
DANPRES A/S

Mosegårdsvej 4, DK-8670 Låsby

Annual Report for 1 October 2023 - 30 September 2024

CVR No. 19 52 72 47

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 25/3 2025

Ove Trankjær
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of DANPRES A/S for the financial year 1 October 2023 - 30 September 2024.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 30 September 2024 of the Company and of the results of the Company operations and cash flows for 2023/24.

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

Låsby, 25 March 2025

Executive Board

Søren Ove Hedegaard Nielsen
Manager

Board of Directors

Robert Zimmermann
Chairman

Søren Ove Hedegaard Nielsen

Holger Krug

Ove Trankjær

Frank Romlund Mikkelsen
Employee representative

Independent Auditor's report

To the shareholder of DANPRES A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 September 2024 and of the results of the Company's operations and cash flows for the financial year 1 October 2023 - 30 September 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of DANPRES A/S for the financial year 1 October 2023 - 30 September 2024, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("the Financial Statements").

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.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

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.

Independent Auditor's report

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 judgement 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.

Aarhus C, 25 March 2025

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Christian Roding

State Authorised Public Accountant

mne33714

Company information

The Company	DANPRES A/S Mosegårdsvej 4 DK-8670 Låsby Telephone: + 45 86 95 23 00 Website: www.danpres.dk CVR No: 19 52 72 47 Financial period: 1 October 2023 - 30 September 2024 Municipality of reg. office: Skanderborg
Board of Directors	Robert Zimmermann, chairman Søren Ove Hedegaard Nielsen Holger Krug Ove Trankjær Frank Romlund Mikkelsen, employee representative
Executive Board	Søren Ove Hedegaard Nielsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1 DK-8000 Aarhus C
Lawyers	Kromann Reumert Rådhuspladsen 3 8000 Aarhus C
Bankers	Sydbank A/S, Erhvervskunde-afdelingen Store Torv 12 8000 Aarhus C Danske Bank, Erhverv Aarhus Jægergårdsgade 101B 8000 Aarhus C

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2023/24	2022/23	2021/22	2020/21	2019/20
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit	69,132	62,069	59,489	48,993	34,294
Profit/loss of primary operations	21,285	15,390	18,349	15,396	2,133
Profit/loss of financial income and expenses	-2,084	-1,528	-794	-692	-691
Net profit/loss for the year	14,985	10,832	13,746	11,539	1,203
Balance sheet					
Balance sheet total	154,926	131,989	110,143	91,742	71,638
Equity	59,045	46,060	41,228	32,481	20,942
Cash flows					
Cash flows from:					
- investing activities	-11,131	-32,497	-8,960	-1,121	-7,065
Ratios					
Return on assets	13.7%	11.7%	16.7%	16.8%	3.0%
Solvency ratio	38.1%	34.9%	37.4%	35.4%	29.2%
Return on equity	28.5%	24.8%	37.3%	43.2%	5.9%

Management's review

Key activities

The Company's main activity is the make-to-order manufacturing of metal products in steel, stainless steel and aluminum to major industrial companies. The Company offers complete solutions from development, laser cutting, plate/coil stans, bending as well as drawn and welded metal parts. In addition, a number of customer-specific special productions as well as warehouse and logistics solutions are offered. The majority of the production supports green development, primarily within energy production.

Development in the year

Profit for the year after tax amounts to DKK 14,985k in 2023/24 compared to the profit after tax of DKK 10,832 in 2022/2023.

A gross profit of DKK 69,132k was realized in 2023/24, which is an increase on 2022/23, in which a gross profit of DKK 62,069k was realized.

Investments in 2023/24 are in total DKK 11,130k.

The financial year has been characterized by a high level of activity in most production areas.

The outcome and financial progress are described as highly satisfactory given the developments in the market and competitive landscape. The year's results exceeded initial expectations, thanks to increased activity in our key production areas, where there is a strong focus on efficiency and automation.

Special risks - operating risks and financial risks

The Company's main business risks are linked to market developments and the ability to be strongly positioned in the markets in which the Company renders its services. The Company does not, in its own view, face special currency risks, as it trades only in common currencies such as DKK and EUR. Debtor insurance is taken out on all customers to avoid losses.

Targets and expectations for the year ahead

The Company maintains an optimistic outlook for the future due to a substantial order backlog. Many of the Company's clients operate in industries that are not typically affected by economic cycles. As a result, the Company anticipates growth in turnover despite the increased market uncertainties.

For the upcoming year, the budget includes plans for increased activity and investments in further automation, capacity expansion, and the enlargement of production facilities.

The focus will remain on enhancing the Company's capabilities by developing its organization and workforce.

For 2024/25 the Company thus expects a positive result before tax of approximately DKK 15,000k-20,000k.

External environment

The Company arranges its production to minimize environmental and employee impact. Environmental management and workplace conditions are core components of the Company's management system.

The Company has invested in new machinery and equipment that help reduce electricity consumption and overall environmental impact. This effort will continue in the coming year.

The Company also focuses on advising customers about new opportunities in steel with a reduced carbon footprint.

Management's review

Intellectual capital resources

The Company is a high-tech enterprise that focuses on leveraging the latest technologies. This necessitates employees with extensive knowledge, which is why significant resources have been dedicated to education, training, and organizational development during the financial year.

In the coming year, the Company will invest heavily in its digital journey. Particular efforts will be made to develop and utilize RPA and AI wherever possible in both production and administration.

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Unusual events

The financial position at 30 September 2024 of the Company and the results of the activities and cash flows of the Company for the financial year for 2023/24 have not been affected by any unusual events.

Income statement 1 October 2023 - 30 September 2024

	Note	2023/24	2022/23
		DKK	DKK
Gross profit		69,131,954	62,068,803
Staff expenses	1	-41,133,923	-41,144,647
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-6,713,349	-5,533,896
Profit/loss before financial income and expenses		21,284,682	15,390,260
Financial income		661,608	40,150
Financial expenses		-2,745,585	-1,568,512
Profit/loss before tax		19,200,705	13,861,898
Tax on profit/loss for the year	2	-4,215,212	-3,029,829
Net profit/loss for the year	3	14,985,493	10,832,069

Balance sheet 30 September 2024

Assets

	Note	2023/24	2022/23
		DKK	DKK
Land and buildings		47,532,741	26,444,145
Plant and machinery		28,805,140	26,155,157
Other fixtures and fittings, tools and equipment		216,586	79,221
Property, plant and equipment in progress		0	19,674,049
Property, plant and equipment	4	76,554,467	72,352,572
 Fixed assets		 76,554,467	 72,352,572
 Inventories	5	 30,466,160	 29,271,123
 Trade receivables		11,382,361	20,225,515
Receivables from group enterprises		7,500,611	6,766,507
Other receivables		2,784,427	2,794,370
Prepayments	6	717,364	575,643
Receivables		22,384,763	30,362,035
 Cash at bank and in hand		 25,520,611	 3,339
 Current assets		 78,371,534	 59,636,497
 Assets		 154,926,001	 131,989,069

Balance sheet 30 September 2024

Liabilities and equity

	Note	2023/24	2022/23
		DKK	DKK
Share capital	7	1,128,115	1,128,115
Revaluation reserve		3,342,901	3,438,413
Retained earnings		49,574,244	39,493,239
Proposed dividend for the year		5,000,000	2,000,000
Equity		59,045,260	46,059,767
Provision for deferred tax	8	6,236,600	5,443,400
Provisions		6,236,600	5,443,400
Mortgage loans		29,845,589	8,175,168
Lease obligations		6,428,674	5,530,159
Other payables		2,241,107	2,175,872
Long-term debt	9	38,515,370	15,881,199
Mortgage loans	9	1,055,369	630,966
Credit institutions		19,913	25,088,117
Lease obligations	9	4,688,242	3,087,557
Trade payables		39,298,929	27,581,549
Corporation tax		2,603,646	2,042,989
Other payables	9	3,462,672	6,173,525
Short-term debt		51,128,771	64,604,703
Debt		89,644,141	80,485,902
Liabilities and equity		154,926,001	131,989,069
Contingent assets, liabilities and other financial obligations	12		
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Statement of changes in equity

	Share capital	Revaluation reserve	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 October	1,128,115	3,438,413	39,493,239	2,000,000	46,059,767
Ordinary dividend paid	0	0	0	-2,000,000	-2,000,000
Dissolution of previous years' revaluation	0	-95,512	95,512	0	0
Net profit/loss for the year	0	0	9,985,493	5,000,000	14,985,493
Equity at 30 September	1,128,115	3,342,901	49,574,244	5,000,000	59,045,260

Cash flow statement 1 October 2023 - 30 September 2024

	Note	2023/24 DKK	2022/23 DKK
Result of the year		14,985,493	10,832,069
Adjustments	10	13,012,538	10,092,087
Change in working capital	11	15,853,997	-4,274,792
Cash flow from operations before financial items		43,852,028	16,649,364
Financial income		661,608	40,150
Financial expenses		-2,745,585	-1,568,512
Cash flows from ordinary activities		41,768,051	15,121,002
Corporation tax paid		-2,861,355	-4,297,208
Cash flows from operating activities		38,906,696	10,823,794
Purchase of property, plant and equipment		-11,130,881	-32,496,973
Cash flows from investing activities		-11,130,881	-32,496,973
Repayment of mortgage loans		-630,966	-541,598
Reduction of lease obligations		-3,529,179	-3,021,006
Raising of mortgage loans		23,445,790	0
Lease obligations incurred		5,524,016	0
Dividend paid		-2,000,000	-6,000,000
Cash flows from financing activities		22,809,661	-9,562,604
Change in cash and cash equivalents		50,585,476	-31,235,783
Cash and cash equivalents at 1 October		-25,084,778	6,151,005
Cash and cash equivalents at 30 September		25,500,698	-25,084,778
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		25,520,611	3,339
Overdraft facility		-19,913	-25,088,117
Cash and cash equivalents at 30 September		25,500,698	-25,084,778

Notes to the Financial Statements

	2023/24	2022/23
	DKK	DKK
1. Staff expenses		
Wages and salaries	37,083,092	37,329,411
Pensions	3,278,585	2,989,893
Other social security expenses	772,246	825,343
	41,133,923	41,144,647
 Including remuneration to the Executive Board and Board of Directors		
	1,179,926	1,175,030
 Average number of employees		
	67	74

Temporary workers' pay out of salaries DKK 1.496.398 (2023/24), DKK 1.478.511 (2022/23)

	2023/24	2022/23
	DKK	DKK
2. Income tax expense		
Current tax for the year	3,422,012	2,776,229
Deferred tax for the year	793,200	253,600
	4,215,212	3,029,829

	2023/24	2022/23
	DKK	DKK
3. Profit allocation		
Proposed dividend for the year	5,000,000	2,000,000
Retained earnings	9,985,493	8,832,069
	14,985,493	10,832,069

Notes to the Financial Statements

4. Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
	DKK	DKK	DKK	DKK
Cost at 1 October	31,864,122	91,863,998	1,740,976	19,674,049
Additions for the year	2,327,939	8,619,464	183,478	0
Disposals for the year	0	-7,671,528	0	0
Transfers for the year	19,674,048	0	0	-19,674,049
Cost at 30 September	53,866,109	92,811,934	1,924,454	0
Revaluations at 1 October	6,122,529	0	0	0
Revaluations at 30 September	6,122,529	0	0	0
Impairment losses and depreciation at 1 October	11,542,506	65,708,841	1,661,755	0
Depreciation for the year	913,391	5,753,843	46,113	0
Reversal of impairment and depreciation of sold assets	0	-7,455,890	0	0
Impairment losses and depreciation at 30 September	12,455,897	64,006,794	1,707,868	0
Carrying amount at 30 September	47,532,741	28,805,140	216,586	0
Including assets under finance leases amounting to	0	15,683,857	0	0

If revaluation had not been made, the value of land and buildings at 30 September 2024 would be DKK 43,247k.

According to the 2023 public land assessment value, the value of Danish land and buildings amounts to DKK 46,050k.

5. Inventories

	2023/24	2022/23
	DKK	DKK
Raw materials and consumables	10,718,644	16,701,297
Work in progress	4,334,450	5,900,418
Finished goods and goods for resale	15,413,066	6,669,408
	30,466,160	29,271,123

Notes to the Financial Statements

6. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

7. Share capital

The share capital consists of 1,128,115 shares of a nominal value of DKK 1. No shares carry any special rights.

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

8. Provision for deferred tax

	2023/24 DKK	2022/23 DKK
Deferred tax liabilities at 1 October	5,443,400	5,189,800
Amounts recognised in the income statement for the year	793,200	253,600
Deferred tax liabilities at 30 September	6,236,600	5,443,400
Property, plant and equipment	5,648,000	5,057,100
Inventories	598,600	399,800
Amortization	-10,000	-13,500
	6,236,600	5,443,400

9. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Mortgage loans		
After 5 years	23,859,564	5,475,940
Between 1 and 5 years	5,986,025	2,699,228
Long-term part	29,845,589	8,175,168
Within 1 year	1,055,369	630,966
	30,900,958	8,806,134

Notes to the Financial Statements

9. Long-term debt

Lease obligations

	2023/24 DKK	2022/23 DKK
After 5 years	0	0
Between 1 and 5 years	6,428,674	5,530,159
Long-term part	6,428,674	5,530,159
Within 1 year	4,688,242	3,087,557
	11,116,916	8,617,716

Other payables

	2023/24 DKK	2022/23 DKK
After 5 years	0	0
Between 1 and 5 years	2,241,107	2,175,872
Long-term part	2,241,107	2,175,872
Other short-term payables	3,462,672	6,173,525
	5,703,779	8,349,397

10. Cash flow statement - Adjustments

	2023/24 DKK	2022/23 DKK
Financial income	-661,608	-40,150
Financial expenses	2,745,585	1,568,512
Depreciation, amortisation and impairment losses, including losses and gains on sales	6,713,349	5,533,896
Tax on profit/loss for the year	4,215,212	3,029,829
	13,012,538	10,092,087

11. Cash flow statement - Change in working capital

	2023/24 DKK	2022/23 DKK
Change in inventories	-1,195,037	646,528
Change in receivables	7,977,272	-1,691,158
Change in trade payables, etc	9,071,762	-3,230,162
	15,853,997	-4,274,792

Notes to the Financial Statements

	<u>2023/24</u>	<u>2022/23</u>
	DKK	DKK
12. Contingent assets, liabilities and other financial obligations		
Charges and security		
The following assets have been placed as security with mortgage credit institutes:		
Mortgage registered to the owner in the amount of nominally 31.522.000		
with security in the property at Mosegaardsvej 4.	47,532,741	26,444,145
A negative pledge has been made to Danske Bank.		
 Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	<u>603,397</u>	<u>778,195</u>
	<u>603,397</u>	<u>778,195</u>

Notes to the Financial Statements

13. Related parties

	Basis
Controlling interest	
Søren Ove Hedegaard Nielsen, Klokkehøj 21, Svejstrup, Skanderborg, Denmark	Executive Director, shareholder and member of the Board of Directors
Other related parties	
Zimmermann PV-Holding GmbH, Sandelholzstrasse 1, Eberhardzell, Deutschland	Shareholder
SON Holding ApS, Klokkehøj 21, Svejstrup, Skanderborg, Denmark	Shareholder
Frank Romlund Mikkelsen, Industriparken 7, Skals, Denmark	Employee representative on the Board of Directors
Holger Krug, Ortsstrasse 53, Eberhardzell, Deutschland	Board member
Ove Trankjær, Krude Møllevej 10, Katrinedal, Bryrup, Denmark	Board member
Robert Zimmermann, Lerchenstrasse 6, Eberhardzell, Deutschland	Board member
Zimmermann Metallbearbeitung GmbH Ritzenweiler 32, Eberhardzell, Deutschland	Affiliated company
Zimmermann PV-Stahlbau GmbH und Co. KG Sandelholzstrasse 1, Eberhardzell, Deutschland	Affiliated company

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(6) of the Danish Financial Statements Act.

Apart from the above, there have been no transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration.

Ownership

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

Zimmermann PV-Holding, Sandelholzstrasse 1, Eberhardzell, Deutschland - ownership 49%
 Søren Ove Hedegaard Nielsen, Klokkehøj 21, Svejstrup, Skanderborg, Denmark - ownership 10,64%
 SON Holding ApS, Klokkehøj 21, Svejstrup, Skanderborg, Denmark - ownership 40,36%

14. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

15. Accounting policies

The Annual Report of DANPRES A/S for 2023/24 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023/24 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Leases

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

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

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

Translation policies

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

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

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

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

Financial income and expenses

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

Tax on profit/loss for the year

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

Balance sheet

Property, plant and equipment

On acquisition land and buildings are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed properties comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components and suppliers up until the time when the asset is ready for use.

Notes to the Financial Statements

After the initial recognition land and buildings are measured at fair value.

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

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

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

Production buildings	50 years
Plant and machinery	7-10 years
Other fixtures and fittings, tools and equipment	3-5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Inventories

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

The cost of raw materials and consumables equals landed cost.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

Notes to the Financial Statements

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Current tax receivables and liabilities

Current tax receivables and 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 taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Notes to the Financial Statements

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand" and "Overdraft facilities".

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

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