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# ***Hewlett-Packard ApS***

Engholm Parkvej 8, DK-3450 Allerød

## **Annual Report for 1 November 2015 - 31 October 2016**

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CVR No 76 94 59 18

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
23/1 2017

Jarle Sabo  
Chairman

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## **Management's Statement**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Hewlett-Packard ApS for the financial year 1 November 2015 - 31 October 2016.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 October 2016 of the Company and of the results of the Company operations for 2015/16.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Allerød, 23 January 2017

### **Direktion**

Carsten Regner Nielsen

### **Bestyrelse**

Louise Karlskov Kaasgaard  
Chairman

Henricus P. Q. M. Daniels

Carsten Regner Nielsen

Marten Thorhauge  
Staff Representative

Mette Anker Pasbøl  
Staff Representative

# **Independent Auditor's Report on the Financial Statements**

To the Shareholder of Hewlett-Packard ApS

## **Report on the Financial Statements**

We have audited the Financial Statements of Hewlett-Packard ApS for the financial year 1 November 2015 - 31 October 2016, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

### **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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

### **Opinion**

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 October 2016 and of the results of its operations for the financial year 1 November 2015 - 31 October 2016 in accordance with the Danish Financial Statements Act.

# **Independent Auditor's Report on the Financial Statements**

## **Statement on Management's Review**

Pursuant to the Danish Financial Statements Act, we have read the Management's Review. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, it is our opinion, that the information provided in Management's Review is consistent with the Financial Statements.

Copenhagen, 23 January 2017

**Ernst & Young**

Godkendt Revisionspartnerselskab

*CVR No 30 70 02 28*

Eskild Jakobsen  
statsautoriseret revisor

Alex Petersen  
statsautoriseret revisor

## Company Information

### **The Company**

Hewlett-Packard ApS  
Engholm Parkvej 8  
DK-3450 Allerød

CVR No: 76 94 59 18  
Financial period: 1 November - 31 October  
Municipality of reg. office: Allerød

### **Board of Directors**

Louise Karlskov Kaasgaard, Chairman  
Henricus P. Q. M. Daniels  
Carsten Regner Nielsen  
Marten Thorhauge  
Mette Anker Pasbøl

### **Executive Board**

Carsten Regner Nielsen

### **Auditors**

Ernst & Young  
Godkendt Revisionspartnerselskab  
Osvald Helmuths Vej 4, Postboks 250  
DK-2000 Frederiksberg

### **Bankers**

Danske Bank

Citibank

SEB

## Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2015/16 TDKK	2014/15 TDKK	2013/14 TDKK	2012/13 TDKK	2011/12 TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	1.401.698	2.466.386	2.996.365	3.217.969	3.448.161
Profit/loss before financial income and expenses	-16.299	-31.068	69.044	-20.562	18.903
Net financials	17.942	74.680	45.227	10.822	2.250
Net profit/loss for the year	1.213	40.224	102.582	-10.054	20.131
<b>Balance sheet</b>					
Balance sheet total	907.964	877.595	1.004.157	1.117.767	1.136.271
Equity	325.207	323.994	283.770	181.188	191.243
Average number of employees	259	327	377	417	448
<b>Ratios</b>					
Return on assets	-1,8%	-3,5%	6,5%	-1,8%	1,8%
Solvency ratio	35,8%	36,9%	28,3%	16,2%	16,8%
Return on equity	0,4%	13,2%	44,1%	-5,4%	11,1%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Note to Key figures in the Income Statement: Divestiture of Print and Personal Systems division to HP Inc in 2015.

# Management's Review

## Main activity

Formed in Denmark in 1967, Hewlett Packard ApS (the Company or HP) is a wholly owned subsidiary of Hewlett-Packard Corporation, the world's second largest IT company with revenue of USD 50.1 billion in the latest fiscal year. The Danish subsidiary imports, markets and sells a broad range of IT products, solutions and services for enterprise businesses, public institutions and private customers in the Danish market.

EG sells converged infrastructure solutions; including network solutions, data storage, servers and technical service. ES supplies consultancy and outsourcing services to private businesses and the public sector; while HPS sells business-oriented software solutions within cloud, big data, information management and operation management. HPFS offers IT solution financing from HP and other suppliers.

## Development in the year

The income statement of the Company for 2015/16 shows a profit of TDKK 1,213, and at 31 October 2016 the balance sheet of the Company shows equity of TDKK 325,207.

The revenue decrease from last year should be seen in the light of the divestiture of the PPS business in the 3rd quarter of FY15. The result is considered satisfactory given that the Company is in the process of implementing a 5-year recovery plan and that the Danish economy is still exercising widespread restraint. Despite this, the Company has succeeded in maintaining or increasing its market shares within all its primary market segments.

HP's network business continued its positive development in a receding market, and the position as a leading network supplier was expanded. The acquisition of Aruba Networks has further strengthened the position on the market.

In FY16 the Danish server market again experiences negative growth as in FY12-FY14. HPE is by comparison the biggest supplier in a market that is still turbulent on the manufacturer side, with Asian players entering the market. Especially the HPC market has dropped significantly. The market for Hyper Converged Systems is growing, and during FY16, HPE has introduced a strong product line-up with HC250 and HC380. We also continue to see a high demand for business critical servers, due to the success in collaborating with SAP on HANA, among others.

HPE Denmark has had an excellent year on storage with double digit growth and gaining market share in all segments. The All-Flash market continues to grow, and with a HPE market share of >50%, this has significant positive impact on our result. The introduction of a close integration between the HPE 3PAR storage and StoreOnce backup solutions has also fueled a high growth on back-up solutions.

HPE Denmark has had double digit growth within its Technology Service business, which has been achieved by launch of new services, including different consumption models.

More than 75% of HP's products and solutions are delivered to the market in cooperation with partners. It is important to HP to be a trustworthy and profitable supplier that actively and visibly develops the



## **Management's Review**

market. The Partner Ready program, supporting the building and maintenance of sales, architecture and delivery competences with our retailers and distributors, facilitates this so that HP's customers receive the competent services and attain the business targets driving their purchase decision.

HP also supports the channel with new services, as the market demands as-a-service supplies alongside conventional on-premise solutions.

Finally, HP works to improve response times and precision in relation to the handling of queries in cooperation with distributors through the Partner Ready portal.

### **Significant events**

In January 2016 the Company acquired the Danish branch of Aruba Networks. Aruba Networks provides mobile network solutions and with the acquisition the Company has increased its market share on network solutions.

On May 24 2016 Hewlett Packard Enterprise announced its plan to spin-off and merge its worldwide Enterprise Services with CSC. The Enterprise Services business across the globe will be separated into a new entity which will be spun off and subsequently merged with CSC. In Denmark the spin-off will take place in January 2017 and the merger with CSC is planned for April 2017.

On 7 September 2016 Hewlett Packard Enterprise announced its plan to spin-off and merge its worldwide Software business with Micro Focus International. The Software business in the various countries will be separated in a new legal entity which will be spun off and subsequently merged with Micro Focus International. In Denmark the spin-off will take place in May 2017 and the merger with Micro Focus International is planned for August 2017.

### **Operating risks**

The Company's revenue and earnings are highly vulnerable to general economic developments. Therefore, the persistent economic slowdown is likely to impact adversely on the Company's financial performance.

The Company's results are also affected by competitors' market activities. The Company competes on brand, technology, performance, price, quality, reliability, customer relations, distribution, security, cost structure, price structure and availability. If the Company's products, solutions and services are unable to compete successfully on these parameters, its results will suffer. Persistent price drops and fluctuations in the US dollar rate may also affect revenue and earnings.

The Company relies on the parent company's continuous development and manufacture of the products demanded by the Danish market. Finally, the Company's supply capability might be impacted by insufficient production capacity as a result of e.g. natural disasters.

# **Management's Review**

## **Outlook**

Due to the planned spin-off of Enterprise Services and Software business in the coming year the Company's total revenue and result for FY17 is expected to be lower than FY16. On the existing business activities results are expected to be in line with FY16.

## **Employee care**

Throughout 2016, the Company worked to maintain and improve employee satisfaction through targeted activities within employee involvement, management and execution as well as HP's values and culture.

Healthy food in the cafeteria, a fitness center and massage is offered to employees onsite. Further, the Company has maintained and expanded its many employee benefits in the form of family activities and employee and sports clubs.

## **Statement of corporate social responsibility**

HP operates a wide-ranging global CSR and Global Citizenship program and publishes an annual Global Citizenship report describing the Group's CSR targets and activities.

The Company has not established local policies for Corporate Social Responsibility, including climate, environment and human rights impact, but as a part of the Group, the Company is subject to these policies. For further details on the HP Group's CSR policies and strategies, please see the CSR report on the parent company's website:

<http://www8.hp.com/us/en/hpe/hp-information/livingprogress/reporting.html>

## **Statement on gender composition**

The board has set an objective for the underrepresented gender of 33.3 percent, equal to one out of three members, chosen by the general assembly. In FY16 a female board member was elected and as such the objective has been met. Further, the Company's employees have appointed one female member of the board.

28 percent of the Company's employees are women. The Company assesses this share to reflect the gender balance, which generally applies within the Company's business area. The Company strives to achieve an equal gender balance within management. According to the most recent statement, the Company has 44 percent female managers, and hence the gender balance cannot yet be considered equal. To increase the number of female managers the company encourages women to participate in global mentorships and groups for knowledge sharing specifically targeted women.

## **Unusual events**

The financial position at 31 October 2016 of the Company and the results of the activities of the Company for the financial year for 2015/16 have not been affected by any unusual events.

## **Management's Review**

### **Subsequent events**

No events that could materially impact the Company's financial position have occurred subsequent to the financial year-end.

## Income Statement 1 November - 31 October

	Note	2015/16 TDKK	2014/15 TDKK
<b>Revenue</b>	1	<b>1.401.698</b>	<b>2.466.386</b>
Other operating income		1.349	0
Cost of sales		-1.090.559	-2.095.574
Other external expenses		-61.437	-82.551
<b>Gross profit/loss</b>		<b>251.051</b>	<b>288.261</b>
Staff expenses	2	-250.201	-317.296
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	3	-17.109	-933
Other operating expenses	4	-40	-1.100
<b>Profit/loss before financial income and expenses</b>		<b>-16.299</b>	<b>-31.068</b>
Financial income	5	20.953	76.301
Financial expenses	6	-3.011	-1.621
<b>Profit/loss before tax</b>		<b>1.643</b>	<b>43.612</b>
Tax on profit/loss for the year	7	-430	-3.388
<b>Net profit/loss for the year</b>		<b>1.213</b>	<b>40.224</b>

## Distribution of profit

	2015/16 TDKK	2014/15 TDKK
<b>Proposed distribution of profit</b>		
Proposed dividend for the year	150.000	0
Retained earnings	-148.787	40.224
	<b>1.213</b>	<b>40.224</b>

# Balance Sheet 31 October

## Assets

	Note	2015/16 TDKK	2014/15 TDKK
Goodwill		7.033	0
<b>Intangible assets</b>	8	<b>7.033</b>	<b>0</b>
Plant and machinery		324	395
Other fixtures and fittings, tools and equipment		147	162
Leasehold improvements		2.336	3.670
Property, plant and equipment in progress		55	150
<b>Property, plant and equipment</b>	9	<b>2.862</b>	<b>4.377</b>
Receivables from group enterprises		557.545	555.077
<b>Fixed asset investments</b>		<b>557.545</b>	<b>555.077</b>
<b>Fixed assets</b>		<b>567.440</b>	<b>559.454</b>
<b>Inventories</b>		<b>12.801</b>	<b>12.574</b>
Trade receivables		167.100	107.030
Receivables from group enterprises		96.206	41.706
Other receivables		4.373	10.556
Deferred tax asset		11.400	4.852
Prepayments	10	2.984	4.980
<b>Receivables</b>		<b>282.063</b>	<b>169.124</b>
<b>Cash at bank and in hand</b>		<b>45.660</b>	<b>136.443</b>
<b>Currents assets</b>		<b>340.524</b>	<b>318.141</b>
<b>Assets</b>		<b>907.964</b>	<b>877.595</b>

# Balance Sheet 31 October

## Liabilities and equity

	Note	2015/16 TDKK	2014/15 TDKK
Share capital		31.101	31.101
Retained earnings		144.106	292.893
Proposed dividend for the year		150.000	0
<b>Equity</b>	11	<b>325.207</b>	<b>323.994</b>
Other provisions		15.596	25.738
<b>Provisions</b>		<b>15.596</b>	<b>25.738</b>
Trade payables		25.452	28.621
Work in progress for third parties		3.642	1.587
Payables to group enterprises		150.049	146.016
Corporation tax		2.064	10.902
Other payables		98.171	97.743
Deferred income	12	287.783	242.994
<b>Short-term debt</b>		<b>567.161</b>	<b>527.863</b>
<b>Debt</b>		<b>567.161</b>	<b>527.863</b>
<b>Liabilities and equity</b>		<b>907.964</b>	<b>877.595</b>
Contingent assets, liabilities and other financial obligations	15		
Fee to auditors appointed at the general meeting	13		
Related parties and ownership	14		

## Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 November	31.101	292.893	0	323.994
Net profit/loss for the year	0	-148.787	150.000	1.213
<b>Equity at 31 October</b>	<b>31.101</b>	<b>144.106</b>	<b>150.000</b>	<b>325.207</b>

# Notes to the Financial Statements

	2015/16 TDKK	2014/15 TDKK
<b>1 Revenue</b>		
Revenue, Denmark	1.030.014	1.462.165
Revenue, exports	371.684	1.004.221
	<b>1.401.698</b>	<b>2.466.386</b>

<b>2 Staff expenses</b>		
Wages and salaries	229.591	291.197
Pensions	18.515	23.185
Other social security expenses	2.095	2.914
	<b>250.201</b>	<b>317.296</b>
<b>Average number of employees</b>	<b>259</b>	<b>327</b>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

## 3 Depreciation, amortisation and impairment of property, plant and equipment and intangible assets

Amortisation of intangible assets	3.732	0
Depreciation of property, plant and equipment	1.751	933
Impairment of intangible assets	11.626	0
	<b>17.109</b>	<b>933</b>

Which is specified as follows:

Goodwill	3.732	0
Plant and machinery	220	286
Other fixtures and fittings, tools and equipment	127	44
Leasehold improvements	1.404	603
Impairment goodwill	11.626	0
	<b>17.109</b>	<b>933</b>



## Notes to the Financial Statements

	2015/16 TDKK	2014/15 TDKK
<b>4 Other operating expenses</b>		
Loss on sale of activity	13	1.100
Loss on sale of fixed assets	27	0
	<b>40</b>	<b>1.100</b>
<b>5 Financial income</b>		
Interest received from group enterprises	20.931	20.217
Other financial income	22	541
Exchange gains	0	55.543
	<b>20.953</b>	<b>76.301</b>
<b>6 Financial expenses</b>		
Interest paid to group enterprises	474	821
Other financial expenses	1.430	800
Exchange losses	1.107	0
	<b>3.011</b>	<b>1.621</b>
<b>7 Tax on profit/loss for the year</b>		
Current tax for the year	4.986	238
Deferred tax for the year	-6.548	4.148
Adjustment of tax concerning previous years	1.992	-998
	<b>430</b>	<b>3.388</b>

# Notes to the Financial Statements

## 8 Intangible assets

	Goodwill TDKK
Cost at 1 November	0
Additions for the year	22.391
Cost at 31 October	22.391
Impairment losses and amortisation at 1 November	0
Impairment losses for the year	11.626
Amortisation for the year	3.732
Impairment losses and amortisation at 31 October	15.358
<b>Carrying amount at 31 October</b>	<b>7.033</b>

## 9 Property, plant and equipment

	Plant and machinery TDKK	Other fixtures and fittings, tools and equipment TDKK	Leasehold improvements TDKK	Property, plant and equipment in progress TDKK
Cost at 1 November	1.328	1.604	10.399	150
Additions for the year	267	112	70	0
Disposals for the year	-401	0	0	-95
Cost at 31 October	1.194	1.716	10.469	55
Impairment losses and depreciation at 1 November	933	1.442	6.729	0
Depreciation for the year	220	127	1.404	0
Impairment and depreciation of sold assets for the year	-283	0	0	0
Impairment losses and depreciation at 31 October	870	1.569	8.133	0
<b>Carrying amount at 31 October</b>	<b>324</b>	<b>147</b>	<b>2.336</b>	<b>55</b>

## 10 Prepayments

Prepayments consist of prepaid expenses concerning support contracts.

# Notes to the Financial Statements

## 11 Equity

The share capital is broken down as follow:

	Number	Nominal value TDKK
Anparter	30.000	30.000
A-anparter	500	500
A-anparter	1.000	1
B-anparter	500	500
C-anparter	100	100
		<b>31.101</b>

There have been no changes in the share capital during the last 5 years.

## 12 Deferred income

Deferred income primarily relates to accrued support contracts booked as income over the terms of the contracts.

## 13 Fee to auditors appointed at the general meeting

	2015/16 TDKK	2014/15 TDKK
Audit fee to Ernst & Young	293	286
	<b>293</b>	<b>286</b>

# Notes to the Financial Statements

## 14 Related parties and ownership

### Basis

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#### Controlling interest

Hewlett-Packard Nordic Holding AB, Stockholm, Sweden      Parent company

#### Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Hewlett-Packard Nordic Holding AB, Stockholm, Sweden

#### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Companies Hewlett-Packard Company (ultimate parent) & Hewlett-Packard The Hague B.V. (intermediate parent company).

The Group Annual Report of Hewlett-Packard Company (ultimate parent) & Hewlett-Packard The Hague B.V. (intermediate parent company) may be obtained at the following address:

Hewlett-Packard Company, 3000 Hanover Street, Palo Alto, Californien, USA  
Hewlett-Packard The Hague B.V., Startbaan 16, 1187 XR Amstelveen, The Netherlands

# Notes to the Financial Statements

	2015/16 TDKK	2014/15 TDKK
<b>15 Contingent assets, liabilities and other financial obligations</b>		

## Contingent assets

The company has a non-recognised tax asset of TDKK 72,000 in FY16. (TDKK 60,700 in FY15)

## Rental and lease obligations

Rent and lease obligation, period of interminability 3 up to years	9.124	19.904
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## Other contingent liabilities

The company has not provided a bank guarantee in FY16 (TDKK 486 in FY15).

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to TDKK 1,992. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

# **Accounting Policies**

## **Basis of Preparation**

Financial Statements of Hewlett-Packard ApS for 2015/16 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

Financial Statements for 2015/16 are presented in TDKK.

## **Cash flow statement**

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Hewlett-Packard Company (ultimate parent) & Hewlett-Packard The Hague B.V. (intermediate parent company), the Company has not prepared a cash flow statement.

## **Leases**

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

## **Translation policies**

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

# **Accounting Policies**

## **Income Statement**

### **Revenue**

Income from the sale of goods for resale and finished goods is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

Income from sale of goods where installation is required in order that significant risks may be considered to have been transferred to the buyer is recognised in revenue when the installation has been carried out.

Income from the sale of services, comprising service contracts, is recognised in revenue on a straight-line basis as delivered as the services are delivered in the form of an indefinite number of actions over a specific period of time.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

### **Cost of sales**

Cost of sales comprise the raw materials and consumables consumed to achieve revenue for the year.

### **Other external expenses**

Other external expenses comprise the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

### **Staff expenses**

Staff expenses comprise wages and salaries as well as payroll expenses net of refunds made by public authorities.

### **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of goodwill and property, plant and equipment.

### **Other operating income and expenses**

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprise, including gains and losses on the sale of property, plant and equipment.

# Accounting Policies

## Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

## Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

## Balance Sheet

### Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Plant and machinery	3-10	years
Other fixtures and fittings, tools and equipment	3-10	years
Leasehold improvements	5-15	years

### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.



# Accounting Policies

## Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The cost of goods for resale equals landed cost as well as other costs directly attributable to the acquisition.

## Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

## Prepayments

Prepayments comprise prepaid expenses concerning subsequent financial reporting years.

## Provisions

Provisions comprise expected expenses relating to guarantee commitments, etc. Provisions are recognised when the company has a legal or constructive obligation as a result of a past event at the balance sheet date and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

## Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in 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 will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

## Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

## Accounting Policies

### Other payables

Other payables are measured at net realisation value.

### Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

## Financial Highlights

### Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$