

Norlax A/S

Gartnervænget 31, 6855 Outrup
CVR-nr. 10 70 24 37

Annual Report 2024

1 January - 31 December

The Annual Report has been presented and adopted at the
Company's Annual General Meeting on 17 March 2025

Ole Clemensen

Contents

Company Details

Company Details	3
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Statement and Report

Management's Statement	4
Independent Auditor's Report	5-7

Management Commentary

Financial Highlights	8
Management Commentary	9

Financial Statements 1 January - 31 December

Income Statement	10
Balance Sheet	11-12
Equity	13
Cash Flow Statement	14
Notes	15-18
Accounting Policies	19-23

Company Details

Company	Norlax A/S Gartnervænget 31 6855 Outrup
	Telephone: +45 76 52 23 00 Website: www.norlax.com E-mail: norlax@norlax.com
	CVR No.: 10 70 24 37 Established: 1 February 1987 Municipality: Varde Financial Year: 1 January - 31 December
Board of Directors	Ole Clemensen, chairman David Harrison Caslow Jesper Arentoft Ahrenkiel Eduardo Antonio Carbajosa Franco Sebastian Adam Raffo Shuang Zhao Winkel
Executive Board	Jesper Arentoft Ahrenkiel
Auditor	BDO Statsautoriseret revisionsaktieselskab Dokken 8 6700 Esbjerg

Management's Statement

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Norlax A/S for the financial year 1 January - 31 December 2024.

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

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2024 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2024.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

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

Outtrup, 17 March 2025

Executive Board

Jesper Arentoft Ahrenkiel

Board of Directors

Ole Clemensen
Chairman

David Harrison Caslow

Jesper Arentoft Ahrenkiel

Eduardo Antonio Carbajosa

Franco Sebastian Adam Raffo

Shuang Zhao Winkel

Independent Auditor's Report

To the Shareholders of Norlax A/S

Opinion

We have audited the Financial Statements of Norlax A/S for the financial year 1 January - 31 December 2024, which comprise income statement, Balance Sheet, statement of changes in equity, cash flows, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2024 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent Auditor's Report

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

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

Statement on Management Commentary

Management is responsible for Management Commentary.

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

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

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

Independent Auditor's Report

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

Esbjerg, 17 March 2025

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Jesper Smedegaard Larsen
State Authorised Public Accountant
MNE no. mne18510

Christian Holdensen
State Authorised Public Accountant
MNE no. mne49072

Financial Highlights

	2024 DKK '000	2023 DKK '000	2022 DKK '000	2021 DKK '000	2020 DKK '000
Income statement					
Gross profit/loss	126.367	119.865	96.822	74.417	73.274
Operating profit/loss of main activities	23.664	29.166	14.276	-623	-851
Financial income and expenses, net	-6.109	-6.244	-1.965	-1.217	-1.070
Profit/loss for the year	13.600	17.366	9.343	-1.434	-1.458
Balance sheet					
Total assets	158.580	156.737	135.164	93.422	90.864
Equity	62.834	62.941	51.772	42.859	44.587
Cash flows					
Investment in property, plant and equipment	-5.337	-14.712	-9.155	-4.961	-4.982
Key ratios					
Equity ratio	39.6	40.2	38.3	45.9	49.1
Return on equity	21.6	30.3	19.7	-3.3	-3.2

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

Equity ratio:
$$\frac{\text{Equity, at year-end} \times 100}{\text{Total assets, at year-end}}$$

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

Management Commentary

Principal activities

Norlax A/S is a manufacturer of smoked fish products with smoked salmon and trout as main products. The production includes Hot smoked takes place in its own factory in Outrup.

Development in activities and financial and economic position

This years performance has been in line with managements expectations. Performance across markets has been stable.

The profit for year after tax was DKK 13.600k, against a profit last year of DKK 17.336k. After distrubution of the profit for the year, the total equity amounts to DKK 62.837k.

Profit/loss for the year compared to the expected development

Management regards profit for the year as satisfactory compared to the expected development.

Financial risk

Activities abroad result in the results, cash flows and equity being affected by exchange rate and interest rate developments for a number of currencies. It is the company's policy to partially hedge commercial currency risks. Hedging is primarily carried through forward exchange contracts to hedge expected turnover and purchases within the next 12 months.

No speculative currency positions are entered into.

Price risks

The company's use of salmon as raw materials entails a particular risk because of the volatile market for salmon, since price increases can only be included in the price of the finished products to a limited extent immediately. It is the company's policy to partially hedge commodity risks.

Credit risks

The company's credit risks relate mainly to trade receivables. The day-to-day management has assessed each receivable and provisions for losses have been made in all necessary cases. The Company's policy of accepting credit risks means that all customers and other business partners are subject to ongoing credit assessment. Trade above a certain maximum are credit insured.

Quality conditions

In 2022 the Company is certified according to the requirements of BRC Global Standard Ecologically approved Koscher approved Global gap approved ASC approved (aquaculture Stewardship Council) MSC approved (Marine Stewardship Council) The company is also QA certified for a wide range of private label customers.

Future expectations

Management expects that 2025 will be a positive year for the company. However management expects a decline in sales to specific markets based on these facts management expects profit before tax in the range from DKK 4.000k to DKK 6.000k

Income Statement 1 January - 31 December

	Note	2024 DKK '000	2023 DKK '000
Gross profit		126.367	119.865
Staff costs	1	-95.427	-84.379
Depreciation, amortisation and impairment losses for tangible and intangible assets		-7.276	-6.320
Operating profit		23.664	29.166
Income from investments in subsidiaries		0	-475
Other financial income		360	91
Other financial expenses		-6.469	-6.335
Profit before tax		17.555	22.447
Tax on profit/loss for the year	2	-3.955	-5.081
Profit for the year	3	13.600	17.366

Balance Sheet at 31 December

Assets

	Note	2024 DKK '000	2023 DKK '000
Land and buildings		17.915	18.481
Production plant and machinery		27.990	29.812
Other plant, fixtures and equipment		1.636	1.668
Tangible fixed assets in progress and prepayments for tangible fixed assets		309	0
Property, plant and equipment	4	47.850	49.961
Non-current assets		47.850	49.961
Expenses for raw materials and consumables		38.159	48.169
Work in progress		2.281	4.056
Finished goods and goods for resale		14.183	19.004
Inventories		54.623	71.229
Trade receivables		41.803	29.174
Other receivables		3.271	3.314
Prepayments	5	2.528	581
Receivables		47.602	33.069
Cash and cash equivalents		8.505	2.478
Current assets		110.730	106.776
Assets		158.580	156.737

Balance Sheet at 31 December

Equity and liabilities

	Note	2024 DKK '000	2023 DKK '000
Share capital	6	7.600	7.600
Fair value reserve for hedge accounting		0	-421
Retained earnings		44.234	41.762
Proposed dividend		11.000	14.000
Equity		62.834	62.941
Provision for deferred tax	7	3.275	2.737
Other provisions	8	0	500
Provisions		3.275	3.237
Debt to mortgage credit institution		4.640	5.181
Lease liabilities		8.630	12.126
Other non-current liabilities		6.736	6.793
Non-current liabilities	9	20.006	24.100
Debt to mortgage credit institution		535	495
Bank debt		73	11.764
Lease liabilities		3.495	3.426
Trade payables		18.853	27.609
Debt to owners and Management		38.191	6.680
Corporation tax payable		836	3.782
Derivative financial instruments	10	0	377
Other liabilities		10.482	12.326
Current liabilities		72.465	66.459
Liabilities		92.471	90.559
Equity and liabilities		158.580	156.737
Contingencies etc.	11		
Charges and securities	12		
Related parties	13		

Equity

DKK '000	Share capital	Fair value reserve for hedge accounting	Retained earnings	Proposed dividend	Total
Equity at 1 January 2024	7.600	-421	41.762	14.000	62.941
Proposed profit allocation, see note 3			2.600	11.000	13.600
Transactions with owners					
Dividend paid				-14.000	-14.000
Change fair value reserves					
Value adjustments in the year		376			376
Realised in the year		128	-128		0
Tax on changes in equity		-83			-83
Equity at 31 December 2024	7.600	0	44.234	11.000	62.834

Cash Flow Statement 1 January - 31 December

	2024 DKK '000	2023 DKK '000
Profit/loss for the year	13.600	17.366
Depreciation and amortisation, reversed	7.276	6.320
Reversed realization gains	-206	0
Profit/loss from subsidiaries	0	475
Tax on profit/loss, reversed	3.955	5.081
Other adjustments	379	389
Corporation tax paid	-6.446	-263
Change in inventories	16.606	-28.418
Change in receivables (ex tax)	-14.533	16.328
Change in other provisions	-500	0
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility)	20.278	26.158
Cash flows from operating activity	40.409	43.436
Purchase of property, plant and equipment	-5.337	-14.712
Sale of property, plant and equipment	378	915
Sale of financial assets	0	131
Cash flows from investing activity	-4.959	-13.666
Proceeds from non-current borrowing	0	8.463
Instalments on loans	-3.732	-6.664
Change in bank debt	-11.691	-22.960
Dividends paid in the financial year	-14.000	-6.500
Cash flows from financing activity	-29.423	-27.661
	6.027	2.109
Cash and cash equivalents at 1. januar	2.478	369
Cash and cash equivalents at 31 December31. december	8.505	2.478
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents	8.505	2.478
Cash and cash equivalents	8.505	2.478

Notes

	2024 DKK '000	2023 DKK '000
1 Staff costs		
Average number of full time employees	224	209
Wages and salaries	86.486	76.930
Pensions	8.224	6.825
Social security costs	717	624
	95.427	84.379

Information on management remuneration in 2024 has been omitted with reference to Section 98 b(3)(2) of the Danish Financial Statements Act.

	2024 DKK '000	2023 DKK '000
2 Tax on profit/loss for the year		
Calculated tax on taxable income of the year	3.500	3.782
Adjustment of deferred tax	455	1.299
	3.955	5.081

	2024 DKK '000	2023 DKK '000
3 Proposed distribution of profit		
Proposed dividend for the year	11.000	14.000
Retained earnings	2.600	3.366
	13.600	17.366

Notes

4 | Property, plant and equipment

DKK '000	Land and buildings	Production plant and machinery
Cost at 1 January 2024	48.817	87.592
Additions	1.461	3.123
Disposals	0	-3.956
Cost at 31 December 2024	50.278	86.759
Depreciation and impairment losses at 1 January 2024	30.336	57.780
Reversal of depreciation of assets disposed of	0	-3.826
Depreciation for the year	2.027	4.815
Depreciation and impairment losses at 31 December 2024	32.363	58.769
Carrying amount at 31 December 2024	17.915	27.990

Finance lease assets 19.233

DKK '000	Other plant, fixtures and equipment	Tangible fixed assets in progress and prepayments for tangible fixed assets
Cost at 1 January 2024	3.550	0
Additions	444	309
Disposals	-197	0
Cost at 31 December 2024	3.797	309
Depreciation and impairment losses at 1 January 2024	1.882	0
Reversal of depreciation of assets disposed of	-155	
Depreciation for the year	434	
Depreciation and impairment losses at 31 December 2024	2.161	0
Carrying amount at 31 December 2024	1.636	309

2024 DKK '000 2023 DKK '000

5 | Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

Insurances	2.111	0
Costs	417	581
	2.528	581

Notes

	2024 DKK '000	2023 DKK '000
6 Share capital		
Allocation of Share capital:		
Shares, 7.600.000 unit in the denomination of 1 DKK	7.600	7.600
	7.600	7.600

7 | Provision for deferred tax

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

	2024 DKK '000	2023 DKK '000
Deferred tax, beginning of year	2.737	1.352
Deferred tax of the year, income statement	455	1.299
Deferred tax of the year, equity	83	86
Provision for deferred tax 31 December 2024	3.275	2.737

	2024 DKK '000	2023 DKK '000
8 Other provisions		
0-1 år	0	500
Other provisions include warranty provision.		

9 | Long-term liabilities

	31/12 2024 total liabilities DKK '000	Repayment next year	Debt outstanding after 5 years	31/12 2023 total liabilities
Debt to mortgage credit institution	5.175	535	2.324	5.675
Lease liabilities	12.125	3.495	0	15.552
Other non-current liabilities	6.989	253	6.214	6.793
	24.289	4.283	8.538	28.020

Notes

10 | Derivative financial instruments

The Company has entered into forward exchange rate contracts. Unrealised net loss at 31 December 2024 amounts to 000'DKK 65.

The hedging instruments impact the Balance Sheet, Income Statement and Equity as follows:

	Hedges
Fair value at 31 December 2024	
Assets	420
Liabilities	-485
	-65
Value adjustment in the year recognised in the Income Statement	-65
Value adjustment in the year recognised in Equity	-421

11 | Contingencies etc.

	2024 DKK '000	2023 DKK '000
Lease liabilities (operating leases), the payment is due:		
Total liabilities under rental or lease agreements until maturity	87	6
	0	6

12 | Charges and securities

Mortgage debt is secured by way of mortgage on properties. The mortgage also comprises the plant and machinery deemed part of the property.

The carrying amount of mortgaged properties is DKK 18,481k and the carrying amount of mortgaged plant is DKK 5,674k.

Balance with bank loans is secured by way of a deposited letter of indemnity (company charge) of DKK 50,000k nominal.

The company charge comprises operating equipment, inventories of materials, simple claims arising from sale of goods and services and goodwill.

The carrying amount of the asset comprised by the company charge amounts to DKK 99,669k

13 | Related parties

Transactions with related parties

The Company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

Accounting Policies

The Annual Report of Norlax A/S for 2024 has been presented in accordance with the provisions of the Danish medium-size Financial Statements Act for enterprises in reporting class C .

The Annual Report is prepared consistently with the accounting principles applied last year.

Income Statement

Net revenue

Net revenue from the sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

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

Cost of sales

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

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of tangible assets, as well as salary refunds.

Other external expenses

Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, operating lease expenses, etc

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

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Company's employees.

Income from investments in subsidiaries

The Income Statement of the Parent Company recognises the proportional share of the results of subsidiaries determined according to the Parent Company's accounting policies and after full elimination of intercompany profits/losses and deduction of amortisation of goodwill. resulting from purchase price allocation at the date of acquisition, is recognised in the Parent Company's Income Statement.

Profits from sale are recognized, if the economic rights related to the sold subsidiaries are transferred. However, not before the profit is realised or regarded as realisable. Moreover, realised losses besides impairments are recognised when they are demonstrated.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

Tax

Accounting Policies

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

Balance Sheet

Tangible fixed assets

Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

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

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

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

Buildings	20 years
Production plant and machinery	10 years
Other plant, fixtures and equipment	3-10 years

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

Lease contracts

Lease contracts relating to tangible fixed assets for which the Company bears all material risks and benefits attached to the ownership (finance lease, see IAS 17) are recognised as assets in the Balance Sheet. The assets are at the initial recognition measured at the lower of cost stated at fair value and the and present value of the future lease payments. The internal interest rate of the lease contract, or alternatively the Company's loan interest, is used as discounting factor when calculating the present value. Finance lease assets are hereafter treated as the Group's and the Company's other similar tangible fixed assets.

The capitalised residual lease liability is recognised in the Balance Sheet as a liability and the interest portion of the lease payment is recognised in the Income Statement over the contract period.

All other lease contracts are considered to be operating leases. Payments related to operating leases and other rental agreements are recognised in the Income Statement over the contract period. The Company's total liability relating to operating leases and rental agreements is disclosed as contingencies etc.

Impairment of fixed assets

The carrying amount of tangible assets, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

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

Accounting Policies

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

Inventories

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

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

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

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

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

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

Accruals, assets

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

Cash and cash equivalents

Cash and cash equivalents include cash at bank.

Other provisions for liabilities

Other provisions for liabilities include the expected cost of warranty commitments and deferred tax.

The provision for liabilities is measured and recognised on the basis of experience with warranty work.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Accounting Policies

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

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

The amortised cost of current liabilities corresponds usually to the nominal value.

Derivative financial instruments

Derivative financial instruments are initially recognised in the Balance Sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised under receivables and payables, respectively.

Change in the fair value of derivative financial instruments classified as and complying with the criteria for hedging of the fair value of a recognised asset or a recognised liability is recognised in the Income Statement together with possible changes in the fair value of the hedged asset or the hedged liability.

Change in the fair value of derivative financial instruments related to hedging of future cash flows are recognised in Equity to the extent, that the conditions for this purpose are fulfilled. The value adjustments are recognised in a fair value reserve for hedging for accounting purposes until the hedged transaction is realised or the hedging ceases is adjusted downward. Upon realisation the accumulated value of the hedging instrument together with the hedged transaction is recognised in the Income Statement, unless the hedging transaction results in recognition of a non-financial asset or a non-financial liability. In this case, the amount is transferred from Equity to the cost price or carrying amount of this asset or liability.

Where a hedging is no longer effective, in part or in full, the accumulated value in Equity is transferred in full or proportionally to the financial income or expenses in the Income Statement. Changes in the fair value of derivative financial instruments which the Company might elect not to transfer to hedging for accounting purposes are also recognised here. Tax on the movements in the hedging reserve is recognised, which is transferred to tax in the Income Statement as the reserve is being dissolved.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the Income Statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the Balance Sheet date are translated at the exchange rate on the Balance Sheet date. The difference between the exchange rate on the Balance Sheet date and the exchange rate at the date when the receivables or payables come into existence recognised in the Income Statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

Cash Flow Statement

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

Accounting Policies

Cash flows from operating activities:

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

Cash flows from investing activities:

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

Cash flows from financing activities:

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

Cash and cash equivalents:

Cash and cash equivalents include cash at bank and in hand and short-term securities, for which there is only negligible risk of changes in value, and which are readily negotiable for cash at bank and in hand.