

**Kemira Water Danmark
A/S**
Langebrogade 5
DK-1411 Copenhagen K
Central Business Registration No
11286933

Annual report 2016

The Annual General Meeting adopted the annual report on 12.05.2017

Chairman of the General Meeting

Name: Katarina Radik

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Entity details

Entity

Kemira Water Danmark A/S
Langebrogade 5
DK-1411 Copenhagen K

Central Business Registration No: 11286933

Registered in: Copenhagen

Financial year: 01.01.2016 - 31.12.2016

Board of Directors

Willem Waelput , Chairman
Maximilian Gallist
Lennart Albertsson

Executive Board

Anders Fredrik Nyrén, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Kemira Water Danmark A/S for the financial year 01.01.2016 - 31.12.2016.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

København, 12.05.2017

Executive Board

Anders Fredrik Nyren
CEO

Board of Directors

Willem Waelput
Chairman

Maximilian Gallist

Lennart Albertsson

Independent auditor's report

To the shareholder of Kemira Water Danmark A/S

Opinion

We have audited the financial statements of Kemira Water Danmark A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Independent auditor's report

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

Independent auditor's report

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

København, 12.05.2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Morten Speitzer

State Authorised Public Accountant

Henrik Hartmann Olesen

State Authorised Public Accountant

Management commentary

| | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---------|---------|----------|----------|---------|
| | DKK'000 | DKK'000 | DKK'000 | DKK'000 | DKK'000 |
| Financial highlights | | | | | |
| Key figures | | | | | |
| Gross profit | 9.652 | 13.220 | 42.990 | 3.564 | 49.314 |
| Operating profit/loss | 2.963 | 6.733 | 20.289 | (28.230) | 11.337 |
| Net financials | 813 | 7.647 | (15.789) | (6.027) | 112 |
| Profit/loss for the year | 3.995 | 15.017 | (12.314) | (27.764) | 7.261 |
| Total assets | 37.358 | 81.897 | 96.848 | 164.063 | 164.660 |
| Investments in property, plant and equipment | 0 | 0 | 0 | 96 | 7.842 |
| Equity | 32.729 | 77.905 | 62.888 | 112.456 | 140.216 |
| Ratios | | | | | |
| Return on equity (%) | 7,2 | 21,3 | (14,0) | (22,0) | 5,3 |
| Equity ratio (%) | 87,6 | 95,1 | 64,9 | 68,5 | 85,2 |

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

| Ratios | Calculation formula | Ratios |
|----------------------|--|--|
| Return on equity (%) | $\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$ | The entity's return on capital invested in the entity by the owners. |
| Equity ratio (%) | $\frac{\text{Equity} \times 100}{\text{Total assets}}$ | The financial strength of the entity. |

Management commentary

Primary activities

The Company operates as a sales agent on behalf of Kemira Oyj.

The Company's activities comprise production and marketing of as well as trade with chemical products.

Kemira's activities in Denmark is an active sales company in Denmark to serve existing customers

The Company is chapter 5 licensed and certified for quality management according to ISO 9001:2000 and for environmental management according to ISO 14001.

Consolidation

Kemira Water Danmark A/S is included in the global Kemira Group.

The Kemira Group is listed at the stock exchange in Helsinki, Finland and consolidated financial statements etc are available at the website: www.kemira.com.

Development in activities and finances

The Company's income statement for 2016 shows a profit of 3,995k DKK, which is a reduced profit compared to 2015. Last year profit was affected by reversal of provisions and impairment of financial assets.

In 2013, the Kemira Group decided that a number of activities in Denmark were to be divested and wound up. The sale was completed on 2 January 2014. As part of the sale, Kemira closed its locations and production and storage facilities in Denmark, including its activities at Prøvestenen and other locations. As a result thereof, Management decided to recognise a liability for environmental issues. As part of closing the production facilities at locations in Copenhagen and Århus, the areas used need to be cleaned up. This liability is incumbent on the Company pursuant to law and is based on a report prepared by an external party who has conducted surveys of the environmental circumstances at the locations.

Based on this information, Management has recognised a provision of DKK 0,8m (2015: DKK 1m) at the balance sheet date which Management considers a reliable estimate of the remaining cost of the clean-up which is almost completed in 2016.

Outlook

Management expects a similar development in the Company's operations in 2016 and an operating profit in line with 2015.

Particular risks

The Company is not assessed as having assumed particular risks regarding prices, foreign currencies or interest rates.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2016

| | <u>Notes</u> | <u>2016 DKK</u> | <u>2015 DKK'000</u> |
|--|--------------|-------------------------|-------------------------|
| Gross profit | 1 | 9.651.899 | 13.220 |
| Staff costs | 2 | (6.176.325) | (5.276) |
| Depreciation, amortisation and impairment losses | 3 | <u>(512.696)</u> | <u>(1.211)</u> |
| Operating profit/loss | | 2.962.878 | 6.733 |
| Income from investments in group enterprises | | 9.685.000 | 0 |
| Other financial income | 4 | 248.795 | 1 |
| Impairment of financial assets | | (9.100.000) | 7.817 |
| Other financial expenses | 5 | <u>(21.014)</u> | <u>(171)</u> |
| Profit/loss before tax | | 3.775.659 | 14.380 |
| Tax on profit/loss for the year | 6 | <u>219.000</u> | <u>637</u> |
| Profit/loss for the year | 7 | <u>3.994.659</u> | <u>15.017</u> |

Balance sheet at 31.12.2016

| | <u>Notes</u> | <u>2016 DKK</u> | <u>2015 DKK'000</u> |
|--|--------------|---------------------|-------------------------|
| Land and buildings | | 0 | 79 |
| Plant and machinery | | 0 | 424 |
| Other fixtures and fittings, tools and equipment | | 0 | 11 |
| Property, plant and equipment | 8 | 0 | 514 |
| Investments in group enterprises | | 2.900.000 | 12.000 |
| Fixed asset investments | 9 | 2.900.000 | 12.000 |
| Fixed assets | | 2.900.000 | 12.514 |
| Trade receivables | | 42.475 | 128 |
| Receivables from group enterprises | | 4.418.349 | 4.977 |
| Deferred tax | | 1.619.000 | 1.400 |
| Other receivables | | 3.564.846 | 9.036 |
| Income tax receivable | | 0 | 1.790 |
| Prepayments | 10 | 38.709 | 47 |
| Receivables | | 9.683.379 | 17.378 |
| Cash | 11 | 24.774.345 | 52.005 |
| Current assets | | 34.457.724 | 69.383 |
| Assets | | 37.357.724 | 81.897 |

Balance sheet at 31.12.2016

| | Notes | 2016 DKK | 2015 DKK'000 |
|--|--------------|---------------------|-------------------------|
| Contributed capital | 12 | 601.000 | 601 |
| Retained earnings | | 9.813.321 | 77.304 |
| Proposed dividend | | 22.314.900 | 0 |
| Equity | | 32.729.221 | 77.905 |
| Other provisions | 13 | 804.429 | 1.019 |
| Provisions | | 804.429 | 1.019 |
| Trade payables | | 149.161 | 308 |
| Other payables | | 3.674.913 | 2.665 |
| Current liabilities other than provisions | | 3.824.074 | 2.973 |
| Liabilities other than provisions | | 3.824.074 | 2.973 |
| Equity and liabilities | | 37.357.724 | 81.897 |
| Unrecognised rental and lease commitments | 14 | | |
| Contingent liabilities | 15 | | |
| Related parties with controlling interest | 16 | | |
| Group relations | 17 | | |

Statement of changes in equity for 2016

| | Contributed capital DKK | Retained earnings DKK | Proposed extraordinary dividend DKK | Proposed dividend DKK |
|--------------------------------|-------------------------------|-----------------------------|--|-----------------------------|
| Equity beginning of year | 601.000 | 77.303.562 | 0 | 0 |
| Extraordinary dividend paid | 0 | 0 | (49.170.000) | 0 |
| Profit/loss for the year | 0 | (67.490.241) | 49.170.000 | 22.314.900 |
| Equity end of year | 601.000 | 9.813.321 | 0 | 22.314.900 |
| | | | | Total DKK |
| Equity beginning of year | | | | 77.904.562 |
| Extraordinary dividend paid | | | | (49.170.000) |
| Profit/loss for the year | | | | 3.994.659 |
| Equity end of year | | | | 32.729.221 |

Notes

1. Gross profit

With reference to section 32 of the Danish Financial Statements Act, the company has decided to aggregate revenue, cost of goods sold and other external costs in one item, gross profit.

2. Staff costs

| | 2016 DKK | 2015 DKK'000 |
|-----------------------------|---------------------------|-------------------------------|
| Wages and salaries | 4.893.562 | 4.370 |
| Pension costs | 478.600 | 418 |
| Other social security costs | 42.656 | 48 |
| Other staff costs | 761.507 | 440 |
| | 6.176.325 | 5.276 |

3. Depreciation, amortisation and impairment losses

| | 2016 DKK | 2015 DKK'000 |
|--|---------------------------|-------------------------------|
| Depreciation of property, plant and equipment | 512.696 | 1.288 |
| Profit/loss from sale of intangible assets and property, plant and equipment | 0 | (77) |
| | 512.696 | 1.211 |

4. Other financial income

| | 2016 DKK | 2015 DKK'000 |
|------------------------|---------------------------|-------------------------------|
| Other financial income | 248.795 | 1 |
| | 248.795 | 1 |

5. Other financial expenses

| | 2016 DKK | 2015 DKK'000 |
|--------------------------|---------------------------|-------------------------------|
| Interest expenses | 21.017 | 171 |
| Other financial expenses | (3) | 0 |
| | 21.014 | 171 |

6. Tax on profit/loss for the year

| | 2016 DKK | 2015 DKK'000 |
|--------------------------------------|---------------------------|-------------------------------|
| Change in deferred tax for the year | (219.000) | (511) |
| Adjustment concerning previous years | 0 | (126) |
| | (219.000) | (637) |

Notes

The Company is involved in a pending transfer pricing audit from the authorities related to previous income years.

| | 2016 | 2015 |
|--|------------------|----------------|
| | DKK | DKK'000 |
| 7. Proposed distribution of profit/loss | | |
| Ordinary dividend for the financial year | 22.314.900 | 0 |
| Extraordinary dividend distributed in the financial year | 49.170.000 | 0 |
| Retained earnings | (67.490.241) | 15.017 |
| | 3.994.659 | 15.017 |

| | Land and buildings DKK | Plant and machinery DKK | Other fixtures and fittings, tools and equipment DKK |
|---|---------------------------------------|--|---|
| 8. Property, plant and equipment | | | |
| Cost beginning of year | 3.988.670 | 23.972.484 | 306.264 |
| Disposals | (3.988.670) | (23.972.484) | (306.264) |
| Cost end of year | 0 | 0 | 0 |
| Depreciation and impairment losses beginning of the year | (3.910.462) | (23.549.327) | (294.934) |
| Impairment losses for the year | 3.988.670 | 0 | 0 |
| Depreciation for the year | (78.208) | (423.157) | (11.330) |
| Reversal regarding disposals | 0 | 23.972.484 | 306.264 |
| Depreciation and impairment losses end of the year | 0 | 0 | 0 |
| Carrying amount end of year | 0 | 0 | 0 |

Notes

| | Investment s in group enterprises DKK |
|--------------------------------------|--|
| 9. Fixed asset investments | |
| Cost beginning of year | 65.580.376 |
| Cost end of year | 65.580.376 |
| Impairment losses beginning of year | (53.580.376) |
| Impairment losses for the year | (9.100.000) |
| Impairment losses end of year | (62.680.376) |
| Carrying amount end of year | 2.900.000 |

| | Registered in | Corpo- rate form | Equity inte- rest % |
|--|----------------------|---------------------------------|--|
| Investments in group enterprises comprise: | | | |
| Scandinavian Tanking System A/S | Copenhagen | A/S | 100,0 |

10. Prepayments

Prepayments consist of normal prepayments.

11. Cash

Cash comprise a group cash pool arrangement between the Group's main bank connections and Kemira Oyj, Finland, the cash are available for daily operations on behalf of the Group's instructions.

| | Number | Par value DKK | Nominal value DKK |
|--------------------------------|---------------|--------------------------|----------------------------------|
| 12. Contributed capital | | | |
| Ordinary shares | 6.010 | 100 | 601.000 |
| | 6.010 | | 601.000 |

13. Other provisions

In 2013, the Kemira Group decided that a number of activities in Denmark were to be divested and wound up. The sale was completed on 2 January 2014. As part of the sale, Kemira closed its locations and production and storage facilities in Denmark, including its activities at Prøvestenen. As a result thereof, Management decided to recognise a liability for environmental issues. As part of closing the production facilities at locations

Notes

in Co-penhagen and Århus, the areas used need to be cleaned up. This liability is incumbent on the Company pursuant to law and is based on a report prepared by an external party who has conducted surveys of the environmental circumstances at the locations. Based on this information, Management has recognised a provision of DKK 0,8m (2015: DKK 1,0m) at the balance sheet date which Management considers a reliable estimate of the remaining cost of the clean-up which almost has been completed in 2016.

14. Unrecognised rental and lease commitments

Kemira Water Danmark A/S has entered into operating leases. With the residual contract period at 31 December 2016 the contingent liability constitutes DKK 211 thousand (2015: DKK 707 Thousand).

15. Contingent liabilities

The Entity serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed entities and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

16. Related parties with controlling interest

Kemira Water Danmark A/S' related parties with control comprise the following:

Kemira Oyj, Finland is the Company's ultimate Parent.

17. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Kemira Oyj, Finland

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Kemira Oyj, Finland

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 112(1,2) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of raw materials and consumables and external expenses.

Accounting policies

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Impairment of financial assets

Impairment of financial assets comprises impairment of financial assets which are not measured at fair value on a current basis.

Accounting policies

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

| | |
|--|-------------|
| Buildings | 10-15 years |
| Plant and machinery | 2-10 years |
| Other fixtures and fittings, tools and equipment | 3-10 years |

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are measured at cost and are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Accounting policies

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Operating leases

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

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, the Company has not prepared a Cash flow statement.