SCANVAEGT
Imagine Superior Food Processing

SCANVAEGT INTERNATIONAL A/S

(Company Register number CVR 25 01 37 19)

ANNUAL REPORT FOR 2004/2005

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KEY INFORMATION ABOUT THE COMPANY

THE COMPANY:

Scanvaegt International A/S
P.O. Pedersens Vej 18
8200 Århus N
DENMARK

Board of directors:

Lars Grundtvig, chairman
Michael Grundtvig
Henrik Grundtvig
Erik Steffensen
Johan Blach Petersen
Tommy V. Christiansen
Kristian Kolding

Management:

Erik Steffensen

Auditors:

PricewaterhouseCoopers

Ownership:

The entire share capital of the company is owned by Scanvaegt International Holding ApS, P.O. Pedersens Vej 18, 8200 Århus N, Denmark.

KEY INFORMATIONABOUT THE COMPANY, CONTINUED...

SUBSIDIARIES:

Scanvægt Nordic A/S, Århus, 100% owned (Share capital DKK 5,000,000)

Digi-System A/S, Århus, 100% owned (Share capital DKK 8,835,000)

Dansk Kalibreringsteknik A/S, Århus, 100% owned (Share capital DKK 500,000)

Scanvaegt Leasing A/S, Århus, 100% owned (Share capital DKK 1,500,000)

Norfo A/S, Rønne, 100% owned (Share capital DKK 3,000,000)

Scanvaegt Automation A/S, 75% owned (Share Capital DKK 500,000)

Scanvaegt (GB) Ltd., England, 100% owned (Share capital GBP 300,000)

Scanvaegt Nederland B.V., Holland, 100% owned (Share capital EUR 227,406)

Scanvaegt Ireland Ltd., Ireland, 100% owned (Share capital EUR 507,895)

Scanvaegt Northern Ireland, Northern Ireland, 100% owned by Scanvaegt Ireland
(Share capital GBP 10,000)

Scanvaegt France S.A.R.L., France, 100% owned (Share capital EUR 700,000)

Scanvaegt (Deutschland) GmbH, Germany, 100% owned (Share capital EUR 178,950)

Scanvaegt do Brasil Ltda, Brazil, 100% owned (Share capital BRN 250,000)

Scanvaegt Chile, Ltda, Chile, 100% owned (Share capital CHP 70,000,000)

Scanvaegt US Inc., USA, 100% owned (Share capital USD 3,276,000)

Scanvaegt Italia Srl., Italy, 100% owned (Share capital EUR 76,500)

Scanvaegt España SL, Spain, 100% owned (Share capital EUR 120,202)

Scanvaegt Norge AS, Norway, 100% owned by Scanvægt Nordic A/S
(Share capital NOK 3,000,000)

Scanvaegt AB, Sweden, 100% owned by Scanvægt Nordic A/S (Share capital SEK 100,000)

Scanvaegt Ltd., New Zealand, 70% owned (Share capital NZD 200,000)

ASSOCIATED COMPANY:

Uniscale Sp.zoo., Poland, 50% owned (Share capital PLN 1,000.000)

BRANCH:

Scanvaegt Uruguay, Uruguay, 100% owned

MANAGEMENT'S REPORT

Today the board and the management have presented the annual report 2004/05 for Scanvaegt International A/S.

The annual report has been prepared in accordance with the Danish Annual Accounts' Act.

The chosen accounting principles are considered appropriate so that the annual report presents fairly the Group's and the company's assets and liabilities, financial position and the result.

The accounts are submitted to the General Meeting for approval.

Århus, July 1, 2005

Management:

Erik Steffensen

Board of Directors:

Lars Grundtvig (Chairman)	Michael Grundtvig	Henrik Grundtvig

Erik Steffensen	Johan Blach Petersen
Tommy V. Christiansen	Kristian Kolding

Approved at the general meeting held on September 22, 2005:

Chairman of the meeting

AUDITORS' REPORT

To the shareholder of Scanvaegt International A/S

We have audited the Annual Report of Scanvaegt International A/S for the financial year 1 May 2004 - 30 April 2005, which is rendered in accordance with the Danish Financial Statements Act.

The Annual Report is the responsibility of the Company Management. Our responsibility is to express our opinion on the Annual Report based on our audit.

The audit

We conducted our audit in accordance with Danish Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the Annual Report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Annual Report. An audit also includes measuring the accounting policies applied and significant estimates made by Management, as well as evaluating the overall annual report presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Annual Report gives a true and fair view of the financial position at 30 April 2005 of the Group and Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 May 2004 - 30 April 2005 in accordance with the Danish Financial Statements Act.

Århus, July 1, 2005

PricewaterhouseCoopers

Kim Tost	Susanne Varrisboel
State Authorised Public Accountant	State Authorised Public Accountant

KEY FIGURES FOR THE GROUP

Mill. DKK	2004/05	2003/04	2002/03	2001/02	2000/01
Profit and Loss Account:					
Net turnover	663	649	661	688	634
Gross profit	189	178	136	201	201
Result of primary operation	25	16	-39	27	39
Financial items, net	-9	-13	-10	-12	-9
Result of the year	12	4	-37	15	18
Balance:					
Total assets	465	470	509	572	554
Equity	115	104	102	147	133
Gross investments in tangible fixed assets	17	16	22	14	37
Key figures in %:					
Gross margin	28.5	27.5	20.6	29.3	31.7
Profit margin	3.7	2.5	-5.9	3.9	6.2
Return on investment	5.4	3.3	-7.3	4.9	8.3
Debt-equity ratio	24.7	22.2	20.1	25.7	24.0

The key figures are prepared in accordance with the "Recommendations and Key figures 2005" of The Danish Association of Financial Analysts (Den Danske Finansanalytikerforening). The key figures are defined as follows:

Gross margin $$\frac{\text{Gross profit} \times 100}{\text{Net turnover}}$$

Profit margin $$\frac{\text{Result of primary operation} \times 100}{\text{Net turnover}}$$

Furthermore the following are shown:

Return on investment $$\frac{\text{Result of primary operation}}{\text{Average operational assets}}$$

Debt-equity ratio $$\frac{\text{Equity excl. of minority interest, end of period} \times 100}{\text{Total liabilities, end of period}}$$

In accordance with §166, 4 of the Danish Financial Statements Act the comparative figures are not adapted as for the application of the "production principle" on work in progress, for capitalisation of financially leased assets as well as the measurement at amortised cost price of financial assets and liabilities, which are not expected to be repaid before expiry for the financial years 2000/01 - 2001/2002.

ANNUAL REPORT

Main activity

The main activity is development, production and sales of packing, process and weighing equipment as well as IT-based Production Control Systems for the global food industry. Development and production are made in the Parent Company and in one subsidiary whereas sales take place from the other subsidiaries and from the Parent Company.

Development within the financial year

The Group's result before tax for 2004/05 is a profit of 17 mill. DKK and the result after tax is a profit of 12 mill. DKK. The result is a significant improvement compared to former years and corresponds to the expectations expressed in the Annual Report for 2003/04.

At the beginning of the financial year the Group has sold the subsidiary JJ Stål A/S in order to increase focus on the core products of the Group. This disposal resulted in a minor profit.

The sales of the Group's products have been in accordance with plans and budgets throughout the year. This implies that the sales of core products widely seen has developed positively, but also that in segments of the food industry the level of investment has been very high and the Group has been able to use the potential in these segments extensively. In accordance with the consolidation strategy laid down, a number of activities has been initiated focusing on increased profitability, and in total the result is considered satisfactory.

Particular risks

Besides the general economic development, which influences the investment level, the Group is influenced by the following particular risks:

In general the competition within the food industry is growing in most countries, mainly driven by a still more aggressive retail industry. Together with the marked increase in competition between countries and regions within agriculture this leads to an additional concentration at the production stage. Simultaneously a number of working processes connected with agriculture are moved from high-income countries to low-income countries having lower production costs.

Diseases such as avian influenza, BSE or foot-and-mouth disease are risks that can influence the Group's sales in countries and regions affected.

The described development and indicated risks involve a number of challenges for the Group as for our own capability of serving a global food industry. This is particularly the case in certain sectors where the industry increasingly consists of large or very large companies operating over very large geographical areas. Simultaneously the food industry demands still more automatic and technological products and solutions. This demand is derived from the food industry's need for reducing the production costs, increasing their quality and ensuring traceability at all stages.

On the other hand this development and such risks imply a number of interesting possibilities for the company.

The Group, whose business is increasingly based on know-how, currently develops its technological level, its level of knowledge, its product range and its sales and marketing organisation in order to serve the global food industry over large geographical distances in the best possible way, thus achieving a considerable spread of its sales.

Resulting from considerable exports, the Group is exposed to changes in exchange rates and interest levels. It is the Group's policy actively to control financial risks, and no speculation is thus made.

Know-how resources

The Group's primary business basis is to deliver competitive products, solutions and technology to the food industry to enable the latter maintain its competitiveness. This makes heavy demands on developing and maintaining the know-how for employees, products and business processes. The Group therefore currently develops policies and procedures for recruitment, training and maintaining of employees and for development and documentation of products and business procedures.

Environmental exposure

In essentials the Group's production consists of mounting components from sub-suppliers and it is therefore the management's opinion that the Group's impact on the external environment is very small. In general it is Group policy to reduce such impact to the extent that this is financially defendable.

Research and development activities

Research and development are carried out in the Parent Company and in two subsidiaries and include current new and further development of products and processes for the food industry. In this financial year the Group has spent a little over 27 mill. DKK on development projects and activities. It is expected that next year's development activities will be at a higher level.

Expected development

The investment level in the food industry on a number of the Group's significant markets is clearly recovering. This, together with the continued introduction of a number of new products, solutions and processes and a continued optimisation of the competitiveness of the existing product range, means that a considerable growth is expected in the sales of core products and solutions. This growth is expected to take place without considerable extention of capacity, and simultaneously a number of activities to increase profitability has been initiated at all levels of the Group. This, together with the fact that the order portfolio at the beginning of the financial year is satisfactory, is one of the reasons why a considerably improved result is expected in the coming financial year.

Besides this, no essential events have occurred after the end of the financial year.

ACCOUNTING PRINCIPLES APPLIED

FOR THE FINANCIAL YEAR ENDED

APRIL 30 2005

The annual report has been prepared in accordance with the Danish Annual Accounts Act of 2001, the Company's articles of association and generally accepted accounting principles in Denmark. The annual report is rendered in accordance with accounting class C (large companies).

The accounting principles applied are unchanged compared to former years apart from a re-classification of certain items between production costs and distribution costs in the Profit and Loss Account. The comparison figures have been adjusted.

Generally about inclusion and measurement

In the Profit and Loss Account income is included para passu with realisation. Costs, spent to achieve the income of the year, including depreciation, writing down, and liabilities provided for are included in the Profit and Loss Account. Value adjustments of financial assets and liabilities, measured at current value or amortised cost price, are included in the Profit and Loss Account.

Assets are included in the balance when it is likely that future financial advantages will accrue to the company and the value of the asset can be measured reliably. Liabilities are included in the balance when it is likely that future financial advantages will be deducted the company and the value of the liability can be measured reliably

At the first inclusion assets and liabilities are measured at cost price. Subsequently assets and liabilities are measured as described below for each financial item. Certain financial assets and liabilities are measured at amortised cost price, and thus a constant effective interest over the life is included. Amortised cost price is measured as original
cost price with deduction of possible instalments and addition / deduction of the accumulated amortisation of the difference between cost price and nominal amount.

Profits, losses and risks, which appear before the annual report is prepared and which confirm or the opposite conditions existing on the balance day will be considered at inclusion and measurement.

Consolidation

The Group accounts comprise the Parent Company Scanvaegt International A/S and the subsidiaries and associated companies listed on page 2.

The Group Accounts are prepared as a summary of the items in the accounts of the Parent Company and the subsidiaries and elimination is made of inter-company income and costs,

shareholdings, accounts and dividends as well as of unrealised profit and loss. As for associated companies, inter-company profits and losses are eliminated pro rata.

At acquisition of shareholdings in subsidiaries and associated companies, a statement is made of the difference between the acquisition price of the shareholding and the current value of identifiable assets and liabilities at the time of acquisition. Positive differences (goodwill) are capitalised and systematically depreciated over the lifetime of each individual asset, however maximum 20 years. Negative differences, which correspond to an expected adverse development in results, will be provided for and taken to income as the adverse development occurs.

The result of acquired shareholdings will be included from the time of the acquisition.

Translation of Foreign Currencies

Transactions in foreign currencies are translated at the official exchange rate applicable on the day of the transaction. Exchange differences, which arise between the exchange rate applicable on the day of the transaction and the exchange rate on the day of payment, are included in the profit and loss account as a financial item.

Receivables and payables in foreign currencies, which are not settled on the balance day, are translated at the official exchange rates applicable on the balance day. Unrealised and realised exchange rate adjustments are entered in the Profit and Loss account under financial items.

When translating the profit and loss accounts of foreign subsidiaries and associated companies an average rate for the entire year is used. When translating the balances of foreign subsidiaries and associated companies the official exchange rates on the balance sheet date are used. The exchange differences, which occur when the equity of subsidiaries and associated companies is translated at the beginning of the year and when translating the profit and loss accounts to the exchange rate prevailing at the balance day, are taken directly to the equity.

Derived financial instruments

Derived financial instruments are first included in the balance at cost price and subsequently measured at current value. Positive and negative current values of derived financial instruments are included in other receivables and other debt, respectively.

The change of current value of derived financial instruments, which are classified as and fulfil the criteria for ensuring the current value of an included asset or an included liability, is included in the profit and loss account with possible changes of the current value of the ensured asset or the ensured liability.

The change of current value of derived financial instruments, which are classified as and fulfil the criteria for ensuring the future value of assets and liabilities, is included in other receivables or other debt and in the equity. Income and costs regarding such transactions are transferred from equity and included in the same items as the ensured.

As for derived financial instruments, which do not fulfil the conditions for classification as transactions, the changes are included in the profit and loss account.

PROFIT AND LOSS ACCOUNT

Net turnover

The net turnover at sales of goods and services is included in the Profit and Loss Account if delivery and passing of risk to buyer has taken place before the end of the financial year and if the income can be measured and is expected to be received. The net turnover is measured exclusive of VAT, taxes and with deduction for discounts in connection with the sales.

Work in progress for the account of a third party is included as the production is made, meaning that the net turnover corresponds to the sales value of the work of the year (production method). The net turnover is included when the total income and costs of the contract and the degree of finalisation on the balance day can be measured reliably and it is likely that the financial advantages, including payments, will reach the Group.

Production costs

Production costs include costs paid to achieve the net turnover of the year. The production costs include direct and indirect costs for raw materials, commodities and consumables, salaries and wages, rent and leasing as well as depreciation on production equipment and other fixed assets used in production. Furthermore, depreciation on inventories and depreciation in connection with expected loss on work in progress for the account of a third party is included. The production costs also include development costs, which do not fulfil the criteria for capitalisation as well as depreciation on capitalised development projects.

Distribution costs

The distribution costs include costs paid for sales and distribution of goods and services sold during the year as well as the sales carried through during the year. This includes costs for sales staff and depreciation.

Administration costs

The administration costs include costs paid during the year for management and administration of the Group, including costs for administrative staff, management, offices, insurance, office costs, etc. and depreciation.

<u>Result of investments in subsidiaries and associated companies</u>

In the profit and loss account of the Parent Company the pro rata share of each subsidiary's result before tax with deduction of the year's amortisation of goodwill is included. Any share of the subsidiaries' tax is included in tax on the year's result.

In the profit and loss account of the Parent Company as well as the Group the pro rata share of the associated companies' result before tax with deduction of the year's amortisation of goodwill and after elimination of a pro rate share of internal profit or loss is included. Any share of the associated companies' tax is included in tax on the year's result.

<u>Financial items</u>

Financial income and costs include interest income and costs, realised and unrealised capital gain and loss on securities and outstanding balances on transactions in foreign currencies, amortisation of financial assets and liabilities as well as additions and costs under the on account scheme, etc. Financial income and costs are included with the amounts, pertaining to the financial year.

THE BALANCE

<u>Intangible fixed assets</u>

Development projects

Development projects comprise costs which directly and indirectly can be applied to the development activities of the company and which comply with generally accepted criteria for inclusions. Capitalised development projects are measured at cost price with deduction for accumulated depreciation or at recovery value, whichever is the lower. Capitalised development projects are depreciated according to the straight-line method over the financial period of use after the completion of the development project. The depreciation period is usually 5 years and not more than 20 years.

Goodwill

Goodwill, arising in connection with the purchase of companies, is capitalised and depreciated over the useful life of each individual asset, however not more than 20 years.

<u>Tangible fixed assets</u>

Tangible fixed assets are measured at cost price with deduction for accumulated depreciation. Depreciation is made according to the straight-line method over the expected useful life as follows:

Buildings	50 years
Leasehold improvements	Max. 10 years
Cars	Max. 6 years
Machines, technical equipment and inventory	5-10 years
Software	3 years

Improvements and minor acquisitions below DKK 25,000 are charged to the Profit and Loss Account when they occur. Land is not depreciated.

Leasing contracts on tangible fixed assets, on which the Group carries all essential risks and advantages related to the ownership (financial leasing), are measured at first inclusion at current value or at present value of the future leasing instalments, whichever is the lower. When calculating the present value the internal interest level of the leasing contract is used as discounting factor or an approximate value for this. Henceforth financially leased assets are treated as the Group's other tangible fixed assets. The capitalised remaining leasing obligation is included in the balance as a debt commitment and the interest part of the leasing instalments is included over the lifetime of the contract in the profit and loss account as a financial cost.

Financial fixed assets

Investments in subsidiaries and associated companies are included in the balance at the pro rata share of the companies' recorded intrinsic value made up according to the accounting principles of the Parent Company with deduction or addition of unrealised profits and losses and with addition or deduction of remaining positive or negative differential value made up according to the acquisition method.

Subsidiaries and associated companies with a negative book value are recorded at no value and possible receivables with these companies will be depreciated by the Parent Company's share of the negative equity to the extent that amounts receivable are considered irrecoverable. If the recorded negative equity exceeds the receivable, the remaining amount will be recorded under provisions to the extent the Parent Company has a legal or real obligation to cover the negative balance of the subsidiary.

The net appreciation of investments in subsidiaries and associated companies are transferred under equity to net appreciation according to the equity method to the extent that the book value exceeds the acquisition value with deduction for depreciation on goodwill.

Other securities are measured at current value, when such can be measured reliably. If not, such securities are measured at purchase price. Securities, which are not expected to be redeemed before redemption date, are measured at amortised cost price meaning that the capital gain currently is entered into the profit and loss account as an interest income.

Depreciation

The book value of intangible tangible and financial fixed assets are measured annually to find out whether there is any indication of decrease in value. Whenever such indication is present, the recovery value of the asset is estimated. The recovery value is the net realisation value or the utility value of an asset, whichever is the higher. A loss at decrease of value is included when the book value of an asset or the cash-generating unit exceeds the asset or its cash generating unit's recovery value. Loss at decrease of value is included in the profit and loss account.