.055.593	8.113.909
Trade payables		20.913.843	2.782.502
Payables to group enterprises		3.050.381	1.659.560
Income tax payable		0	6.672.292
Other payables	12	14.249.721	11.401.814
Current liabilities other than provisions		<u>84.269.538</u>	<u>30.630.077</u>
Liabilities other than provisions		<u>84.269.538</u>	<u>30.630.077</u>
Equity and liabilities		<u>119.040.050</u>	<u>56.314.040</u>
Contingent liabilities	13		
Mortgages and securities	14		
Group relations	15		

Statement of changes in equity for 2015/16

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend DKK
Equity beginning of year	200.000	1.034.036	4.483.963	20.500.000
Changes in accounting policies	0	(1.034.036)	0	0
Adjusted equity, beginning of year	200.000	0	4.483.963	20.500.000
Ordinary dividend paid	0	0	0	(20.500.000)
Value adjustments	0	0	5.352.536	0
Tax of equity postings	0	0	(1.177.557)	0
Profit/loss for the year	0	0	25.076.398	0
Equity end of year	200.000	0	33.735.340	0
				Total DKK
Equity beginning of year				26.217.999
Changes in accounting policies				(1.034.036)
Adjusted equity, beginning of year				25.183.963
Ordinary dividend paid				(20.500.000)
Value adjustments				5.352.536
Tax of equity postings				(1.177.557)
Profit/loss for the year				25.076.398
Equity end of year				33.935.340

Notes

	2015/16	2014/15
	DKK	DKK
1. Staff costs		
Wages and salaries	43.154.032	32.290.406
Other social security costs	623.928	543.959
Other staff costs	2.055.826	1.347.568
	45.833.786	34.181.933
Number of employees at balance sheet date	66	64
	Remunera-	Remunera-
	tion of	tion of
	manage-	manage-
	ment	ment
	2015/16	2014/15
	DKK	DKK
Total amount for management categories	6.285.949	3.362.259
	6.285.949	3.362.259
	2015/16	2014/15
	DKK	DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	176.428	280.188
Depreciation on property, plant and equipment	1.797.985	1.387.636
	1.974.413	1.667.824
	2015/16	2014/15
	DKK	DKK
3. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	0	20.500.000
Retained earnings	25.076.398	1.528.743
	25.076.398	22.028.743

Notes

			Completed develop- ment projects DKK
4. Intangible assets			
Cost beginning of year			840.557
Cost end of year			840.557
Amortisation and impairment losses beginning of year			(538.124)
Amortisation for the year			(176.428)
Amortisation and impairment losses end of year			(714.552)
Carrying amount end of year			126.005
	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
5. Property, plant and equipment			
Cost beginning of year	170.117	13.053.302	4.975.192
Additions	0	1.953.468	147.697
Disposals	(170.117)	(2.615.778)	0
Cost end of year	0	12.390.992	5.122.889
Depreciation and impairment losses beginning of the year	0	(10.625.482)	(3.424.235)
Depreciation for the year	0	(1.350.576)	(447.409)
Reversal regarding disposals	0	1.581.848	0
Depreciation and impairment losses end of the year	0	(10.394.210)	(3.871.644)
Carrying amount end of year	0	1.996.782	1.251.245

Notes

				Investments in group enterprises DKK	Other receivables DKK
6. Fixed asset investments					
Cost beginning of year				804.542	2.282.691
Additions				<u>186.258</u>	<u>0</u>
Cost end of year				<u>990.800</u>	<u>2.282.691</u>
Impairment losses beginning of year				<u>0</u>	<u>(1.226.912)</u>
Impairment losses end of year				<u>0</u>	<u>(1.226.912)</u>
Carrying amount end of year				<u>990.800</u>	<u>1.055.779</u>
	Registered in	Corpo- rate form	Equity inte- rest %	Equity DKK	Profit/loss DKK
Investments in group enterprises comprise:					
Oase Outdoors Shanghai	Kina	Ltd	100,0	1.246.016	(3.914)
Oase Outdoors Ltd	England	Ltd	100,0	226.200	40.407
Oase Outdoors GmbH	Tyskland	GmbH	100,0	624.686	189.348
					<u>2015/16 DKK</u>
7. Deferred tax					
Changes during the year					
Beginning of year					179.133
Recognised in the income statement					4.640.466
Recognised directly in equity					<u>(1.177.557)</u>
End of year					<u>3.642.042</u>

The tax loss is expected to be used in the joint taxation or against the Company's own future tax profits.

Notes

	2015/16	2014/15
	DKK	DKK
8. Other receivables		
Other receivables	9.615.706	2.299.059
	9.615.706	2.299.059

Other receivables include a positive fair value of the forward exchange contracts of DKK 8,935k. The forward exchange contracts have been acquired to hedge the foreign currency risk of sale of goods in GBP and purchase of goods in USD.

The fair value adjustment is recognised in equity and is expected to be realised and recognised in the income statement after the balance sheet date.

The forward exchange contracts have a term of 0-6 months.

9. Prepayments

Prepayments comprise accrued prepayments, etc.

10. Contributed capital

The contributed capital of DKK 200,000 is composed of:

A shares: 24,000

B shares: 176,000

The Company's share capital has been unchanged over the past five years.

11. Other provisions

Other provisions comprise primarily warranty provisions.

	2015/16	2014/15
	DKK	DKK
12. Other payables		
Wages and salaries, personal income taxes, social security costs, etc payable	4.789.494	5.864.709
Other costs payable	9.460.227	5.537.105
	14.249.721	11.401.814

Other payables include a negative fair value of forward exchange contracts of DKK 1,544k. The forward exchange contracts have been acquired to hedge the foreign currency risk of sale of goods in GBP.

The fair value adjustment is recognised in equity and is expected to be realised and recognised in the income statement after the balance sheet date.

The forward exchange contracts have a term of 0-6 months.

Notes

13. Contingent liabilities

Rental and lease obligations comprise rental obligations of a total of DKK 20,750k until 2027.

Furthermore, contingent liabilities comprise operating leases on cars of DKK 871k.

The Entity participates in a Danish joint taxation arrangement with RF af 20.12.2015 ApS serving as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2015/16 for income taxes etc. for the jointly taxed entities and from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

14. Mortgages and securities

The Company has provided a bank guarantee of DKK 37k at 31 December 2016.

Moreover, the Company has provided a guarantee consisting of an import letter of credit of DKK 4,335k.

15. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Ratos AB, Sweden

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Ratos AB, Sweden

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises.

Consolidated financial statements

Referring to S. 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Oase Outdoors ApS and its group enterprises are included in the consolidated financial statements of Ratos AB.

Non-comparability

As the Company has changed financial period this year, the income statement covers 14 months and the comparative figures only 12 months.

Changes in accounting policies

This year, Management decided to change accounting policies for recognition and measurement of investments due to the new group structure in 2016. This group applies the cost method for recognition of investments. Management assesses that it will be more relevant to present the direct return on investment in group enterprises as dividends received.

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount. Previously, investments in group enterprises were recognised and measured under the equity method.

Effect of changes in accounting policies

The changes in accounting policies have resulted in a reduction in income from investments of DKK 232k (2014/15: DKK 270k). Thus, profit for the year is reduced by DKK 232k (2014/15: DKK 270k). The changes in accounting policies have not affected tax for the year.

The balance sheet total at 31.12.2016 has been reduced by DKK 1,106k (2014/15: DKK 1,034k) and equity at 31.12.2016 has been reduced by DKK 1,106k (2014/15: DKK 1,034k). The effect of the changes in accounting policies at 01.11.2015 has been recognised directly on equity at the beginning of the year.

The comparative figures have been restated to reflect the changes in accounting policies, However, the comparative figures for the second to fourth comparative years in the statement of financial highlights and key figures on page 6 have not been restated.

Except for the above areas, the accounting policies applied for these financial statements are consistent with those applied last year.

Accounting policies

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date..

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or write-down. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Accounting policies

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, production costs and other operating income.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment attached to the distribution process.

Administrative costs

Administrative costs comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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

Accounting policies

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects, protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3 years.

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-6 years
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Accounting policies

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are measured at cost and are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Inventories

Inventories are measured at the lower of cost using weighted average and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Accounting policies

Other provisions

Other provisions comprise anticipated costs for warranty commitments.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Other financial liabilities

Other financial liabilities are measured at amortised cost.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

Referring to S. 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared as the higher-level parent Ratos AB prepares a consolidated cash flow statement in which the Company's cash flows are included.