

CAMRO A/S

Skrænten 11, 9610 Nørager
CVR no. 26 54 80 04

Annual report for the financial year 01.07.22 - 30.06.23

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 21.12.23

Torben Faarkrog Villadsen
Dirigent

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The company

CAMRO A/S
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9610 Nørager
Tel.: 60 12 11 44
Website: www.camro.dk
E-mail: info@camro.dk
Registered office: Rebild
CVR no.: 26 54 80 04
Financial year: 01.07 - 30.06

Executive Board

Torben Faarkrog Villadsen

Board of Directors

Thomas Villum Folmann
Kurt Sørensen
Torben Faarkrog Villadsen

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Bank

Sydbank

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.07.22 - 30.06.23 for CAMRO A/S.

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

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 30.06.23 and of the results of the company's activities for the financial year 01.07.22 - 30.06.23.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Nørager, December 21, 2023

Executive Board

Torben Faarkrog Villadsen

Board of Directors

Thomas Villum Folmann
Chairman

Kurt Sørensen

Torben Faarkrog Villadsen

To the shareholders of CAMRO A/S**Opinion**

We have audited the financial statements of CAMRO A/S for the financial year 01.07.22 - 30.06.23, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion the financial statements give a true and fair view of the company's financial position at 30.06.23 and of the results of the company's operations for the financial year 01.07.22 - 30.06.23 in accordance with the the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management's review

Management is responsible for the management's review.

Our opinion on the financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, it is our responsibility to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Aars, December 21, 2023

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Ole Hosbond Poulsen
State Authorized Public Accountant
MNE-no. mne26695

Primary activities

The company's activities are industrial development, production, trade and related business

Development in activities and financial affairs

The income statement for the period 01.07.22 - 30.06.23 shows a profit/loss of DKK 973,944 against DKK 3,575,607 for the period 01.07.21 - 30.06.22. The balance sheet shows equity of DKK 15,805,389.

The management considers the net profit for the year to be fairly satisfactory.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note		2022/23 DKK	2021/22 DKK
	Gross profit	18,488,848	21,569,879
1	Staff costs	-14,838,863	-13,327,591
	Profit before depreciation, amortisation, write-downs and impairment losses	3,649,985	8,242,288
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-2,504,576	-3,365,983
	Other operating expenses	-20,846	0
	Operating profit	1,124,563	4,876,305
2	Income from equity investments in group enterprises	357,758	0
3	Financial income	251,574	13,739
4	Financial expenses	-620,803	-409,684
	Profit before tax	1,113,092	4,480,360
	Tax on profit for the year	-139,148	-904,753
	Profit for the year	973,944	3,575,607

Proposed appropriation account

Reserve for net revaluation according to the equity method	357,758	0
Proposed dividend for the financial year	500,000	1,000,000
Retained earnings	116,186	2,575,607
Total	973,944	3,575,607

Balance sheet

ASSETS			
Note		30.06.23 DKK	30.06.22 DKK
	Completed development projects	3,392,331	2,952,722
	Acquired rights	299,780	174,167
5	Total intangible assets	3,692,111	3,126,889
	Leasehold improvements	0	3,057,749
	Plant and machinery	15,866,929	16,118,423
6	Total property, plant and equipment	15,866,929	19,176,172
7	Equity investments in group enterprises	1,357,759	1
8	Deposits	700,000	700,000
	Total investments	2,057,759	700,001
	Total non-current assets	21,616,799	23,003,062
	Raw materials and consumables	2,918,664	4,674,096
	Work in progress	476,025	269,364
	Manufactured goods and goods for resale	8,166,898	8,845,993
	Total inventories	11,561,587	13,789,453
	Trade receivables	5,615,292	6,793,345
	Receivables from group enterprises	4,397,859	150,822
	Other receivables	17	29,766
	Prepayments	138,609	0
	Total receivables	10,151,777	6,973,933
	Cash	241,721	408,881
	Total current assets	21,955,085	21,172,267
	Total assets	43,571,884	44,175,329

EQUITY AND LIABILITIES

Note		30.06.23 DKK	30.06.22 DKK
	Share capital	400,000	400,000
	Reserve for net revaluation according to the equity method	357,758	0
	Reserve for development costs	2,646,018	0
	Retained earnings	11,901,613	14,431,445
	Proposed dividend for the financial year	500,000	1,000,000
	Total equity	15,805,389	15,831,445
	Provisions for deferred tax	1,578,714	1,434,485
	Total provisions	1,578,714	1,434,485
9	Lease commitments	6,583,707	6,732,574
9	Other payables	177,188	171,196
	Total long-term payables	6,760,895	6,903,770
9	Short-term part of long-term payables	1,030,837	1,083,804
	Payables to other credit institutions	12,349,084	12,519,988
	Prepayments received from customers	1,075,332	187,500
	Trade payables	2,641,708	3,442,808
	Payables to group enterprises	366,217	627,582
	Income taxes	654,215	659,296
	Other payables	1,309,493	1,484,651
	Total short-term payables	19,426,886	20,005,629
	Total payables	26,187,781	26,909,399
	Total equity and liabilities	43,571,884	44,175,329
10	Contingent liabilities		
11	Charges and security		

Statement of changes in equity

Figures in DKK	Share capital	Reserve for net revaluation according to the equity method	Reserve for development costs	Retained earnings	Proposed dividend for the financial year
Statement of changes in equity for 01.07.21 - 30.06.22					
Balance as at 01.07.21	400,000	0	0	11,855,838	0
Net profit/loss for the year	0	0	0	2,575,607	1,000,000
Balance as at 30.06.22	400,000	0	0	14,431,445	1,000,000
Statement of changes in equity for 01.07.22 - 30.06.23					
Balance as at 01.07.22	400,000	0	0	14,431,445	1,000,000
Net effect of correction of material errors	0	0	2,303,123	-2,303,123	0
Adjusted balance as at 01.07.22	400,000	0	2,303,123	12,128,322	1,000,000
Dividend paid	0	0	0	0	-1,000,000
Transfers to/from other reserves	0	0	342,895	-342,895	0
Net profit/loss for the year	0	357,758	0	116,186	500,000
Balance as at 30.06.23	400,000	357,758	2,646,018	11,901,613	500,000

	2022/23 DKK	2021/22 DKK
1. Staff costs		
Wages and salaries	12,587,170	11,260,398
Pensions	1,456,869	1,248,433
Other social security costs	254,691	246,046
Other staff costs	540,133	572,714
Total	14,838,863	13,327,591
Average number of employees during the year	30	31

2. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	357,758	0
Total	357,758	0

3. Financial income

Interest, group enterprises	249,954	0
Other interest income	1,620	13,739
Total	251,574	13,739

	2022/23 DKK	2021/22 DKK
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4. Financial expenses

Interest, group enterprises	31,755	0
Other interest expenses	546,684	302,837
Foreign currency translation adjustments	42,364	106,847
Total	620,803	409,684

5. Intangible assets

Figures in DKK	Completed development projects	Acquired rights
Cost as at 01.07.22	3,243,925	550,000
Additions during the year	877,578	246,250
Cost as at 30.06.23	4,121,503	796,250
Amortisation and impairment losses as at 01.07.22	-291,203	-375,833
Amortisation during the year	-437,969	-120,637
Amortisation and impairment losses as at 30.06.23	-729,172	-496,470
Carrying amount as at 30.06.23	3,392,331	299,780
Carrying amount of assets held under finance leases as at 30.06.23	0	0

Development projects include the company's development of products under the trademark SafeTrapAutomatic concept. The products support a significant part of the company's future business foundation.

6. Property, plant and equipment

Figures in DKK	Plant and machinery
Cost as at 01.07.22	26,411,753
Additions during the year	1,748,424
Disposals during the year	-152,096
Cost as at 30.06.23	28,008,081
Depreciation and impairment losses as at 01.07.22	-10,195,182
Depreciation during the year	-1,945,970
Reversal of depreciation of and impairment losses on disposed assets	0
Depreciation and impairment losses as at 30.06.23	-12,141,152
Carrying amount as at 30.06.23	15,866,929
Carrying amount of assets held under finance leases as at 30.06.23	8,075,919

7. Equity investments in group enterprises

Figures in DKK	Equity investments in group enterprises
Cost as at 01.07.22	1,000,001
Cost as at 30.06.23	1,000,001
Revaluations during the year	357,758
Revaluations as at 30.06.23	357,758
Carrying amount as at 30.06.23	1,357,759
Name and registered office:	Ownership interest
Subsidiaries:	
TrapMe ApS, Rebuild	100%

8. Other non-current financial assets

Figures in DKK	Deposits
Cost as at 01.07.22	700,000
Cost as at 30.06.23	700,000
Carrying amount as at 30.06.23	700,000

9. Long-term payables

Figures in DKK	Repayment first year	Outstanding debt after 5 years	Total payables at 30.06.23	Total payables at 30.06.22
Lease commitments	1,030,837	2,261,458	7,614,544	7,816,378
Other payables	0	177,188	177,188	171,196
Total	1,030,837	2,438,646	7,791,732	7,987,574

10. Contingent liabilities

Lease commitments

The company has concluded lease agreements with terms to maturity of 3-84 months and total lease payments of DKK 5.9m. A deposit of DKK 0.7m has been paid as security for lease commitments.

Other contingent liabilities

The company is taxed jointly with the other companies in the group and has joint, several and unlimited liability for income taxes for the jointly taxed companies. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

11. Charges and security

The company has issued mortgage deeds registered to the mortgagor in the total amount of DKK 1,500k secured upon plant and equipment with a carrying amount of DKK 0k.

As security for debt to credit institutions of DKK 12.3m, a company charge has been provided comprising goodwill, intellectual property rights, other plant, fixtures and fittings, tools and equipment, inventories and trade receivables. The total carrying amount of the comprised assets is DKK 25.0m.

12. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

Material error

The company has identified a material error in the financial statements for 2021/22.

Lack of deferred tax recognition

The statutory binding on the reserve for development costs has not been made, cf. section 83, subsection of the Annual Accounts Act. 2. An amount of DKK 2.3 million has therefore been transferred in the equity statement. DKK from Retained earnings to Reserve for development costs at the beginning of the financial year. Rectification of the error has no effect on the result for 2021/22. The error does not affect the balance sum but per 30.06.22.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

12. Accounting policies - continued -**CURRENCY**

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

LEASES

Leases relating to assets where the company has substantially all the risks and benefits incidental to the ownership of the asset (finance leases) are recognised in the balance sheet. On initial recognition, assets held under finance leases and related lease commitments are measured at the lower of the fair value of the leased asset and the present value of future lease payments. Subsequently, assets held under finance leases are treated like other similar assets.

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as payables. Subsequent to initial recognition, lease commitments are measured at amortised cost according to which the interest element of the lease payment is recognised in the income statement over the lease term.

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

GRANTS

Grants are recognised when there is reasonable certainty that the grant conditions have been met and that the grant will be received.

Grants to cover expenses incurred are recognised on a proportionate basis in the income statement over the period in which the expenses eligible for grants are expensed. Grants are recognised under other operating income.

12. Accounting policies - continued -**INCOME STATEMENT****Gross profit**

Gross profit comprises revenue, work performed for own account and capitalised, other operating income and raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Work performed for own account and capitalised

Work performed for own account and capitalised comprises cost of sales, wages and salaries and other internal expenses incurred during the year and included in the cost of self-constructed or self-produced intangible assets and property, plant and equipment.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

12. Accounting policies - continued -**Staff costs**

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value DKK
Completed development projects	5 - 10	
Acquired rights	5 - 10	0
Leasehold improvements	3 - 10	0
Plant and machinery	2 - 15	2,200,000

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other operating expenses

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

Income from equity investments in group enterprises

For equity investments in equity investments in subsidiaries, measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Income from equity investments in equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

12. Accounting policies - continued -

Other net financials

Interest income and interest expenses, the interest element of finance lease payments, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Intangible assets

Completed development projects

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

12. Accounting policies - continued -*Acquired rights*

Acquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains or losses on the disposal of intangible assets

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements og plant and machinery.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group enterprises

Equity investments in subsidiaries are recognised and measured according to the equity method. For equity investments in subsidiaries, the equity method is considered a measurement method.

12. Accounting policies - continued -

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments.

Under subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

12. Accounting policies - continued -**Inventories**

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The cost of manufactured finished goods and work in progress is determined as the value of direct material and labour costs. Interest on loans arranged to finance production is not included in the cost.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

The proposed dividend for the financial year is recognised as a separate item in equity.

The net revaluation of equity investments measured according to the equity method is recognized in the net revaluation reserve in equity according to the equity method to the

12. Accounting policies - continued -

extent that the carrying amount exceeds the cost.

An amount equivalent to internally generated development costs in the balance sheet is recognised in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

12. Accounting policies - continued -

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.