

**HOMAG DANMARK A/S**  
**HJALTEVEJ 12, SKOVBY, 8464 GALTEN**  
**ANNUAL REPORT**  
**1 JANUARY - 31 DECEMBER 2023**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 27 June 2024**

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**Christian Pedersen**

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**COMPANY DETAILS**

<b>Company</b>	Homag Danmark A/S Hjaltevej 12 Skovby 8464 Galten
	CVR No.: 55 92 20 12 Established: 25 February 1976 Municipality: Skanderborg Financial Year: 1 January - 31 December
<b>Board of Directors</b>	Frieder Georg Schuler, chairman Christian Gramkow Pedersen Steffi Jenny Herrmann
<b>Executive Board</b>	Christian Gramkow Pedersen
<b>Auditor</b>	Deloitte Statsautoriseret Revisionspartnerskab Værkmestergade 2, 18. 8000 Aarhus C.

## MANAGEMENT'S STATEMENT

*Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Homag Danmark A/S for the financial year 1 January - 31 December 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 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 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.*

Skovby, 26 June 2024

Executive Board

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Christian Gramkow Pedersen

Board of Directors

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Frieder Georg Schuler  
Chairman

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Christian Gramkow Pedersen

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Steffi Jenny Herrmann

## INDEPENDENT AUDITOR'S REPORT

### *To the Shareholder of Homag Danmark A/S*

#### **Opinion**

*We have audited the Financial Statements of Homag Danmark A/S for the financial year 1 January - 31 December 2023, which comprise income statement, Balance Sheet, statement of changes in equity, cash flows, 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 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 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.*

Aarhus C., 26 June 2024

Deloitte Statsautoriseret Revisionspartnerskab  
CVR no. 33 96 35 56

Chris Middelhede  
State Authorised Public Accountant  
MNE no. mne45823

## FINANCIAL HIGHLIGHTS

	2023 DKK	2022 DKK	2021 DKK	2020 DKK	2019 DKK
<b>Income statement</b>					
Gross profit/loss.....	28,617,477	29,918,264	32,191,172	31,200,175	32,432,767
Operating profit/loss of main activities...	4,049,272	6,115,277	9,403,055	7,062,169	8,419,717
Financial income and expenses, net.....	-5,550,597	-1,970,118	-2,083,731	-485,368	-27,080
Profit/loss for the year before tax.....	1,863,075	21,133,559	41,924,924	6,576,801	8,392,637
Profit/loss for the year.....	2,152,506	20,194,397	40,300,890	5,118,759	6,506,350
<b>Balance sheet</b>					
Total assets.....	276,682,002	269,419,804	255,672,721	220,725,374	28,731,148
Equity.....	78,583,717	76,431,211	56,236,814	15,935,924	16,792,165
<b>Cash flows</b>					
Investment in property, plant and equipment.....	-459,924	-645,714	-966,001	-332,885	-662,824
<b>Key ratios</b>					
Return on equity.....	2.8	30.4	111.7	31.3	41.2

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

*Return on equity:*

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

## MANAGEMENT COMMENTARY

### **Principal activities**

*The company's principal activities continue to be deliveries of both complete machine lines and stand-alone machines. The activities include sale of both new and used machines. In addition, there are considerable activities in the form of service, software, repair, and sale of spare parts. The company's main area is Denmark and the activities are primarily aimed at the wood, furniture, and plastics industries.*

*The company is primarily engaged in sale of the HOMAG Group's products. Moreover, the company works with a number of suppliers of complementary products, so that the company's role as total supplier of machines and systems is maintained and expanded. Thus, we have today a product range of very well-regarded and known products which have been systematically incorporated and installed with our customers over many years.*

### **Development in activities and financial and economic position**

*Maintaining strong focus on customer solutions, providing added value through intelligent software, we believe strengthened our market position further in 2023.*

*The close cooperation with our HOMAG Group companies provided flexibility for our capability to deliver machines and spare parts to match the market demand.*

### **Profit/loss for the year compared to the expected development**

*The company has realized a profit before tax of 1,863,075 DKK compared to last year's profit before tax of 21,133,559 DKK.*

*Dividends from daughter companies were significant lower than in 2022. Increasing interests also contributes to a lower profit in 2023.*

### **Significant events after the end of the financial year**

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

### **Future expectations**

*Operating profits for 2024 expected to be less than budgeted, however also increased dividends from daughter companies compared to 2023.*



## INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2023 DKK	2022 DKK
<b>GROSS PROFIT</b> .....		<b>28,617,477</b>	<b>29,918,264</b>
Staff costs.....	1	-24,285,782	-23,415,752
Depreciation, amortisation and impairment losses.....		-282,423	-383,486
Other operating expenses.....		0	-3,749
<b>OPERATING PROFIT</b> .....		<b>4,049,272</b>	<b>6,115,277</b>
Income from investments in subsidiaries.....		3,364,400	16,988,400
Financial income.....		212,970	35,770
Financial expenses.....	2	-5,763,567	-2,005,888
<b>PROFIT BEFORE TAX</b> .....		<b>1,863,075</b>	<b>21,133,559</b>
Tax on profit/loss for the year.....	3	289,431	-939,162
<b>PROFIT FOR THE YEAR</b> .....	4	<b>2,152,506</b>	<b>20,194,397</b>

## BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2023 DKK	2022 DKK
Land and buildings.....		1,600,240	1,471,283
Other plant and operating equipment.....		629,606	581,063
<b>Property, plant and equipment.....</b>	<b>5</b>	<b>2,229,846</b>	<b>2,052,346</b>
Investments in subsidiaries.....		225,006,397	225,006,397
<b>Financial non-current assets.....</b>	<b>6</b>	<b>225,006,397</b>	<b>225,006,397</b>
<b>NON-CURRENT ASSETS.....</b>		<b>227,236,243</b>	<b>227,058,743</b>
Finished goods and goods for resale.....		10,718,209	23,383,522
<b>Inventories.....</b>		<b>10,718,209</b>	<b>23,383,522</b>
Trade receivables.....		22,277,185	8,107,711
Receivables from subsidiaries.....		113,168	96,584
Other receivables.....		3,723	1,329,678
Receivables tax.....		285,511	0
Prepayments and accrued income.....	7	168,751	153,362
<b>Receivables.....</b>		<b>22,848,338</b>	<b>9,687,335</b>
<b>Cash.....</b>		<b>15,879,212</b>	<b>9,290,204</b>
<b>CURRENT ASSETS.....</b>		<b>49,445,759</b>	<b>42,361,061</b>
<b>ASSETS.....</b>		<b>276,682,002</b>	<b>269,419,804</b>

## BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2023 DKK	2022 DKK
Share Capital.....	8	1,970,000	1,970,000
Retained profit.....		76,613,717	74,461,211
<b>EQUITY.....</b>		<b>78,583,717</b>	<b>76,431,211</b>
Provision for deferred tax.....	9	176,334	182,718
<b>PROVISIONS.....</b>		<b>176,334</b>	<b>182,718</b>
Debt to subsidiaries.....		0	158,000,000
<b>Non-current liabilities.....</b>	10	<b>0</b>	<b>158,000,000</b>
Current portion of long-term liabilities debt to subsidiaries.....	11	158,000,000	0
Trade payables.....		1,542,356	3,152,461
Debt to subsidiaries.....		30,494,000	11,091,896
Corporation tax.....		0	88,451
Other debt.....		5,228,020	1,553,677
Prepayments received from customers.....		2,657,575	18,919,390
<b>Current liabilities.....</b>		<b>197,921,951</b>	<b>34,805,875</b>
<b>LIABILITIES.....</b>		<b>197,921,951</b>	<b>192,805,875</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>276,682,002</b>	<b>269,419,804</b>
 Contingencies, etc.	 12		
Charges and securities	13		
Related parties	14		
Consolidated Financial Statements	15		

**EQUITY**

<b>DKK</b>	<b>Share Capital</b>	<b>Retained profit</b>	<b>Total</b>
Equity at 1 January 2023.....	1,970,000	74,461,211	76,431,211
Proposed profit allocation <sup>4</sup> .....		2,152,506	2,152,506
<b>Equity at 31 December 2023 .....</b>	<b>1,970,000</b>	<b>76,613,717</b>	<b>78,583,717</b>

## CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	2023 DKK	2022 DKK
Profit/loss for the year.....	2,152,506	20,194,397
Depreciation and amortisation, reversed.....	282,423	383,486
Other operating expenses.....	0	3,749
Profit/loss from subsidiaries.....	-3,364,400	-16,988,400
Tax on profit/loss, reversed.....	-291,895	939,162
Corporation tax paid.....	-88,450	-941,509
Change in inventories.....	12,665,313	-12,974,367
Change in receivables (ex tax).....	-12,875,492	4,925,784
Change in other provisions.....	0	-660,000
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility).....	5,204,527	-5,784,971
<b>CASH FLOWS FROM OPERATING ACTIVITY.....</b>	<b>3,684,532</b>	<b>-10,902,669</b>
Purchase of property, plant and equipment.....	-459,924	-645,714
Other cash flows from investing activities.....	3,364,400	16,988,400
<b>CASH FLOWS FROM INVESTING ACTIVITY.....</b>	<b>2,904,476</b>	<b>16,342,686</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>6,589,008</b>	<b>5,440,017</b>
Cash and cash equivalents at 1. januar.....	9,290,204	3,850,187
<b>CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....</b>	<b>15,879,212</b>	<b>9,290,204</b>
Cash and cash equivalents at 31 December comprise:		
Cash.....	15,879,212	9,290,204
<b>CASH AND CASH EQUIVALENTS.....</b>	<b>15,879,212</b>	<b>9,290,204</b>

## NOTES

	2023 DKK	2022 DKK	Note
<b>Staff costs</b>			<b>1</b>
Average number of full time employees	36	34	
Wages and salaries.....	21,978,099	21,078,322	
Pensions.....	2,020,540	1,940,074	
Social security costs.....	129,351	188,104	
Other staff costs.....	157,792	209,252	
	<b>24,285,782</b>	<b>23,415,752</b>	
Information on management remuneration has been omitted in accordance with the exception provision in the Annual Accounts Act § 98 b, subsection 3 No. 2.			
<b>Financial expenses</b>			<b>2</b>
Interest expenses subsidiaries.....	5,734,936	1,885,031	
Other interest expenses.....	28,631	120,857	
	<b>5,763,567</b>	<b>2,005,888</b>	
<b>Tax on profit/loss for the year</b>			<b>3</b>
Calculated tax on taxable income of the year.....	-285,511	848,376	
Adjustment of tax previous years.....	2,464	0	
Adjustment of deferred tax.....	-6,384	90,786	
	<b>-289,431</b>	<b>939,162</b>	
<b>Proposed distribution of profit</b>			<b>4</b>
Retained earnings.....	2,152,506	20,194,397	
	<b>2,152,506</b>	<b>20,194,397</b>	
<b>Property, plant and equipment</b>			<b>5</b>
	DKK	Other plant and operating equipment	
Cost at 1 January 2023.....	11,894,577	2,788,462	
Additions.....	192,894	267,030	
<b>Cost at 31 December 2023.....</b>	<b>12,087,471</b>	<b>3,055,492</b>	
Depreciation and impairment losses at 1 January 2023.....	10,423,294	2,207,400	
Depreciation for the year.....	63,937	218,486	
<b>Depreciation and impairment losses at 31 December 2023....</b>	<b>10,487,231</b>	<b>2,425,886</b>	
<b>Carrying amount at 31 December 2023.....</b>	<b>1,600,240</b>	<b>629,606</b>	

## NOTES

				Note
<b>Financial non-current assets</b>				<b>6</b>
DKK				Investments in subsidiaries
Cost at 1 January 2023.....			225,006,397	
Cost at 31 December 2023.....			<b>225,006,397</b>	
Carrying amount at 31 December 2023.....			<b>225,006,397</b>	
<b>Investments in subsidiaries (DKK)</b>				
Name and domicil	Equity	Profit/loss for the year	Ownership	
System TM A/S, Odder .....	49,624,212	33,888,511	80 %	
Kallesoe Machinery A/S, Lem st.....	27,120,390	-8,775,427	70 %	
				<b>2023</b>
				DKK
				<b>2022</b>
				DKK
<b>Prepayments and accrued income</b>				<b>7</b>
Prepayments expenses.....		168,751	153,362	
		<b>168,751</b>	<b>153,362</b>	
<b>Share Capital</b>				<b>8</b>
Allocation of share capital:				
A-Shares, 3,940 unit in the denomination of 500 DKK.....		1,970,000	1,970,000	
		<b>1,970,000</b>	<b>1,970,000</b>	

## NOTES

Note

**Provision for deferred tax**

9

The provision for deferred tax is related to differences between the carrying amount and tax value of securities, receivables, intangible and tangible fixed assets, including recognised finance lease contracts.

	2023 DKK	2022 DKK
Deferred tax concerns:		
Land and buildings.....	162,057	168,490
Other plant and operating equipment.....	58,277	47,228
Other provisions.....	-22,000	-33,000
Trade receivables.....	-22,000	0
	<b>176,334</b>	<b>182,718</b>
Deferred tax, beginning of year.....	182,718	91,932
Deferred tax of the year, income statement.....	-6,384	90,786
<b>Provision for deferred tax 31 December 2023.....</b>	<b>176,334</b>	<b>182,718</b>

**Long-term liabilities**

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	31/12 2023 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2022 total liabilities
Debt to subsidiaries.....	158,000,000	158,000,000	0	158,000,000
	<b>158,000,000</b>	<b>158,000,000</b>	<b>0</b>	<b>158,000,000</b>

Reference is made to note 11.

**Current portion of long-term liabilities debt to subsidiaries**

11

The company has, primarily financed its investments in equity interests through intragroup loans. As of the balance sheet date, an extension of the loan terms has not yet been finalized, which is why the loan is presented as short-term debt. Management assesses that a new financing agreement will be reached in the new year, and therefore the loan will not have to be repaid in 2024.



## NOTES

	<b>Note</b>
<b>Contingencies, etc.</b>	<b>12</b>
<p><b>Contingent liabilities</b>            The company is subject to common warranties/right of complaint relating to machines sold, etc.</p> <p>Operating leases            The payment for the year is DKK ('000) 1,371, 2-3 years DKK ('000) 1.932, over 3 years DKK ('000) 110 and the total residual lease payment is DKK ('000) 3,413.</p> <p><b>Joint liabilities</b>            The company is jointly and severally liable together with the parent company and the other Group companies in the joint taxable Group for tax on the Group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.</p> <p>Tax payable on the Group's joint taxable income is stated in the annual report of AGRAMKOW Fluid Systems A/S, which serves as management company for the joint taxation.</p>	
<b>Charges and securities</b>	<b>13</b>
<p>As security for debt to mortgage credit institute, the company has pledged land and buildings of a carrying amount of DKK ('000) 1,600 at 31 December 2023, and a property value at 1 October 2023 of DKK ('000) 10,600. The pledge is DKK ('000) 3,701. As security for engagement with bank, an owner's mortgage of DKK ('000) 8,000 has been issued, giving security after the credit institute. The company's engagement with the bank is a deposit of DKK ('000) 15,879 at 31 December 2023.</p>	
<b>Related parties</b>	<b>14</b>
<p>The company's related parties include:</p> <p><b>Controlling interest</b>            HOMAG GmbH. Parent Company.            Christian Gramkow Pedersen. CEO and Board member.            Frieder Georg Schuler. Chairman of the Board.            Ekaterina Filatova. Board member.</p> <p><b>Transactions with related parties</b>            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.</p>	
<b>Consolidated Financial Statements</b>	<b>15</b>
<p>The company is included in the consolidated financial statements of DÜRR AG, Carl-Benz-Strasse 34, 74321 Bietigheim-Bissingen, Germany.</p>	

## ACCOUNTING POLICIES

*The Annual Report of Homag Danmark A/S for 2023 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C.*

*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 reflected in the group report as the parent company DÜRR AG, Carl-Benz-Strasse 34, Bietigheim-Bissingen, Germany.*

## 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.*

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

### **Cost of sales**

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

### **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 external expenses**

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

*Payments related to operating lease expenses and other lease agreements are recognised in the Income Statement during the continuance of the contract. The Company's total liability concerning operating and other lease agreements are stated under contingencies, etc.*

### **Staff costs**

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

### **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.*

### **Income from investments in subsidiaries**

*Dividend received is recognised in the company's income statement.*

## ACCOUNTING POLICIES

### **Financial income and expenses**

Financial income and expenses include interest income and expenses 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 plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

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

	Useful life	Residual value
Buildings.....	30 years	0%
Cars.....	5 years	0%
Other plant, fixtures and equipment.....	5-10 years	0%

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

### **Financial non-current assets**

Investments in subsidiaries are measured at cost. If the cost exceeds the net realisable value, this is written down to the lower value.

Received dividend is deducted in the carrying amount of the equity investment.

## ACCOUNTING POLICIES

### **Impairment of fixed assets**

*The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are assessed 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, it is 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, it is written down to the lower value.*

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

*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.*

*Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.*

*Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.*

*Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.*

### **Accruals, assets**

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

### **Cash and cash equivalents**

*Primarily cash at banks.*

### **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.*

## ACCOUNTING POLICIES

*The company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the balance sheet under current assets and liabilities, respectively.*

*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.*

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

### **Accruals, liabilities**

*Accruals recognised as liabilities include payments received regarding income in subsequent years.*

### **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.*

## CASH FLOW STATEMENT

*The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.*

### **Cash flows from operating activities:**

*Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.*

### **Cash flows from investing activities:**

*Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.*

## ACCOUNTING POLICIES

### *Cash flows from financing activities:*

*Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.*

### *Cash and cash equivalents:*

*Cash and cash equivalents include bank overdraft and cash in hand.*