



Chr. Olesen Synthesis A/S

Kanalholmen 8-12, DK-2650 Hvidovre

Annual Report for 2025

CVR No. 33 96 48 70

The Annual Report was presented and adopted at the
Annual General Meeting of the company on
24/03/2026

Mads Chr. Olesen
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 Chr. Olesen Synthesis A/S for the financial year 1 January - 31 December 2025.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2025 of the Company and of the results of the Company operations and cash flows for 2025.

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

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

Hvidovre, 24 March 2026

Executive Board

Thomas Michael Moestrup
CEO

Board of Directors

Mads Chr. Olesen
Chairman

Tibor Simon

James Charles Gale

Independent Auditor's report

To the shareholder of Chr. Olesen Synthesis A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2025 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2025 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Chr. Olesen Synthesis A/S for the financial year 1 January - 31 December 2025, 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.

Hellerup, 24 March 2026

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Ulrik Ræbild

State Authorised Public Accountant

mne33262

Kristian Højgaard Carlsen

State Authorised Public Accountant

mne44112

Company information

The Company

Chr. Olesen Synthesis A/S
Kanalholmen 8-12
DK-2650 Hvidovre
CVR No: 33 96 48 70
Financial period: 1 January - 31 December
Financial year: 15th financial year
Municipality of reg. office: Hvidovre

Board of Directors

Mads Chr. Olesen, chairman
Tibor Simon
James Charles Gale

Executive Board

Thomas Michael Moestrup

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Bankers

Sydbank
Vingårdsgade 21
DK-9000 Aalborg

Financial Highlights

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

(TEUR)	2025	2024	2023	2022	2021
Key figures					
Profit/loss					
Gross profit	6,959	10,568	5,423	3,644	-47
Profit/loss of primary operations	-1,800	3,357	-675	-1,623	-4,494
Profit/loss of financial income and expenses	-979	-977	-848	-565	-62
Net profit/loss for the year	-2,299	7,392	-1,522	-2,189	-4,556
Balance sheet					
Balance sheet total	24,386	22,006	14,923	12,507	10,496
Investment in property, plant and equipment	1,761	770	885	1,205	994
Equity	-9,490	-7,191	-14,583	-13,060	-10,872
Cash flows					
Cash flows from:					
- operating activities	-3,328	2,608	-2,932	-3,176	-2,126
- investing activities	-1,761	-770	-885	-1,206	-950
- financing activities	1,368	298	5,954	-708	3,076
Number of employees	79	68	61	55	50
Ratios					
Return on assets	-7.4%	15.3%	-4.5%	-13.0%	-42.8%
Solvency ratio	-38.9%	-32.7%	-97.7%	-104.4%	-103.6%
Return on equity	27.6%	-67.9%	11.0%	18.3%	53.0%

Management's review

Key activities

The Company's main activity is the production of active pharmaceutical ingredients as well as related services.

Development in the year

The income statement of the Company for 2025 shows a loss of EUR 2,299,046, and at 31 December 2025 the balance sheet of the Company shows a negative equity of EUR 9,489,900.

The past year and follow-up on development expectations from last year

A continued positive development was expected for 2025. However, these expectations were not fulfilled due to a fire at the Company's production facilities in the spring of 2025. Management considers the results for 2025 as unsatisfactory.

Targets and expectations for the year ahead

In general, we see growth in all our product portfolio. In 2026, we expect a continued positive development with organic growth in our core business and products, which is supported by a high level of order confirmations.

Research and development

We have an in-house development department.

The primary development activities in relation to future earnings in 2026 have been carried out.

External environment

As we are a chemical production company, our activities naturally affect the external environment. But we naturally work strictly based on our established environmental terms and conditions.

We are in ongoing and good dialogue with the region and municipality regarding environmental impact and prevention thereof.

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 31 December 2025 of the Company and the results of the activities and cash flows of the Company for the financial year for 2025 have significantly been negatively affected by a fire in the Company's production facilities.

This happened in February 2025 with direct effects of Q1 and Q2 and with secondary effects all through 2025.

As a result of the fire, it has not been possible for the Company to achieve the budgeted level of activity and earnings.

Subsequent events

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

Income statement 1 January - 31 December

(EUR)	Note	2025	2024
Gross profit		6,958,825	10,567,701
Staff expenses	2	-7,974,101	-6,547,582
Depreciation and impairment losses of property, plant and equipment	3	-784,701	-663,397
Profit/loss before financial income and expenses		-1,799,977	3,356,722
Financial income		23,821	37,155
Financial expenses	4	-1,002,701	-1,013,964
Profit/loss before tax		-2,778,857	2,379,913
Tax on profit/loss for the year	5	479,811	5,011,887
Net profit/loss for the year	6	-2,299,046	7,391,800

Balance sheet 31 December

Assets

(EUR)	Note	2025	2024
Land and buildings		3,047,761	2,835,218
Other fixtures and fittings, tools and equipment		3,811,163	2,758,810
Right-of-use assets		313,423	411,382
Property, plant and equipment in progress		1,133,501	1,324,176
Property, plant and equipment	7	8,305,848	7,329,586
Fixed assets		8,305,848	7,329,586
Raw materials and consumables		3,310,223	2,294,974
Work in progress		1,893,250	1,465,795
Finished goods and goods for resale		617,955	1,219,371
Inventories		5,821,428	4,980,140
Trade receivables		4,227,504	3,860,025
Other receivables		206,816	277,140
Deferred tax asset	8	5,611,400	5,131,589
Corporation tax		12,716	140,993
Prepayments	9	200,512	286,893
Receivables		10,258,948	9,696,640
Current assets		16,080,376	14,676,780
Assets		24,386,224	22,006,366

Balance sheet 31 December

Liabilities and equity

(EUR)	Note	2025	2024
Share capital	10	538,358	538,358
Retained earnings		-10,028,258	-7,729,212
Equity		-9,489,900	-7,190,854
Mortgage loans		602,274	658,360
Payables to associates		16,958,781	15,458,781
Other payables		7,000,000	7,000,000
Long-term debt	11	24,561,055	23,117,141
Mortgage loans	11	87,921	90,145
Credit institutions		6,675,542	2,954,183
Lease obligations		0	74,106
Prepayments received from customers		140,000	455,098
Trade payables		1,532,200	1,749,534
Corporation tax		0	119,702
Other payables	11	879,406	637,311
Short-term debt		9,315,069	6,080,079
Debt		33,876,124	29,197,220
Liabilities and equity		24,386,224	22,006,366
Going concern	1		
Contingent assets, liabilities and other financial obligations	14		
Related parties	15		
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Statement of changes in equity

(EUR)	Share capital	Retained earnings	Total
Equity at 1 January	538,358	-7,729,212	-7,190,854
Net profit/loss for the year	0	-2,299,046	-2,299,046
Equity at 31 December	538,358	-10,028,258	-9,489,900

Cash flow statement 1 January - 31 December

(EUR)	Note	2025	2024
Result of the year		-2,299,046	7,391,800
Adjustments	12	1,283,770	-3,371,681
Change in working capital	13	-1,333,824	-328,245
Cash flow from operations before financial items		-2,349,100	3,691,874
Financial income		23,821	37,155
Financial expenses		-1,002,701	-1,013,964
Cash flows from ordinary activities		-3,327,980	2,715,065
Corporation tax paid		0	-106,987
Cash flows from operating activities		-3,327,980	2,608,078
Purchase of property, plant and equipment		-1,760,963	-769,746
Cash flows from investing activities		-1,760,963	-769,746
Repayment of mortgage loans		-58,310	0
Repayment of loans from credit institutions		0	-51,813
Reduction of lease obligations		-74,106	-150,210
Raising of payables to associates		1,500,000	500,000
Cash flows from financing activities		1,367,584	297,977
Change in cash and cash equivalents		-3,721,359	2,136,309
Cash and cash equivalents at 1 January		-2,954,183	-5,090,492
Cash and cash equivalents at 31 December		-6,675,542	-2,954,183
Cash and cash equivalents are specified as follows:			
Overdraft facility		-6,675,542	-2,954,183
Cash and cash equivalents at 31 December		-6,675,542	-2,954,183

Notes to the Financial Statements

1. Going concern

The Company's shareholders Chr. Olesen A/S and Signet Healthcare have issued a letter of support to the Company's continued operation which means the Company's continued operation is guaranteed. Until further notice, the letter of support is valid until the Annual Report for the financial year 2026 has been published. It is the Management's opinion that the letter of support will be extended for such period as it's required to ensure the Company's continued operations if considered necessary at the expiration of the letter of support.

2. Staff expenses

(EUR)	2025	2024
Wages and salaries	6,443,626	5,340,795
Pensions	1,029,166	817,372
Other social security expenses	183,432	149,434
Other staff expenses	317,877	239,981
	7,974,101	6,547,582
Including remuneration to the Executive Board and Board of Directors	323,442	305,133
Average number of employees	79	68

In accordance with section 98 B(3) in the Danish Financial Statement Act, remuneration to the Executive Board and Board of Directors is shown as a total.

3. Depreciation and impairment losses of property, plant and equipment

(EUR)	2025	2024
Depreciation of property, plant and equipment	784,701	663,397
	784,701	663,397

4. Financial expenses

(EUR)	2025	2024
Interest to associates	193,613	144,575
Other financial expenses	809,088	869,389
	1,002,701	1,013,964

Notes to the Financial Statements

5. Income tax expense

(EUR)	2025	2024
Current tax for the year	0	119,702
Deferred tax for the year	-479,811	-5,131,589
	-479,811	-5,011,887

6. Profit allocation

(EUR)	2025	2024
Retained earnings	-2,299,046	7,391,800
	-2,299,046	7,391,800

7. Property, plant and equipment

(EUR)	Land and buildings	Other fixtures and fittings, tools and equipment	Right-of-use assets	Property, plant and equipment in progress
Cost at 1 January	3,603,644	5,406,543	1,118,840	1,324,176
Additions for the year	371,875	443,636	0	945,452
Transfers for the year	0	1,136,127	0	-1,136,127
Cost at 31 December	3,975,519	6,986,306	1,118,840	1,133,501
Impairment losses and depreciation at 1 January	768,426	2,647,733	707,458	0
Depreciation for the year	159,332	527,410	97,959	0
Impairment losses and depreciation at 31 December	927,758	3,175,143	805,417	0
Carrying amount at 31 December	3,047,761	3,811,163	313,423	1,133,501
Amortised over	10-20 years	3-15 years	3-10 years	

8. Deferred tax asset

(EUR)	2025	2024
Deferred tax asset at 1 January	5,131,589	0
Amounts recognised in the income statement for the year	479,811	5,131,589
Deferred tax asset at 31 December	5,611,400	5,131,589

Notes to the Financial Statements

8. Deferred tax asset (continued)

The recognized tax asset consists of positive tax differences and tax loss carry forward which are expected to be utilized within the coming years. Management's assessment of the utilization of the deferred tax asset is based on the increase in revenue and earnings adopted in the Company's strategy and forecast for the coming 5 years.

9. Prepayments

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

10. Share capital

	Number	Nominal value
		EUR
A shares	269,179	269,179
B shares	269,179	269,179
		538,358

A-shares may be converted into B-shares on a one-for-one basis any time at the option of each holder of A-shares.

The Company's senior employees have entered into a share remuneration program whereby they have a right, but not an obligation, to buy shares at a set price. The rate and quantity are variable depending on the time of entering into the agreement. The expiry date for this program is 30 June 2026. At the time of the balance sheet date, none of these rights have yet been exercised.

Notes to the Financial Statements

11. 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:

(EUR)	2025	2024
Mortgage loans		
After 5 years	261,682	307,526
Between 1 and 5 years	340,592	350,834
Long-term part	602,274	658,360
Within 1 year	87,921	90,145
	690,195	748,505
Payables to associates		
After 5 years	16,958,781	15,458,781
Long-term part	16,958,781	15,458,781
Within 1 year	0	0
	16,958,781	15,458,781
Other payables		
After 5 years	0	0
Between 1 and 5 years	7,000,000	7,000,000
Long-term part	7,000,000	7,000,000
Other short-term payables	879,406	637,311
	7,879,406	7,637,311

12. Cash flow statement - Adjustments

(EUR)	2025	2024
Financial income	-23,821	-37,155
Financial expenses	1,002,701	1,013,964
Depreciation, amortisation and impairment losses, including losses and gains on sales	784,701	663,397
Tax on profit/loss for the year	-479,811	-5,011,887
	1,283,770	-3,371,681

Notes to the Financial Statements

13. Cash flow statement - Change in working capital

(EUR)	2025	2024
Change in inventories	-841,288	-1,302,994
Change in receivables	-210,774	-435,912
Change in trade payables, etc	-290,337	1,410,661
Other changes in working capital	8,575	0
	-1,333,824	-328,245

14. Contingent assets, liabilities and other financial obligations

(EUR)	2025	2024
Charges and security		
The following assets have been placed as security with mortgage credit institutes:		
Land and buildings with a carrying amount of	3,047,761	2,835,218
Pledge custody of EUR 3,347,191 on unsecured claims arising from the sale of goods and services, inventories and operating fixtures and equipment to a carrying amount of	14,993,596	12,923,151

Other financial obligations

As part of fulfilling its obligations to customers, the Company has entered supply orders amounting to EUR 5.2 million.

15. Related parties

Transactions

For transactions with related parties, reference is made to the disclosed interest paid to associated companies in note 4.

Notes to the Financial Statements

16. Accounting policies

The Annual Report of Chr. Olesen Synthesis A/S for 2025 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 2025 are presented in EUR.

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.

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

Eur is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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

Notes to the Financial Statements

16. Accounting policies (continued)

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

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.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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 expenses for premises, sales 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, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Notes to the Financial Statements

16. Accounting policies (continued)

Amortisation, depreciation and impairment losses

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

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

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.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Balance sheet

Property, plant and equipment

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

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

Interest expenses on loans are not recognised in cost during construction and reconstruction periods.

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

Production buildings	10-20 years
Right-of-use assets	3-10 years
Other fixtures and fittings, tools and equipment	3-15 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 and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by 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.

Notes to the Financial Statements

16. Accounting policies (continued)

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Inventories

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

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 and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

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.

Prepayments

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

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.

Deferred tax assets and liabilities are offset within the same legal tax entity.

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.

Notes to the Financial Statements

16. Accounting policies (continued)

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.

Cash and cash equivalents

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

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

Financial Highlights

Explanation of financial ratios

Return on assets	Profit/loss of primary operations x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity