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BDO Statsautoriseret revisionsaktieselskab
Dokken 8
DK-6700 Esbjerg
CVR no. 20 22 26 70

JUTLANDIA TERMINAL A/S

EUROPAKAJ 1, 6700 ESBJERG

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2023

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 3 June 2024

Mikael Hedager Würtz

CVR NO. 13 83 52 33

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COMPANY DETAILS

Company	Jutlandia Terminal A/S Europakaj 1 6700 Esbjerg	
	CVR No.:	13 83 52 33
	Established:	10 May 1986
	Municipality:	Esbjerg
	Financial Year:	1 January - 31 December
Board of Directors	Kim Hedegaard Sørensen, chairman Ulf Preisler Mikael Hedager Würtz Kasper Svarrer Kristian Svarrer Jens Peder Ravn Thomsen	
Executive Board	Kristian Svarrer	
Auditor	BDO Statsautoriseret revisionsaktieselskab Dokken 8 6700 Esbjerg	

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Jutlandia Terminal A/S for the financial year 1 January - 31 December 2023.

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

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2023.

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

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

Esbjerg, 3 June 2024

Executive Board

Kristian Svarrer

Board of Directors

Kim Hedegaard Sørensen Chairman	Ulf Preisler	Mikael Hedager Würtz
Kasper Svarrer	Kristian Svarrer	Jens Peder Ravn Thomsen

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Jutlandia Terminal A/S

Opinion

We have audited the Financial Statements of Jutlandia Terminal A/S for the financial year 1 January - 31 December 2023, which comprise income statement, Balance Sheet, statement of changes in equity, cash flows, notes *and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.*

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- *Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.*
- *Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.*

INDEPENDENT AUDITOR'S REPORT

- *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.

Statement on Management Commentary
Management is responsible for Management Commentary.

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

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

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

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

Esbjerg, 3 June 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Jørn Jepsen
State Authorised Public Accountant
MNE no. mne24824

FINANCIAL HIGHLIGHTS

	2023 DKK '000	2022 DKK '000	2021 DKK '000	2020 DKK '000	2019 DKK '000
Income statement					
Gross profit/loss	58.947	46.449	62.376	52.954	61.842
Operating profit/loss of main activities	7.896	3.066	7.982	6.243	4.675
Financial income and expenses, net	-222	66	30	17	-215
Profit/loss for the year	5.990	2.440	6.243	4.846	3.463
Balance sheet					
Total assets	50.962	40.607	47.540	45.130	49.602
Equity	18.430	19.440	23.200	18.957	14.111
Cash flows					
Investment in property, plant and equipment	-15.128	-745	-4.570	-2.164	-1.805
Key ratios					
Equity ratio	36,2	47,9	48,8	42,0	28,4
Return on equity	31,6	11,4	29,6	29,3	28,0

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

Equity ratio: $\dfrac{\textit{Equity, at year-end x 100}}{\textit{Total assets, at year-end}}$

Return on equity: $\dfrac{\textit{Profit/loss after tax x 100}}{\textit{Average equity}}$

MANAGEMENT COMMENTARY

Principal activities
The Company’s primary activities are terminal services and offshore activities

Development in activities and financial and economic position
During the financial year, the company has achieved a satisfactory result.

The activity in the Oil and Gas, Wind, Terminal and Agency departments have been high the whole year, which has affected the result in all business units.

The primarily focus has been on maintaining a high service level, despite the high activity level and this has indeed succeeded.

Profit/loss for the year compared to the expected development
The profit is higher than expected in the budgets for 2023 and this is mostly due to the increased activity in all business areas and at the Port of Esbjerg.

Significant events after the end of the financial year
No events have occurred after the end of the financial year of material importance for the Company's financial position.

Environmental situation
The Company is environmentally conscious and is continuously working to reduce the environmental impact of Corporate operations.

Future expectations
We expect a positive result for 2024 in the range of 5,000 tDKK to 7,000 tDKK. .

Voluntary report on social responsibility
Jutlandia Terminal A/S has just started to report about ESG, why the ESG report does not constitute a complete report according to Danish GAAP §99a.

Our ESG-report can be found here: https://www.jut.dk/

Business model
The company focuses on conducting business with development, sales and marketing of terminal and offshore solutions adapted to customers' needs, and meet strategic challenges in an economic and socially responsible way. The company has a number of formal and informal policies and attitudes for, how the company fulfills its social responsibility.

Work environment
The working environment is a high priority throughout the company. Our working environment policy covers all basics topics to develop and maintain a good physical and mental working environment in the company so that the employees thrive and to counter the risk of employees becoming ill from a poor working environment.

The company is certified according to the international working environment standard ISO 45001. The number of occupational accidents (LTI) in 2023 has accounted for zero per 1 million working hours, which is in line with the defined objective of zero LTI.

Allocation of funds in pools for training also ensures ongoing competence development for everyone employees.

Employees
It is essential that the company can continue to recruit and retain employees with a high level of education and competence. This requires continuous updating and acquisition of new skills.

The presence of the necessary knowledge in all employee groups is ensured i.a. at the time of employment and throughout ongoing training. The training is organized both generally and individually.

Voluntary report on social responsibility (continued)

Human rights

Through our employee policy and efforts around well-being, working environment, education and equal rights we work daily to ensure the human rights of our employees; we want to be a safe workplace where employees are guaranteed their right to freedom of expression, freedom of association and freedom of religion, and where we respect each other's privacy.

No breach of these policies has been identified in 2023 or earlier.

Statutory report on the underrepresented gender

It is a company goal that all our employees should feel that they have the same opportunities for career development and leadership positions - regardless of gender. The management in the company will ensure equal opportunities for men and women, and work for a better balance between men and women at all levels in the company. This will be done i.a. by encouraging diversity in the composition of teams, as well as ensuring equal opportunities and access to career development.

A policy has been established for management level with a view to increasing the proportion of the underrepresented gender and the general diversity. In connection with the employment of new employees, the company strives to ensure that, as far as possible, there are always qualified candidates of each gender.

Statutory report on data ethics policy

The company works actively with both data security and GDPR, the EU's data protection regulation on personal data, and the ethical aspects of data. Particular focus is on how data is collected, processed, used, shared and deleted.

MANAGEMENT COMMENTARY

Voluntary report on social responsibility (continued)

	Note	2023 DKK '000	2022 DKK '000
GROSS PROFIT		**58.947**	**46.449**
Staff costs	1	-48.149	-40.438
Depreciation, amortisation and impairment losses for tangible and intangible assets	2	-2.902	-2.945
OPERATING PROFIT		**7.896**	**3.066**
Other financial income	3	484	484
Other financial expenses	4	-706	-418
PROFIT BEFORE TAX		**7.674**	**3.132**
Tax on profit/loss for the year	5	-1.684	-692
PROFIT FOR THE YEAR	6	**5.990**	**2.440**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2023 DKK '000	2022 DKK '000
Goodwill		0	0
Intangible assets	7	**0**	**0**
Land and buildings		6.437	142
Other plant, fixtures and equipment		11.924	6.126
Tangible fixed assets in progress and prepayments for tangible fixed assets		133	0
Property, plant and equipment	8	**18.494**	**6.268**
Rent deposit and other receivables		4.521	4.312
Financial non-current assets	9	**4.521**	**4.312**
NON-CURRENT ASSETS		**23.015**	**10.580**
Finished goods and goods for resale		230	292
Inventories		**230**	**292**
Trade receivables		25.150	20.787
Contract work in progress		753	590
Receivables from group enterprises		0	7.224
Deferred tax assets	10	181	518
Other receivables		1.344	178
Prepayments	11	279	392
Receivables		**27.707**	**29.689**
Cash and cash equivalents		**10**	**46**
CURRENT ASSETS		**27.947**	**30.027**
ASSETS		**50.962**	**40.607**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2023 DKK '000	2022 DKK '000
Share Capital	12	1.325	1.325
Retained earnings		12.105	11.115
Proposed dividend		5.000	7.000
EQUITY		**18.430**	**19.440**
Lease liabilities		4.997	2.630
Non-current liabilities	13	**4.997**	**2.630**
Bank debt		6.484	7.816
Lease liabilities		1.462	1.545
Prepayments from customers		339	406
Trade payables		6.978	3.758
Debt to Group companies		4.096	0
Corporation tax payable		1.347	735
Other liabilities		6.829	4.277
Current liabilities		**27.535**	**18.537**
LIABILITIES		**32.532**	**21.167**
EQUITY AND LIABILITIES		**50.962**	**40.607**

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EQUITY

DKK '000	Share Capital	Retained earnings	Proposed dividend	Total
Equity at 1 January 2023	1.325	11.115	7.000	19.440
Proposed profit allocation, see note 6		990	5.000	5.990
Transactions with owners				
Dividend paid			-7.000	-7.000
Equity at 31 December 2023	**1.325**	**12.105**	**5.000**	**18.430**

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	2023 DKK '000	2022 DKK '000
Profit/loss for the year	5.990	2.440
Depreciation and amortisation, reversed	2.902	2.945
Reversed realization gains	-200	-51
Tax on profit/loss, reversed	1.684	692
Corporation tax paid	-735	-1.828
Change in inventories	62	-126
Change in receivables (ex tax)	1.645	-8.949
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility)	9.884	8.129
CASH FLOWS FROM OPERATING ACTIVITY	**21.232**	**3.252**
Purchase of property, plant and equipment	-15.128	-745
Sale of property, plant and equipment	200	182
Purchase of financial assets	-229	-327
Sale of financial assets	20	0
CASH FLOWS FROM INVESTING ACTIVITY	**-15.137**	**-890**
Instalments on loans	2.201	-1.545
Change in bank debt	-1.332	4.300
Dividends paid in the financial year	-7.000	-6.200
CASH FLOWS FROM FINANCING ACTIVITY	**-6.131**	**-3.445**
CHANGE IN CASH AND CASH EQUIVALENTS	**-36**	**-1.083**
Cash and cash equivalents at 1. januar	46	1.129
CASH AND CASH EQUIVALENTS AT 31. DECEMBER	**10**	**46**
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents	10	46
CASH AND CASH EQUIVALENTS	**10**	**46**

NOTES

	2023 DKK '000	2022 DKK '000	Note
Staff costs			1
Average number of full time employees	59	53	
Wages and salaries	43.973	37.153	
Pensions	3.724	2.792	
Social security costs	452	493	
	48.149	**40.438**	
Remuneration of Management categories	972	922	
	972	**922**	
Depreciation, amortisation and impairment losses for tangible and intangible assets			2
Land and buildings	64	0	
Other plants, tools and equipment	2.838	2.945	
	2.902	**2.945**	
Other financial income			3
Interest income from group enterprises	419	428	
Other interest income	65	56	
	484	**484**	
Other financial expenses			4
Interest expenses to group enterprises	321	208	
Other interest expenses	385	210	
	706	**418**	
Tax on profit/loss for the year			5
Calculated tax on taxable income of the year	1.347	735	
Adjustment of deferred tax	337	-43	
	1.684	**692**	
Proposed distribution of profit			6
Proposed dividend for the year	5.000	7.000	
Retained earnings	990	-4.560	
	5.990	**2.440**	

NOTES

Note

Intangible assets 7

DKK '000	Goodwill
Cost at 1 January 2023	580
Disposals	-580
Cost at 31 December 2023	**0**
Amortisation at 1 January 2023	580
Reversal of amortisation of assets disposed of	-580
Amortisation at 31 December 2023	**0**
Carrying amount at 31 December 2023	**0**

Property, plant and equipment 8

DKK '000	Land and buildings	Other plant, fixtures and equipment	Tangible fixed assets in progress and prepayments for tangible fixed assets
Cost at 1 January 2023	4.474	32.079	0
Additions	6.359	8.636	133
Disposals	0	-1.498	0
Cost at 31 December 2023	**10.833**	**39.217**	**133**
Depreciation and impairment losses at 1 January 2023	4.332	25.953	0
Reversal of depreciation of assets disposed of	0	-1.498	
Depreciation for the year	64	2.838	
Depreciation and impairment losses at 31 December 2023	**4.396**	**27.293**	**0**
Carrying amount at 31 December 2023	**6.437**	**11.924**	**133**
Finance lease assets		6.217	

Financial non-current assets 9

DKK '000	Rent deposit and other receivables
Cost at 1 January 2023	4.312
Additions	229
Disposals	-20
Cost at 31 December 2023	**4.521**
Carrying amount at 31 December 2023	**4.521**

NOTES

Note

Deferred tax assets 10

	2023 DKK '000	2022 DKK '000
Deferred tax assets is related to:		
Property, plant and equipment..	181	518
	181	**518**
Deferred tax assets, beginning of year...............................	518	475
Deferred tax of the year, income statement........................	-337	43
Deferred tax assets 31 December 2023............................	**181**	**518**

The management has per. 31.12.2023 recognized deferred tax of DKK'000 181 based on budgets which support full utilization of the tax asset.

Prepayments 11

Prepayments consist of prepaid insurance, lease payments and licenses.

Share Capital 12

Allocation of share capital:		
A-aktier, 1.325 unit in the denomination of 1.000 DKK...........	1.325	1.325
	1.325	**1.325**

Long-term liabilities 13

	31/12 2023 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2022 total liabilities
Lease liabilities...................................	6.459	1.462	0	4.175
	6.459	**1.462**	**0**	**4.175**

Contingencies etc. 14

	2023 DKK '000	2022 DKK '000
Total liabilities under rental or lease agreements until maturity..	393	0
	393	**0**

Joint liabilities

The Company is jointly and severally liable together with the Parent Company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of Kristian Svarrer Holding ApS, which serves as management Company for the joint taxation.

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Charges and securities 15

The Entity has guaranteed the subsidiary bank loans.
The subsidiary bank debt amounts to DKK'000 48.861

Related parties 16

The Company's related parties include:

Controlling interest

Kristian Svarrer, Esbjerg owns Kristian Svarrer Holding ApS, Esbjerg which owns 70% of Harbour Group Holding ApS, Esbjerg, which owns all shares in the company. Kristian Svarrer thus has a controlling influence on the company.

Transactions with related parties

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

Consolidated Financial Statements 17

Name and registered office of the Parent preparing consolidated financial statements for the largest group: Kristian Svarrer Holding ApS, Esbjerg

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Harbour Group Holding ApS, Esbjerg

ACCOUNTING POLICIES

The Annual Report of Jutlandia Terminal A/S for 2023 has been presented in accordance with the provisions of the Financial Statements Act for Danishmedium-size enterprises in reporting class C.

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

INCOME STATEMENT

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

Sale of services is generally recognised on the basis of a measurable degree of completion, using straight-line recognition of services delivered over time in a regular pattern. Where the degree of completion is not measurable or the sales value or the total costs of completion are uncertain, revenue is recognised by the amount that the enterprise as a maximum believes to have a right to claim and is expected to be received for services delivered at the Balance Sheet date.

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

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

Other operating income
Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible assets, operating loss and conflict compensations, as well as salary refunds. Compensations are recognised when the income is estimated to be realisable.

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

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

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

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

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

ACCOUNTING POLICIES

BALANCE SHEET

Tangible fixed assets
Land and buildings, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

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

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

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

	Useful life
Buildings	*20 years*
Other plant, fixtures and equipment	*2-10 years*

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

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

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

Financial non-current assets
Deposits include rental deposits which are recognised and measured at cost. Deposits are not depreciated.

Impairment of fixed assets
The carrying amount of tangible assets together with fixed assets, which are not measured at fair value,, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

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

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

ACCOUNTING POLICIES

Inventories

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

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

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct payroll cost and other direct production cost.

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

Receivables

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

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

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

Contract work in progress

Work in progress on contract is measured at the sales value of the work performed. The sales value is measured on the basis of the degree of completion on the Balance Sheet date and the total anticipated revenue related to the specific piece of work in progress. The stage of completion is determined based on an assessment of the work performed, usually calculated as the relation between the costs incurred and the total expected costs for the contract in question.

Accruals, assets

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

Tax payable and deferred tax

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

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

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

ACCOUNTING POLICIES

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

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

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

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

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

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

CASH FLOW STATEMENT

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

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

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

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

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