FLUX A/S

INDUSTRIVANGEN 5, 4550 ASNÆS

ANNUAL REPORT

1 APRIL 2016 - 31 MARCH 2017

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 27 June 2017

Simon Gibbins

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 73 29 77 10

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COMPANY DETAILS

Company	Flux A/S Industrivangen 5 4550 Asnæs	
	CVR no.:	73 29 77 10
	Established:	30 June 1983
	Registered Office:	Copenhagen
	Financial Year:	1 April 2016 - 31 March 2017
Board of Directors	Simon Mark Gibbins, Chairman Georges René Gener Claus Per Schleiter	
Board of Executives	Claus Per Schleiter	
Auditor	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4 Postboks 250 2000 Frederiksberg	

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of Flux A/S for the year 1 April 2016 - 31 March 2017.

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 the Company's financial position at 31 March 2017 and of the results of the the Company's operations for the financial year 1 April 2016 - 31 March 2017.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the review.

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

Copenhagen, 27 June 2017

Board of Executives

Claus Per Schleiter

Board of Directors

Simon Mark Gibbins Chairman	Georges René Gener	Claus Per Schleiter

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Flux A/S

Opinion

We have audited the Financial Statements of Flux A/S for the financial year 1 April 2016 - 31 March 2017, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 March 2017 and of the results of the Company operations for the financial year 1 April 2016 - 31 March 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 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 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 Responsibility for the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

INDEPENDENT AUDITOR'S REPORT

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 27 June 2017

Ernst & Young, Godkendt Revisionspartnerselskab
CVR-nr. 30 70 02 28

Peter Andersen
State Authorised Public Accountant

FINANCIAL HIGHLIGHTS

	2016/17 DKK('000)	2016 (3 Months) DKK('000)	2015 DKK('000)	2014 DKK('000)	2013 DKK('000)
Income statement					
Net revenue	87.385	22.090	78.669	83.098	83.983
Gross profit/loss	21.734	4.319	15.781	17.340	13.219
Operating profit/loss	5.591	2.031	5.250	6.546	961
Financial income and expenses, net	205	-50	-3.819	-731	-1.942
Profit/loss for the year	4.474	1.544	1.329	5.373	-345
Balance sheet					
Balance sheet total	56.087	53.504	51.026	47.621	54.393
Equity	25.957	21.484	20.520	25.169	16.832
Invested capital	8.222	9.871	588	16.762	7.726
Investment in property, plant and equipment	352	0	359	1.505	794
Average number of full-time employees	**49**	**46**	**52**	**49**	**51**
Ratios					
Gross margin	24,9	19,6	20,1	20,9	15,7
Solvency ratio	46,3	40,2	40,2	52,9	30,9
Return on equity	18,9	7,4	5,8	25,6	Neg.
Current ratio	210,9	181,1	174,2	163,1	0,0

The comparative figures have not been adjusted for the change of policy for the years 2015-2013 with respect to the change in the accounting policies.

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

Gross margin: $\dfrac{\text{Gross profit x 100}}{\text{Net revenue}}$

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

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

Current ratio $\dfrac{\text{Current assets x 100}}{\text{Current liabilities}}$

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

MANAGEMENT'S REVIEW

Principal activities
The Flux Group's primary activity is to design and manufacture customised magnetic components for use across the range of industrial, high reliability and space grade applications.

Design and manufacturing take place in the Company and in the subsidiary in Thailand, whereas sales and marketing are handled by the Company.

New products and technologies are developed in close cooperation with Flux A/S's customers as well as with research institutions.

Flux Group is part of the Acal Group, a leading international supplier of customised electronics. Flux Group operates within Acal's Design & Manufacturing division and and builds on Acal's growing custom magnetics capabilities.

Development in activities and financial position
Net profit for the year amounts to DKK 4.474 thousand which must be considered satisfactory and in line with expectations.

This year's revenue is up 11% compared to prior full year 2015.

The Company is involved in development projects with companies, institutions and universities in order to develop, exploit and commercialize own patents.

As part of the Acal Group, Flux A/S has access to a base of over 20,000 customers, many of whom have a requirement for products that can operate to a higher reliability standard in a harsh environment.

Investments

Intangible assets
In the financial year the Company has made investments in intangible assets related to development projects.

Technology
For Flux Group to be able to maintain and expand its market position, further development of the underlying technologies is essential on a current basis. In the financial year, the Company continued its investments in new technology and development through collaboration with customers as well as with the Technical University of Denmark.

Profit/loss for the year compared to future expectations
The year 2016 only comprises 3 month compared to 12 month in 2016-17. The profit for the year is considered satisfactory and in line with expectations.

Significant events after the end of the financial year
On 2 May, 2017 an extraordinary general assembly approved a debt conversion whereby debt to group enterprises amounting to DKK (´000) 6.281 was converted to equity.

MANAGEMENT'S REVIEW

Special risks

Business risks

The Flux Group’s main business risk is associated with the ability of being strongly positioned in relation to the selected markets and customers who demand Flux Group's products and services. It is therefore important to be at the forefront of the technological development in the business areas and to being able to manufacture at cost competitive levels.

Financial risks

The Company manages financial risks and coordinates Flux Group’s cash management, including funding, with the Acal Group.

Credit risks

Flux Group is not exposed to major risks from single customers or partners. All major customers and other partners are subject to ongoing credit rating.

Liquidity

The Company is firmly based, with a solvency ratio of 46% and current liquidity ratio of 211%.

Future expectations

Management expects that the demand for the Flux Group’s products will increase in certain fields of the electronics industry.

INCOME STATEMENT 1 APRIL - 31 MARCH

	Note	2016/17 DKK	1/1 - 31/3 2016 DKK
NET REVENUE		**87.385.254**	**22.089.611**
Production costs	1	-65.651.176	-17.770.940
GROSS PROFIT/LOSS		**21.734.078**	**4.318.671**
Distribution costs	1	-6.765.891	-1.303.134
Administrative expenses	1	-9.377.134	-984.731
OPERATING PROFIT		**5.591.053**	**2.030.806**
Financial income	2	673.158	124.491
Financial expenses	3	-467.954	-174.146
PROFIT BEFORE TAX		**5.796.257**	**1.981.151**
Tax on profit/loss for the year	4	-1.322.507	-436.630
PROFIT FOR THE YEAR	5	**4.473.750**	**1.544.521**

BALANCE SHEET AT 31 MARCH

ASSETS	Note	2017 DKK	1/1 - 31/3 2016 DKK
Development projects completed		1.164.375	1.140.071
Intangible fixed assets acquired		665.620	468.444
Intangible fixed assets	6	**1.829.995**	**1.608.515**
Production plant and machinery		117.948	392.462
Other plant, machinery, tools and equipment		425.853	343.324
Leasehold improvements		179.361	0
Tangible fixed assets	7	**723.162**	**735.786**
Investments in subsidiaries		9.573.484	9.573.484
Receivables from group enterprises		437.500	2.120.625
Rent deposit and other receivables		204.894	190.000
Fixed asset investments	8	**10.215.878**	**11.884.109**
FIXED ASSETS		**12.769.035**	**14.228.410**
Raw materials and consumables		3.217.557	2.607.789
Work in progress		1.499.535	769.622
Finished goods and goods for resale		5.532.602	6.159.868
Inventories		**10.249.694**	**9.537.279**
Trade receivables		18.115.005	16.608.374
Receivables from group enterprises		14.603.329	12.368.011
Other receivables		0	6.057
Prepayments	9	337.276	507.672
Receivables		**33.055.610**	**29.490.114**
Cash and cash equivalents		**13.084**	**248.692**
CURRENT ASSETS		**43.318.388**	**39.276.085**
ASSETS		**56.087.423**	**53.504.495**

BALANCE SHEET AT 31 MARCH

EQUITY AND LIABILITIES	Note	2017 DKK	1/1 - 31/3 2016 DKK
Share capital	10	2.000.000	2.000.000
Reserve for development costs		420.428	0
Retained profit		23.536.958	19.483.940
EQUITY		**25.957.386**	**21.483.940**
Provision for deferred tax	11	311.680	330.000
PROVISION FOR LIABILITIES		**311.680**	**330.000**
Payables to group enterprises		10.000.000	10.000.000
Long-term liabilities	12	**10.000.000**	**10.000.000**
Trade payables		2.027.453	3.432.625
Payables to group enterprises		11.477.603	12.711.432
Corporation tax		1.295.250	2.070.750
Other liabilities		5.018.051	3.363.148
Deferred income		0	112.600
Current liabilities		**19.818.357**	**21.690.555**
LIABILITIES		**29.818.357**	**31.690.555**
EQUITY AND LIABILITIES		**56.087.423**	**53.504.495**

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EQUITY

	Share capital	Reserve for development costs	Retained profit	Total
Equity at 1 April 2016	2.000.000	0	19.483.636	21.483.636
Proposed distribution of profit			4.473.750	4.473.750
Carried forward to provision for development costs		420.428	-420.428	
Equity at 31 March 2017	**2.000.000**	**420.428**	**23.536.958**	**25.957.386**

NOTES

	2016/17	1/1 - 31/3 2016	Note
	DKK	DKK	
Staff costs			1
Average number of employees			
49 (1/1 - 31/3 2016: 46)			
Wages and salaries	14.263.004	5.219.161	
Pensions	815.801	140.543	
Social security costs	172.370	52.187	
Other staff costs	175.205	25.997	
	15.426.380	**5.437.888**	

By reference to section 98B(3), (ii), of the Danish Financial Statements Act, remuneration to management is not disclosed. Total remuneration to Management in 2016/17 was DKK 6,841 thousand.

	2016/17	1/1 - 31/3 2016	Note
Financial income			2
Group enterprises	133.575	91.162	
Other interest income	539.583	33.329	
	673.158	**124.491**	
Financial expenses			3
Group enterprises	405.556	101.111	
Other interest expenses	62.398	73.035	
	467.954	**174.146**	
Tax on profit/loss for the year			4
Calculated tax on taxable income of the year	1.295.250	471.444	
Adjustment of tax for previous years	45.577	0	
Adjustment of deferred tax	-18.320	-34.814	
	1.322.507	**436.630**	
Proposed distribution of profit			5
Accumulated profit	4.473.750	1.544.521	
	4.473.750	**1.544.521**	

NOTES

Note

Intangible fixed assets 6

	Development projects completed	Intangible fixed assets acquired
Cost at 1 April 2016	3.201.874	649.158
Additions	652.876	357.632
Cost at 31 March 2017	**3.854.750**	**1.006.790**
Amortisation at 1 April 2016	2.061.241	181.255
Depreciation for the year	629.134	159.915
Depreciation at 31 March 2017	**2.690.375**	**341.170**
Carrying amount at 31 March 2017	**1.164.375**	**665.620**

Tangible fixed assets 7

	Production plant and machinery	Other plant, machinery, tools and equipment	Leasehold improvements
Cost at 1 April 2016	6.668.681	3.524.208	0
Additions	0	351.914	196.409
Disposals	-2.458.004	-1.138.953	0
Cost at 31 March 2017	**4.210.677**	**2.737.169**	**196.409**
Depreciation and impairment losses at 1 April 2016	6.278.395	3.179.669	0
Reversal of depreciation of assets disposed of	-2.458.004	-1.138.953	0
Depreciation for the year	272.338	270.600	17.048
Depreciation and impairment losses at 31 March 2017	**4.092.729**	**2.311.316**	**17.048**
Carrying amount at 31 March 2017	**117.948**	**425.853**	**179.361**

NOTES

Note

Fixed asset investments 8

	Investments in subsidiaries	Receivables from group enterprises	Rent deposit and other receivables
Cost at 1 April 2016	9.573.484	2.120.625	190.000
Additions	0	0	14.894
Disposals	0	-1.683.125	0
Cost at 31 March 2017	**9.573.484**	**437.500**	**204.894**
Carrying amount at 31 March 2017	**9.573.484**	**437.500**	**204.894**

Investments in subsidiaries (DKK)

Name and registered office	Equity	Profit/loss for the year	Ownership
Flux International Limited, Bangchalong, Bangplee, Thailand	9.549.000	-1.310.000	100 %

	2017 DKK	1/1 - 31/3 2016 DKK	Note
Prepayments			9
Insurances	92.539	507.672	
Other prepayments	244.737	0	
	337.276	**507.672**	
Share capital			10
Specification of the share capital:			
Shares, 2.000 in the denomination of 1.000 DKK.	2.000.000	2.000.000	
	2.000.000	**2.000.000**	

Provision for deferred tax 11

Provision for deferred tax comprises deferred tax on contract work in progress, inventory and intangible and tangible fixed assets.

	2017 DKK	1/1 - 31/3 2016 DKK
Deferred tax at 1 January	330.000	365.000
Adjustment of deferred tax	-18.320	-35.000
Provision for deferred tax 31 March 2017	**311.680**	**330.000**

NOTES

Note

Long-term liabilities 12

	1/4 2016 total liabilities	31/3 2017 total liabilities	Repayment next year	Debt outstanding after 5 years
Payables to group enterprises.......	10.000.000	10.000.000	0	10.000.000
	10.000.000	**10.000.000**	**0**	**10.000.000**

Contingencies etc. 13

Contingent liabilities
Rent and lease liabilities include a rent obligation totalling DKK 2.723 thousand in interminable rent agreements with remaining contract terms next year. Furthermore, the company has liabilities under operating leases for cars and IT equipment DKK 645 thousand, with remaining contract terms of 0.5-3.5 years.

Joint liabilities
The company is jointly and severally liable together with the parent company and the other group companies in the jointly taxed group for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the group's jointly taxed income is stated in the annual report of Noratel Denmark A/S, which serves as management company for the joint taxation.

Charges and securities 14
The Company has not placed any assets or other as security for loans at 31 March 2017.

Related parties 15
Parties exercising control
Acal Europe Holding B.V. , Holland

Transactions with related parties

	2016/17
Revenue	3.248.000
Cost of sales	50.268.000
Interests expenses	405.000
Interests income	1.759.000
Receivables to gourp companies	2.348.000
Payables to group companies	21.495.000
Cash pool Acal plc England	12.706.000

Significant events after the end of the financial year 16
On 2 May, 2017 an extraordinary general assembly approved a debt conversion whereby debt to group enterprises amounting to DKK (´000) 6.281 was converted to equity.

NOTES

	Note
Consolidated financial statements The Company is included in the consolidated financial statements of Acal Plc. (England) The consolidated financial statement can be obtained by contacting the Company or by visiting the Company's website http://www.acal.co.uk/acal/en/home.	**17**

ACCOUNTING POLICIES

The annual report of Flux A/S for 2016/17 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium enterprise.

Effective 1 January 2016, the Company has implemented act no. 738 of 1 June 2015 with amendments to the Danish Financial Statements Act. As the implementation of the amendment act has no impact in terms of value on the income statement or the balance sheet in the financial year, nor on the comparative figures.

Change in accounting policies

The accounting policies have been changed in the following areas:

- Investments in subsidiaries was previously measured under the equity method. The accounting policies are changed in order to align the accounting principles with the Acal group.

  The adjustment from book value at the beginning of the year to cost at year-end is recognized directly in equity and comparative figures relating to changes in practice are adjusted accordingly.

  The cumulative effect of the change in practice represents an increase in profit before tax of DKK ('000) 1,294 (2016: 230) and profit after tax of DKK ('000) 1,294. (2016: 230) The balance sheet value is increased by DKK ('000) 516, (2016: -177), while equity per 31 March 2017 is increased by DKK ('000) 516, (2016: -177).

Comparative figures

The comparative figures of the income statement are not comparable with the current financial year because last year covered the period from 1 January to 31 March 2016 (3 months) whereas the current year covers 12 months.

Consolidated financial statements

Consolidated financial statements have not been prepared because the group fulfils the exemption provisions of section 112 of the Danish Financial Statements Act on sub-groups. The company is included in the consolidated financial statements of Acal Plc.

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.

Production costs

Production costs comprise costs, including wages and salaries and write-off, incurred to achieve the net revenue for the year. Commercial enterprises recognise cost of sales, and the manufacturing enterprises recognise production costs equal to the revenue for the year, including direct and indirect costs of raw materials and consumables, wages and salaries, rent and leasing and depreciation of production plant.

Amortisation of capitalised development and research costs and the development costs that do not fulfil the criteria for capitalisation are also recognised in production costs.

Impairment losses are recognised in connection with expected losses on project contracts.

Distribution costs

The costs incurred for distribution of goods sold during the year and for sales campaigns carried out during the year are recognised in distribution costs. The costs of the sales personnel, advertising and exhibition costs and amortisation are also recognised in distribution costs.

ACCOUNTING POLICIES

Administrative expenses
Administrative expenses recognise costs incurred during the year regarding management and administration of the group, inclusive of costs relating to the administrative staff, executives, office premises, office expenses etc and related amortisation.

Investments in subsidiaries and associates
Dividend from subsidiary and associated enterprise is recognised as income in the financial year when the dividend is declared.

Financial income and expenses in general
Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax on profit for the year
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

Intangible fixed assets
Patents are measured at the lower of cost less accumulated amortisation or the recoverable amount. Patents are amortised over the residual patent term and licences are amortised over the term of the agreement, however, no more than 5 years.

Development costs comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the company’s development activities and which fulfil the criteria for recognition.

Capitalised development costs are measured at the lower of cost less accumulated amortisation or recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 5 years.

Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Tangible fixed assets
Land and buildings, production plant and machinery, other plants, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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

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

ACCOUNTING POLICIES

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	10-25 years	0
Production plant and machinery	5-10 years	0
Other plants, fixtures and equipment	3-5 years	0
Leasehold improvements	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.

Revaluation of residual value (scrap value) and depreciation period are performed annually.

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

Impairment of fixed assets
The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

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

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

Inventories
Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, the inventories are written down to the lower value.

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

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables
Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.

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

ACCOUNTING POLICIES

Cash and cash equivalents
Cash and cash equivalents comprise cash and short-term securities that can be converted to liquid assets without hindrance, and there are only insignificant risks of value changes.

Equity
Reserve for development costs
Reserve for development costs comprise development costs recognised. The reserve cannot be used for dividends or payment of losses. The reserve is reduced or dissolved if the development costs recognised are depreciated or flow out of the Company. This is done by direct transfer to the distributable reserves of equity.

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.

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 on account tax 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 would be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities
Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Amortised cost of current liabilities usually corresponds to nominal value.

Deferred income
Deferred income is recognised as liabilities include payments received regarding income in subsequent years.

Foreign currency translation
On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

ACCOUNTING POLICIES

CASH FLOW STATEMENT

With reference to Section 86(4) of the Danish Financial Statements Act, the company has not prepared a cash flow statement. The parent company's cash flows are part of the consolidated cash flow statement of Acal Plc.