CHRISTENSEN
KJÆRULFF
PERSONLIGT ENGAGEMENT

STATSAUTORISERET
REVISIONSAKTIESELSKAB

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Ole Lynggaard A/S

Hellerupvej 15 B, 2900 Hellerup

Company reg. no. 83 02 49 17

Annual report

1 January - 31 December 2019

The annual report has been submitted and approved by the general meeting on the 4 June 2020.

Søren Ole Lynggaard
Chairman of the meeting

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Contents

Management's report

The board of directors and the executive board have today presented the annual report of Ole Lynggaard A/S for the financial year 1 January to 31 December 2019.

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

We consider the accounting policies used appropriate, and in our opinion, the consolidated annual accounts and the annual accounts provide a true and fair view of the assets, the liabilities and the financial position, consolidated and for the company respectively at 31 December 2019, and of the results of the activities, consolidated and of the company respectively and of consolidated cash flows in the financial year 1 January to 31 December 2019.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Hellerup, 18 May 2020

Executive board

Søren Ole Lynggaard	Charlotte Lynggaard	Niels Erik Michel Normann
Hanna Maria Lynggaard		

Board of directors

Lars-Erik Houmann Christensen	Charlotte Lynggaard	Ole Lynggaard
Lars Dybkjær	Søren Ole Lynggaard	Niels Erik Michel Normann
Karin Lynggaard		

Independent auditor's report

To the shareholders of Ole Lynggaard A/S

Opinion

We have audited the consolidated annual accounts and the annual accounts of Ole Lynggaard A/S for the financial year 1 January to 31 December 2019, which comprise accounting policies, profit and loss account, balance sheet, statement of changes in equity and notes, consolidated and for the company respectively and consolidated cash flow statement. The consolidated annual accounts and the annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated annual accounts and the annual accounts give a true and fair view of the assets, liabilities and financial position, consolidated and for the company respectively at 31 December 2019 and of the results of the company's operations, consolidated and for the company respectively and of consolidated cash flows for the financial year 1 January to 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section “Auditor’s responsibilities for the audit of the consolidated annual accounts and the annual accounts”. We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the consolidated annual accounts and the annual accounts

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

In preparing the consolidated annual accounts and the annual accounts, the management is responsible for evaluating the group’s and the company’s ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the consolidated annual accounts and the annual accounts, unless the management either intends to liquidate the group or the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the consolidated annual accounts and the annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts and the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the consolidated annual accounts and the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated annual accounts and the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the 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 group's and the company's internal control.

- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's preparation of the consolidated annual accounts and the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the group's and 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 consolidated annual accounts and the annual accounts 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 group and the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated annual accounts and the annual accounts, including the disclosures in the notes, and whether the consolidated annual accounts and the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the business activities within the group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the consolidated annual accounts and the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the consolidated annual accounts and the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the consolidated annual accounts or the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the consolidated annual accounts and the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 18 May 2020

Christensen Kjærulff
Statsautoriseret Revisionsaktieselskab
Company reg. no. 15 91 56 41

Torben Laurentz Wiberg
State Authorised Public Accountant
mne11651

Company information

The company	Ole Lynggaard A/S Hellerupvej 15 B 2900 Hellerup	
	Company reg. no.	83 02 49 17
	Financial year:	1 January - 31 December
Board of directors	Lars-Erik Houmann Christensen Charlotte Lynggaard Ole Lynggaard Lars Dybkjær Søren Ole Lynggaard Niels Erik Michel Normann Karin Lynggaard	
Executive board	Søren Ole Lynggaard Charlotte Lynggaard Niels Erik Michel Normann Hanna Maria Lynggaard	
Auditors	Christensen Kjærulff Statsautoriseret Revisionsaktieselskab Store Kongensgade 68 1264 København K	
Subsidiaries	Ole Lynggard Retail ApS, Gentofte Ole Lynggaard Copenhagen GmbH (CH), Schweiz, Switzerland Ole Lynggaard Copenhagen GmbH (DE), Tyskland, Germany	

Consolidated financial highlights

DKK in thousands.	2019	2018	2017	2016	2015
Profit and loss account:					
Gross profit	88.369	87.566	83.193	82.383	79.010
Results from operating activities	11.005	7.752	6.711	11.825	15.869
Net financials	532	-2.135	-2.063	-630	-3.003
Results for the year	8.958	3.624	3.288	8.534	9.563
Balance sheet:					
Balance sheet sum	178.283	180.336	175.742	158.256	156.323
Investments in tangible fixed assets represent	-7.171	-7.472	-10.086	-6.052	-7.211
Equity	88.720	82.009	76.248	72.255	68.097
Cash flow:					
Operating activities	26.481	13.822	-3.450	15.314	15.232
Investment activities	-9.550	-8.102	-12.255	-14.204	-8.764
Financing activities	-12.726	2.111	12.099	-5.664	5.118
Cash flow in total	4.205	7.831	-3.606	-4.554	11.586
Changes in cash flow including short-term bank debts	16.931	5.720	-15.426	-3.390	6.467
Employees:					
Average number of full time employees	134	133	134	119	109

Consolidated financial highlights

DKK in thousands.	2019	2018	2017	2016	2015
Key figures in %:					
Acid test ratio	165,4	151,3	153,4	153,5	154,0
Solvency ratio	49,6	45,3	43,3	45,7	43,6
Return on equity	10,5	4,6	4,5	12,2	15,0

The calculation of key figures and ratios does in all material respects follow the Danish Association of Finance Analysts' recommendations and does only in a few respects deviate from the recommendations.

The key figures appearing from the survey have been calculated as follows:

Acid test ratio $\frac{\text{Current assets x 100}}{\text{Short-term liabilities}}$

Equity share $\frac{\text{Equity less minority interests, closing balance x 100}}{\text{Assets in total, closing balance}}$

Return on equity $\frac{\text{*Results x 100}}{\text{Average equity exclusive of minority interests}}$

***Results** Results for the year with deduction of minority interests' share of same

The principal activities of the group

OLE LYNGGAARD COPENHAGEN is a family-owned, design based company that manufactures and sells jewellery of the highest class in Denmark as in export markets.

We do this based on our position as a leading Scandinavian luxury brand, rooted in a passion for the unique design, styling and craftsmanship. Our idea i to make women feel beautiful and unique. Our vision is to establish a global status as the favorite luxury brand for the quality-conscious customer who demands Scandinavian jewellery design, which can please for generations.

Our mission is to inspire and create passion for our jewellery and brand worldwide by supplying products in a unique, timeless and functional design of the highest quality.

More than 130 talented and dedicated employees are gathered to bring this mission to life, of which 40 jewellers work at the company's premises in Hellerup.

The company's growth strategy in relation to increased exports, which is based on organic and controlled development, has ensured positive growth through resent years, and at the same time ensured that the company's very high standards of quality at all levels have been observed.

We will, in the coming years, with a close relationship with dealers and partners, and a constant focus on our values, pursue our growth strategy with the aim to ensure continued profitable growth, economic independence and an exciting and challeging workplace for our employees. We will continue to be a Danish family-owned company in design, production and craftsmanship, where the family's close connection and ownership ensure the present company culture.

Development in activities and financial matters

The gross profit for the parent company is for the year DKK 57.443 thousand against DKK 61.445 thousand last year and for the group DKK 88.369 thousand for the year against DKK 87.566 thousand for last year. The results from ordinary activities after tax are for the parent company DKK 8.901 thousand against DKK 3.605 thousand last year and for the group DKK 8.958 thousand for the year against DKK 3.624 thousand last year. The management consider the results satisfactory.

Special risks

Operating risks

The company has an ongoing risk due to the volatility of the price of gold an various currencies. This risk is mitigated by the use af hedging instruments. The expected need for currency trade and gold is hedged for the coming year in November, giving the company the ability to fix prices for a full year.

Environmental issues

The company aims to be at the forefront on both external and internal environmental issues. Municipal approval of the company's process equipment, ventilation and safety have been achieved over many years.

The expected development

Modest growth was expected in 2020 driven by organic growth in existing stores and markets, however the COVID-19 crisis has impacted the company, resulting in challenges on both top and bottom line.

Since February 2020, the company has implemented measures to ensure the safety and health of the employees. These measures include reduced travelling, extended use of home office solutions and increase focus on intrapersonal distance and hygiene in the workplace.

The current political restrictions on both travelling and shopping possibilities for the consumer, challenge the business. As a result of these restrictions, the company now expects a significant loss in revenue compared to previous years.

Part of this shortfall is mitigated by state aid programmes both in Denmark and in the subsidiaries abroad, however the company has also implemented mitigating initiatives to reduce staff and external cost. As a result of this, the company is expected to have a negative result before taxes in 2020, but the company expects a positive result again in 2021, even with revenue below 2019 level.

The current bank facilities are sufficient to meet the current projected demand. The current facility will be renegotiated during summer 2020 and the company expects it to be renewed on current terms.

Based on the current situation and the information available, Management expect the company to continue operations without significant structural changes.

Events subsequent to the financial year

No events - besides the COVID-19 crisis mentioned above - have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Branches abroad

Alongside two Danish stores, the company operates own stores in Sweden, Australia, France and Singapore. In addition to this, the company has legal entities in Norway, Germany and Switzerland with a sales force working on behalf of the Danish parent company.

Income statement 1 January - 31 December

DKK thousand.

Note		Group 2019	Group 2018	Parent 2019	Parent 2018
	Gross profit	**88.369**	**87.566**	**57.443**	**61.445**
1	Staff costs	-68.604	-72.065	-48.297	-52.935
	Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-8.760	-7.749	-6.321	-5.228
	Operating profit	**11.005**	**7.752**	**2.825**	**3.282**
	Income from equity investments in group enterprises	0	0	5.686	2.102
	Other financial income from group enterprises	0	0	851	812
	Other financial income	1.518	349	1.365	270
2	Other financial costs	-986	-2.484	-800	-2.347
	Pre-tax net profit or loss	**11.537**	**5.617**	**9.927**	**4.119**
	Tax on ordinary results	-2.579	-1.993	-1.026	-514
3	**Net profit or loss for the year**	**8.958**	**3.624**	**8.901**	**3.605**
	Break-down of the consolidated profit or loss:				
	Shareholders in Ole Lynggaard A/S	8.901	3.605		
	Minority interests	57	19		
		8.958	**3.624**		

Statement of financial position at 31 December

DKK thousand.

Assets

Note		Group 2019	Group 2018	Parent 2019	Parent 2018
	Non-current assets				
4	Completed development projects, including patents and similar rights arising from development projects	7.679	7.162	7.679	7.066
5	Acquired concessions, patents, licenses, trademarks and similar rights	989	1.382	0	0
	Total intangible assets	8.668	8.544	7.679	7.066
6	Land and property	633	480	633	480
7	Production plant and machinery	14.811	12.397	14.572	12.019
8	Other plants, operating assets, and fixtures and furniture	7.643	9.505	3.033	3.126
	Total property, plant, and equipment	23.087	22.382	18.238	15.625
9	Equity investments in group enterprises	0	0	17.922	12.351
10	Other securities and equity investments	52	52	52	52
11	Deposits	2.877	2.896	1.270	1.320
	Total investments	2.929	2.948	19.244	13.723
	Total non-current assets	**34.684**	**33.874**	**45.161**	**36.414**

Statement of financial position 31 December

DKK thousand.

Assets

Note		Group 2019	Group 2018	Parent 2019	Parent 2018
	Current assets				
	Raw materials and consumables	22.706	21.507	22.706	21.507
	Work in progress	3.183	2.342	3.183	2.342
	Manufactured goods and trade goods	59.481	67.467	33.749	44.945
	Prepayments for goods	3.113	994	3.113	994
	Total inventories	88.483	92.310	62.751	69.788
	Trade debtors	22.414	24.728	21.295	23.553
	Amounts owed by group enterprises	0	0	25.563	27.431
	Tax receivables from group enterprises	0	0	1.506	768
	Other debtors	4.709	6.750	3.858	5.668
12	Accrued income and deferred expenses	3.090	1.976	2.254	1.193
	Total receivables	30.213	33.454	54.476	58.613
	Available funds	24.903	20.698	10.353	11.575
	Total current assets	**143.599**	**146.462**	**127.580**	**139.976**
	Total assets	**178.283**	**180.336**	**172.741**	**176.390**

Statement of financial position at 31 December

DKK thousand.

Equity and liabilities

Note		Group 2019	Group 2018	Parent 2019	Parent 2018
	Equity				
13	Contributed capital	500	500	500	500
	Reserves for net revaluation as per the equity method	0	0	17.401	11.830
	Results brought forward	87.941	81.270	70.540	69.439
	Equity before non-controlling interest.	88.441	81.770	88.441	81.769
	Minority interests	279	239	0	0
	Total equity	**88.720**	**82.009**	**88.441**	**81.769**
	Provisions				
14	Provisions for deferred tax	725	1.536	625	1.362
15	Other provisions	281	0	0	0
	Total provisions	**1.006**	**1.536**	**625**	**1.362**
	Liabilities other than provisions				
16	Other debts	1.733	0	1.503	0
	Total long term liabilities other than provisions	1.733	0	1.503	0

Statement of financial position 31 December

DKK thousand.

Equity and liabilities

Note		Group 2019	Group 2018	Parent 2019	Parent 2018
	Bank debts	44.617	57.343	44.617	57.343
	Prepayments received from customers	2.661	2.707	869	1.580
	Trade creditors	18.831	19.163	17.356	18.298
	Debt to group enterprises	0	0	2.790	1.656
	Corporate tax	1.695	898	1.689	758
	Other debts	19.020	16.680	14.851	13.624
	Total short term liabilities other than provisions	86.824	96.791	82.172	93.259
	Total liabilities other than provisions	**88.557**	**96.791**	**83.675**	**93.259**
	Total equity and liabilities	**178.283**	**180.336**	**172.741**	**176.390**

17 Mortgage and securities

18 Contingencies

Consolidated statement of changes in equity

DKK thousand.

	Contributed capital not paid	Reserve for net revaluation according to the equity method	Retained earnings	Non-controlling interests	Total
1 January 2018 1 January 2018	500	0	75.522	226	76.248
Share of results	0	0	3.605	20	3.625
Exchange rate adjustments	0	0	336	-7	329
Adjustment, market value financial contracts, after tax	0	0	1.807	0	1.807
1 January 2019 1 January 2019	500	0	81.270	239	82.009
Share of results	0	0	8.901	57	8.958
Exchange rate adjustments	0	0	509	-17	492
Adjustment, market value financial contracts, after tax	0	0	-2.739	0	-2.739
	500	**0**	**87.941**	**279**	**88.720**

Statement of changes in equity of the parent

DKK thousand.

	Contributed capital	Reserve for net revalua-tion according to the eq-uity method	Retained earnings	Total
Equity 1 January 2018	500	8.768	66.753	76.021
Share of results	0	2.725	879	3.604
Exchange rate adjustments	0	337	0	337
Adjustment, market value financial contracts, after tax	0	0	1.807	1.807
Equity 1 January 2019	500	11.830	69.439	81.769
Share of results	0	5.061	3.840	8.901
Exchange rate adjustments	0	510	0	510
Adjustment, market value financial contracts, after tax	0	0	-2.739	-2.739
	500	**17.401**	**70.540**	**88.441**

Statement of cash flows 1 January - 31 December

DKK thousand.

Note		Group 2019	2018
	Results for the year	8.958	3.624
19	Adjustments	10.807	11.877
20	Change in working capital	8.025	1.688
	Cash flow from operating activities before net financials	27.790	17.189
	Interest received and similar amounts	1.515	349
	Interest paid and similar amounts	-986	-2.484
	Cash flow from ordinary activities	28.319	15.054
	Corporate tax paid	-1.838	-1.232
	Cash flow from operating activities	**26.481**	**13.822**
	Purchase of intangible fixed assets	-2.398	-325
	Purchase of tangible fixed assets	-7.171	-7.472
	Purchase of financial fixed assets	19	-305
	Cash flow from investment activities	**-9.550**	**-8.102**
	Raising of short-term debts	-12.726	2.111
	Cash flow from financing activities	**-12.726**	**2.111**
	Changes in available funds	**4.205**	**7.831**
	Available funds 1 January 2019	20.698	12.867
	Available funds 31 December 2019	**24.903**	**20.698**
	Available funds		
	Available funds	24.903	20.698
	Available funds 31 December 2019	**24.903**	**20.698**

Notes

DKK thousand.

		Group 2019	Group 2018	Parent 2019	Parent 2018
1.	**Staff costs**				
	Salaries and wages	59.427	63.088	42.320	47.140
	Pension costs	6.420	6.111	5.230	5.099
	Other costs for social security	1.909	1.936	220	217
	Other staff costs	848	930	527	479
		68.604	**72.065**	**48.297**	**52.935**
	Executive board and board of directors	9.225	9.188	9.225	9.188
	Average number of employees	134	133	97	96
2.	**Other financial costs**				
	Financial costs, group enterprises	0	0	59	27
	Other financial costs	986	2.484	741	2.320
		986	**2.484**	**800**	**2.347**
3.	**Proposed distribution of the results**				
	Reserves for net revaluation as per the equity method			5.061	2.726
	Allocated to results brought forward			3.840	879
	Distribution in total			**8.901**	**3.605**

DKK thousand.

		Group		Parent	
		31/12 2019	31/12 2018	31/12 2019	31/12 2018
4.	**Completed development projects, including patents and similar rights arising from development projects**				
	Cost 1 January 2019	21.443	21.117	20.418	20.093
	Translation by use of the exchange rate valid on balance sheet date 31 December 2019	8	1	0	0
	Additions during the year	2.398	325	2.398	325
	Cost 31 December 2019	**23.849**	**21.443**	**22.816**	**20.418**
	Amortisation and writedown 1 January 2019	-14.281	-12.639	-13.352	-11.801
	Translation by use of the exchange rate valid on balance sheet date 31 December 2019	-9	4	0	0
	Amortisation for the year	-1.880	-1.646	-1.785	-1.551
	Amortisation and writedown 31 December 2019	**-16.170**	**-14.281**	**-15.137**	**-13.352**
	Book value 31 December 2019	**7.679**	**7.162**	**7.679**	**7.066**

Notes

DKK thousand.

		Group 31/12 2019	Group 31/12 2018	Parent 31/12 2019	Parent 31/12 2018
5.	**Acquired concessions, patents, licenses, trademarks and similar rights**				
	Cost 1 January 2019	3.456	3.538	0	0
	Translation by use of the exchange rate valid on balance sheet date 31 December 2019	-20	-82	0	0
	Cost 31 December 2019	**3.436**	**3.456**	**0**	**0**
	Amortisation and writedown 1 January 2019	-2.074	-1.726	0	0
	Translation by use of the exchange rate valid on balance sheet date 31 December 2019	7	44	0	0
	Amortisation for the year	-380	-392	0	0
	Amortisation and writedown 31 December 2019	**-2.447**	**-2.074**	**0**	**0**
	Book value 31 December 2019	**989**	**1.382**	**0**	**0**
6.	**Land and property**				
	Cost 1 January 2019	1.259	1.259	1.259	1.259
	Additions during the year	282	0	282	0
	Cost 31 December 2019	**1.541**	**1.259**	**1.541**	**1.259**
	Depreciation and writedown 1 January 2019	-779	-651	-779	-651
	Depreciation for the year	-129	-128	-129	-128
	Depreciation and writedown 31 December 2019	**-908**	**-779**	**-908**	**-779**
	Book value 31 December 2019	**633**	**480**	**633**	**480**

Notes

DKK thousand.

		Group		Parent	
		31/12 2019	31/12 2018	31/12 2019	31/12 2018
7.	**Production plant and machinery**				
	Cost 1 January 2019	32.266	25.811	29.651	23.503
	Adjustment to previously year	0	296	0	0
	Translation by use of the exchange rate valid on balance sheet date 31 December 2019	-6	-36	0	0
	Additions during the year	6.369	6.195	6.349	6.148
	Cost 31 December 2019	**38.629**	**32.266**	**36.000**	**29.651**
	Depreciation and writedown 1 January 2019	-19.869	-16.745	-17.632	-14.698
	Translation by use of the exchange rate valid on balance sheet date 31 December 2019	4	30	0	0
	Depreciation for the year	-3.953	-3.154	-3.796	-2.934
	Depreciation and writedown 31 December 2019	**-23.818**	**-19.869**	**-21.428**	**-17.632**
	Book value 31 December 2019	**14.811**	**12.397**	**14.572**	**12.019**

DKK thousand.

		Group		Parent	
		31/12 2019	31/12 2018	31/12 2019	31/12 2018
8.	**Other plants, operating assets, and fixtures and furniture**				
	Cost 1 January 2019	20.369	19.510	8.844	7.585
	Adjustment to previously year	0	-296	0	0
	Translation by use of the exchange rate valid on balance sheet date 31 December 2019	59	-122	0	0
	Additions during the year	519	1.277	519	1.259
	Cost 31 December 2019	**20.947**	**20.369**	**9.363**	**8.844**
	Depreciation and writedown 1 January 2019	-10.864	-8.469	-5.718	-5.101
	Translation by use of the exchange rate valid on balance sheet date 31 December 2019	-36	37	0	0
	Depreciation for the year	-2.404	-2.432	-612	-617
	Depreciation and writedown 31 December 2019	**-13.304**	**-10.864**	**-6.330**	**-5.718**
	Book value 31 December 2019	**7.643**	**9.505**	**3.033**	**3.126**

DKK thousand.

		Group 31/12 2019	Group 31/12 2018	Parent 31/12 2019	Parent 31/12 2018
9.	**Equity investments in group enterprises**				
	Acquisition sum, opening balance 1 January 2019	0	0	521	521
	Cost 31 December 2019	**0**	**0**	**521**	**521**
	Revaluations, opening balance 1 January 2019	0	0	11.899	8.837
	Translation by use of the exchange rate valid on balanceday	0	0	510	337
	Results for the year before goodwill amortisation	0	0	5.061	2.725
	Revaluation 31 December 2019	**0**	**0**	**17.470**	**11.899**
	Amortisation of goodwill, opening balance 1 January 2019	0	0	-69	-69
	Depreciation on goodwill 31 December 2019	**0**	**0**	**-69**	**-69**
	Book value 31 December 2019	**0**	**0**	**17.922**	**12.351**
	The items include goodwill with an amount of	0	0	0	0

Group enterprises:

	Domicile	Share of ownership
Ole Lynggard Retail ApS	Gentofte	100 %
Ole Lynggaard Copenhagen GmbH (CH)	Schweiz, Switzerland	100 %
Ole Lynggaard Copenhagen GmbH (DE)	Tyskland, Germany	100 %

DKK thousand.

		Group 31/12 2019	Group 31/12 2018	Parent 31/12 2019	Parent 31/12 2018
10.	**Other securities and equity investments**				
	Cost 1 January 2019	52	52	52	52
	Cost 31 December 2019	**52**	**52**	**52**	**52**
	Book value 31 December 2019	**52**	**52**	**52**	**52**

		Group 31/12 2019	Group 31/12 2018	Parent 31/12 2019	Parent 31/12 2018
11.	**Deposits**				
	Cost 1 January 2019	2.896	2.590	1.320	947
	Additions during the year	62	306	31	373
	Disposals during the year	-81	0	-81	0
	Cost 31 December 2019	**2.877**	**2.896**	**1.270**	**1.320**
	Book value 31 December 2019	**2.877**	**2.896**	**1.270**	**1.320**
12.	**Accrued income and deferred expenses**				
	Prepaid expenses	3.090	1.976	2.254	1.193
		3.090	**1.976**	**2.254**	**1.193**
13.	**Contributed capital**				
	Contributed capital 1 January 2019	500	500	500	500
		500	**500**	**500**	**500**

The share capital consists of shares, each with a nominal value of DKK 1. No shares hold particular rights.

DKK thousand.

		Group		Parent	
		31/12 2019	31/12 2018	31/12 2019	31/12 2018
14.	**Provisions for deferred tax**				
	Provisions for deferred tax 1 January 2019	1.536	1.398	1.362	1.294
	Deferred tax of the results for the year	-38	-372	36	-442
	Adjustment deferred tax finansical contracts	-773	510	-773	510
		725	**1.536**	**625**	**1.362**
	The following items are subject to deferred tax:				
	Intangible fixed assets	1.689	1.555	1.689	1.555
	Tangible fixed assets	-121	-235	-283	-409
	Current assets	0	423	0	423
	Other debt	-843	-207	-781	-207
		725	**1.536**	**625**	**1.362**
15.	**Other provisions**				
	Provisions for returns	281	0	0	0
		281	**0**	**0**	**0**
	Short-term part hereof	281	0	0	0
16.	**Other debts**				
	Other debts in total	**1.733**	**0**	**1.503**	**0**
	Share of liabilities due after 5 years	1.733	0	0	0

17. Mortgage and securities

For bank debts, the company has provided security in company assets representing a nominal value of DKK 20.000 thousand. This security comprises the below assets, stating the book values:

Inventories	TDKK 62.751
Receivable from sales and services	TDKK 21.295

DKK thousand.

17. Mortgage and securities (continued)

The bank has against third party provided payment bonds and warranties, totalling DKK 1.426 thousand.

18. Contingencies

Contingent liabilities

Leasing liabilities

The company has entered into 9 leases. The remaining liability amounts to DKK 660 thousand at 31 December 2019, and remaining maturity of 2 to 26 months.

Lease on premises

Moreover, the company and its group enterprises have entered into 8 leases on premises. The total liability amounts to DKK 38.654 thousand at 31 December 2019, and the non-cancellation period is from 6 to 96 months.

The company has issued a letter of subordination of third party's debt, DKK 142 thousand as per 31 December 2019.

Hedging instruments

The company makes use of hedging instruments used to hedge recognised and non-recognised transactions concerning foreign currency translation adjustments and raw materials. Terms for the open contracts at 31 December 2019 are less than 12 months. The market value of these open contracts is recognised in the balance sheet.

Joint taxation

The company is the administration company of the group of companies subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

Any subsequent adjustments of corporate taxes or withheld taxes, etc. may cause changes in the company's liabilities.

DKK thousand.

		Group 2019	2018
19.	**Adjustments**		
	Depreciation and amortisation	8.760	7.749
	Other financial income	-1.518	-349
	Other financial costs	986	2.484
	Tax on ordinary results	2.579	1.993
		10.807	**11.877**

		Group 2019	2018
20.	**Change in working capital**		
	Change in inventories	3.828	-5.360
	Change in debtors	3.241	8.603
	Change in trade creditors and other liabilities	3.695	-4.314
	Other changes in working capital	-2.739	2.759
		8.025	**1.688**

The annual report for Ole Lynggaard A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (medium sized enterprises).

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the group is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the group is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

In case the foreign group enterprises and associated enterprises meet the criteria for being independent units, the profit and loss accounts are translated by using an average exchange rate for the period in question, and the balance sheet items are translated by using the closing rate. Differences arising in connection with the translation of the equity of foreign group enterprises at the beginning of the year to the closing rate are recognised directly in the equity. The same goes for differences arising in connection with translation of the profit and loss accounts from average exchange rate to the closing rate.

Currency adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in the equity. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised in the equity.

Derivatives

At their initial recognition, derivatives are recognised at cost in the statement of financial position. Hereafter, they measured at fair value. Positive and negative fair values of derivatives are recognised under other receivables and payables, respectively.

Changes in the fair value of derivatives intended as hedging the fair value of a recognised asset or a recognised liability are recognised in the income statement together with any changes in the fair value of the hedged asset or hedged liability.

Changes in the fair value of derivatives classified as, and meeting the criteria for, hedging future cash flows are recognised under other receivables or other payables and in equity.

If the future transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or the liability, respectively. If the future transaction results in income or costs, amounts recognised in equity on a continuing basis are transferred to the income statement for the period in which the hedged item affected the income statement.

As regards any derivatives which do not meet the criteria for treatment as hedging instruments, changes in the fair value are recognised in the income statement on a continuing basis.

Changes in the fair value of derivatives used for hedging net investments in independent foreign group enterprises or associates are recognised directly in equity.

The consolidated annual accounts

The consolidated annual accounts comprise the parent company Ole Lynggaard A/S and those group enterprises of which Ole Lynggaard A/S directly or indirectly owns more than 50 % of the voting rights or in other ways has controlling interest. As it appears from the group chart, enterprises of which the group owns between 20 and 50 % of the voting rights and exercises considerable, but not controlling interest are considered associated enterprises.

By the consolidation, elimination of intercompany income and costs, shareholding, intercompany balances and dividends and realised and unrealised gains and losses from transactions among the consolidated enterprises takes place.

Equity interests in group enterprises are settled by the proportional share of the group enterprises' trade value of net assets and liabilities at the date of acquisition.

Newly acquired or newly established enterprises are recognised in the consolidated annual accounts as of the date of acquisition. Disposed or terminated enterprises are recognised in the consolidated annual accounts until the date of disposal. In relation to newly acquired, disposed or terminated enterprises, comparative figures are not adjusted.

In connection with the acquisition of new enterprises, the acquisition method is applied, by which the acquirees' identifiable assets and liabilities are measured at fair value at the time of acquisition. Costs for restructuring which are recognised in the acquiree before the acquisition date and which have not been agreed upon as part of the acquisition, are recognised in the pre-acquisition balance sheet and thereby forms part of the measurement of goodwill. Restructuring decided by the acquiree is recognised in the profit and loss account. The tax effect of the revaluations carried out is taken into consideration.

Positive balances (goodwill) between cost and fair value of the acquired, identifiable assets and liabilities, including provisions for restructuring, are recognised under intangible fixed assets and in accordance with an individual evaluation allocated on a systematic basis over their useful lives in the profit and loss account. Negative balances (negative goodwill) is recognised as income in the profit and loss account at the date of acquisition when the general requirements for recognition of income are met.

In case of business combinations such as acquisition and sale of equity investments, mergers, demergers, addition of assets and exchange of shares etc. with participation of enterprises under the control of the parent company, the merger method is applied, in which case the merger is considered implemented on the first day of the financial year, and restatement of comparative figures is made.

The items of the group enterprises are recognised by 100 % in the consolidated annual accounts. The minority interests' proportionate share of the profit or loss and the equity of the group enterprises are adjusted annually, and they are recognised as a separate item below the profit and loss account and as a separate item in the balance sheet respectively.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operaing income and costs comprise accounting items of secondary nature is propporttion to the principal activities of the enterprise, including gains and losses on disposal of intangible and tangible fixed assets.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

A bonus scheme for the sales director and the retail manager has been established. The bonus scheme is not limited in time. The scheme provides the opportunity of achieving a bonus which is determined in proportion to the annual sales, and the achieved bonus percentage is calculated from the results for the year before tax. The bonus can max. amount to 5 % of the results for the year before tax per head.

The scheme is based on cash payment. However, the form of payment is optional – salary, pension, etc.

In addition, there are regular bonus schemes for traveling sales representatives. The bonus schemes are calculated inproportion to their turnover.

Staffcosts, directly attributable to the development of production of goods, are recognized at cost of inventories.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Interest and other costs concerning loans for financing the production of intangible and tangible fixed assets and concerning the production period are not recognised in the cost of the fixed asset.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement of the parent as a proportional share of the group enterprises' post-tax profit or loss.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The parent and the Danish group enterprises are subject to the Danish rules on compulsory joint taxation of the consolidated Danish enterprises. The parent acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Intangible fixed assets

Development projects, patents, and licences

External development of software are measured at externalcost with deduction of accummulated depreciation. Software development costs are amortised over the estimated useful life, which is 10 years from use of the system.

Acquired rights are measured at cost with deduction of accummulated depreciation. Acquired rights are amortised on a straight-line basis over the estimated useful life, which is 5 years.

Goodwill

Acquired concessions and similar rights

Acquired concessions and simular rights as key money to leasehold, is measured at cost with deduction of accumulated amortisation. As it is not possible to determine a reliable estimate of the useful life, the amortisation period is set at 7-10 years.

Tangible fixed assets

Land and buildings are measured at cost with addition of revaluations and with deduction of accrued depreciation and writedown. Land is not depreciated.

Land and buildings are revaluated on the basis of regular, independent evaluation of the fair value. The net revaluation at fair value adjustment is recognised directly on the equity after deduction of deferred tax and tied up in a particular revaluation reserve. Net impairment at fair value adjustments is recognised in the profit and loss account.

The basis of depreciation is cost with the addition of revaluations at fair value and with the deduction of expected residual value after the end of the useful life of the asset.

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in the company's equity.

Other tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

	Useful life
Buildings	*10-50 years*
Technical plants and machinery	*5-10 years*
Other plants, operating assets, fixtures and furniture	*3-5 years*

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Decoration of rented premises

Decoration of rented premises are measured at cost with deduction of accrued depreciation. Depreciation takes place on a straight-line basis over the estimated useful life of the asset, which is set at 5 years.

Leases

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the group holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The group's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Financial fixed assets

Equity in group enterprises

Equity in group enterprises recognised in the statement of financial position as a proportional share of the enterprise's equity value. This is calculated on the basis of the accounting policies of the parent less/plus unrealised intercompany profits and losses, and less/plus residual value of positive or negative goodwill measured by applying the purchase method.

Group enterprises with negative equity are recognised at no value and, to the extent they are considered irrevocable, amounts owed by these companies are made subject to impairment by the parent's share of the equity. If the negative equity exceeds the receivables, the residual amount is recognised under liability provisions to the extent that the parent has a legal or actual liability to cover the negative equity of these subsidiaries.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

Profit or loss in connection with the disposal of group enterprises are measured as the difference between the sales amount and the carrying amount of net assets at the time of sale, inclusive of remaining consolidated goodwill and expected costs of sale or liquidation. Profit and loss are recognised in the income statement under net financials.

For the acquisition of new group enterprises, the purchase method is applied, by which the acquirees' assets and liabilities are measured at fair value at the time of acquisition. Provisions for payment of costs for pre-determined restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of revaluations is taken into consideration.

Positive differences (goodwill) between cost and fair value of identifiable acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises and are amortised over their estimated useful economic life. The useful life is determined on the basis of management's experience in the individual business areas. The amortisation period is maximum 20 years, being the longer for strategical acquirees with a strong market position and a longterm earnings potential. The carrying amount of goodwill is subject to impairment tests on a continuing basis and written down in the income statement in those cases when the carrying amount exceeds the expected future net income from the enterprise or the activity to which the goodwill is attached.

Other securities and equity investments

Securities and equity investments recognised under fixed assets comprise listed bonds and shares which are measured at fair value on the balance sheet date. Listed securities are measured at market price.

Other unlisted securities are measured at cost. Writedown takes place to the recoverable amount, if this value is lower than the book value.

Deposits

Deposits are measured at amortised cost and represent rent deposits, etc.

Inventories

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries and associates proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Ole Lynggaard A/S is jointly taxed with the Danish group companies and acts in this respect as the administration company. According to the rules of joint taxation, Ole Lynggaard A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Payable and receivable joint taxation contributions are recognised in the balance sheet as "Receivable corporate tax" or “Payable corporate tax".

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Other provisions

Provisions comprise expected costs for guarantee liabilities, loss on work in progress, restructuring, etc. Provisions are recognised when the group has a legal or actual liability which is due to a previous event and when it is likely that the settlement of the liability will result in expenditure of the financial resources of the group.

If the settlement of the liability is expected to take place in some remote future, provisions are measured at the net realisable value or at fair value.

Guarantee liabilities comprise liabilities for repairs within the guarantee period of 1-5 years. The provisions are measured at the net realisable value and recognised on basis of the obtained experience with guarantee work. If provisions have an expected due date later than 1 year from the balance sheet date, they are discounted at the average bond interest.

On the acquisition of enterprises, provisions for restructuring within the acquired enterprise is included in the acquisition cost, and thereby in the goodwill or the consolidated goodwill, to the extent that they have been approved and announced on the date of acquisition at the latest.

When it is likely that the total costs will exceed the total income of work in progress for the account of others, provisions are made for the total loss expected on the contract. Provisions are recognised as costs under production costs.

Liabilities

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

The cash flow statement

The cash flow statement shows the cash flow of the group for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

Cash flow from operating activities

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

Cash flow from investment activities

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

Cash flow from financing activities

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

Available funds

Available funds comprise cash funds and short-term securities with a term of less than 3 months which can easily be converted into cash funds and on which only an insignificant risk of value changes exists.

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