

Cement Plant Consultants A/S

Ramsingsvej 7

2500 Valby

Central Business Registration

No 15109130

Annual report 2016

The Annual General Meeting adopted the annual report on 30.05.2017

Chairman of the General Meeting

Name: Peter Thomsen

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Entity details

Entity

Cement Plant Consultants A/S
Ramsingsvej 7
2500 Valby

Central Business Registration No: 15109130
Registered in: Copenhagen
Financial year: 01.01.2016 - 31.12.2016

Board of Directors

Morten Esberg, Chairman
Peter Thomsen, Member
Martin Strouhal, Member

Executive Board

Peter Thomsen, 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 Cement Plant Consultants 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 consolidated financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016 and of their financial performance as well as the consolidated cash flow 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.

Valby, 30.05.2017

Executive Board

Peter Thomsen
CEO

Board of Directors

Morten Esberg
Chairman

Peter Thomsen
Member

Martin Strouhal
Member

Independent auditor's report

To the shareholder of Cement Plant Consultants A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Cement Plant Consultants 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, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016, and of the results of their operations and the consolidated cash flows 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 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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

Independent auditor's report

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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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 S, 30.05.2017

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Lars Siggaard Hansen
State-Authorised Public Accountant

Christian Dahlstrøm
State-Authorised Public Accountant

Management commentary

	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000	2012 DKK'000
Financial highlights					
Key figures					
Revenue	249.382	225.848	139.739	198.239	165.712
Gross profit/loss	10.025	11.514	6.763	6.836	8.247
Profit before tax	1.633	4.713	218	1.536	2.478
Operating profit/loss	2.607	4.346	(471)	1.672	2.925
Net financials	(974)	367	689	(136)	(447)
Profit/loss for the year	1.548	4.887	1.002	771	1.595
Total assets	100.724	104.341	154.359	163.949	115.787
Equity incl minority interests	24.670	23.416	18.655	17.763	17.102
Ratios					
Gross margin (%)	4,0	5,1	4,8	3,4	5,0
Net margin (%)	0,6	2,2	0,7	0,4	1,0
Return on equity (%)	6,4	23,2	5,5	4,4	9,3
Equity ratio (%)	24,5	22,4	12,1	10,8	14,8

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

Ratios	Calculation formula	Ratios
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity incl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity incl minority interests} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The object of the Group and the Parent is to carry on engineering in, render consultancy services and sell personnel services to the cement and minerals industries in Denmark and abroad as well as to carry on any other activities as deemed related thereto by the Board of Directors.

The parent financial statements include the CPC Pakistan Branch, CPC Egypt Branch, CPC Qatar Branch, CPC Kazakhstan Branch, CPC Armenia Branch, CPC DR Congo Branch and the CPC Kuwait Branch which are all branches registered in Pakistan, Egypt, Qatar, Kazakhstan, Armenia and Kuwait, respectively.

Cement Plant Consultants A/S is a wholly-owned subsidiary of EHL Fonden of Denmark which is registered with the Danish Business Authority.

Development in activities and finances

In 2016, the Group has entered into new contracts with customers in Europe, Asia and Africa. These contracts were signed by the Parent.

Financial review

The Group and the Parent realised a net profit of DKK 1,548 thousand, which is considered satisfactory.

The Group's and the Parent's balance sheet total at financial year-end 2016 is DKK 100,724 thousand and DKK 97,390 thousand, respectively. Equity at the balance sheet date is DKK 24,672 thousand.

Uncertainty relating to recognition and measurement

Recognition and measurement are not deemed to be subject to any material uncertainty.

Unusual circumstances

There are no unusual circumstances to report for 2016.

Outlook

Group sales for 2017 are estimated to be lower compared with 2016. Group sales for 2017 are expected to be in the range of DKK 75,000 to 100,000 thousand. Financial performance for 2017 is expected to be lower compared with 2016, and loss before tax is expected to be in the range of DKK 2,500 to 3,000 thousand.

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.

Consolidated income statement for 2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Revenue	1	249.382	225.848
Production costs	3	<u>(239.357)</u>	<u>(214.334)</u>
Gross profit/loss		10.025	11.514
Administrative costs	2, 3	<u>(7.418)</u>	<u>(7.168)</u>
Operating profit/loss		2.607	4.346
Other financial income	4	2.727	3.651
Other financial expenses	5	<u>(3.701)</u>	<u>(3.284)</u>
Profit/loss before tax		1.633	4.713
Tax on profit/loss for the year	6	<u>(85)</u>	<u>174</u>
Profit/loss for the year	7	<u>1.548</u>	<u>4.887</u>

Consolidated balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Trade receivables		42.051	35.372
Other receivables		35.302	41.498
Income tax receivable		1.321	1.741
Prepayments		29	29
Receivables		<u>78.703</u>	<u>78.640</u>
Cash		<u>22.021</u>	<u>25.701</u>
Current assets		<u>100.724</u>	<u>104.341</u>
Assets		<u>100.724</u>	<u>104.341</u>

Consolidated balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Contributed capital		1.000	1.000
Retained earnings		23.545	22.291
Proposed dividend		125	125
Equity		24.670	23.416
Deferred tax		749	1.145
Provisions		749	1.145
Bank loans		4	1.185
Prepayments received from customers		16.259	23.928
Trade payables		17.605	32.780
Payables to group enterprises		0	125
Income tax payable		605	236
Other payables		40.832	21.526
Current liabilities other than provisions		75.305	79.780
Liabilities other than provisions		75.305	79.780
Equity and liabilities		100.724	104.341

Consolidated statement of changes in equity for 2016

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	1.000	22.291	125	23.416
Ordinary dividend paid	0	0	(125)	(125)
Exchange rate adjustments	0	(169)	0	(169)
Profit/loss for the year	0	1.423	125	1.548
Equity end of year	1.000	23.545	125	24.670

Consolidated cash flow statement for 2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Operating profit/loss		2.609	4.346
Working capital changes	8	(3.727)	(3.375)
Cash flow from ordinary operating activities		(1.118)	971
Financial income received		2.727	3.651
Financial income paid		(3.701)	(3.284)
Income taxes refunded/(paid)		(282)	0
Cash flows from operating activities		(2.374)	1.338
Dividend paid		(125)	(125)
Cash flows from financing activities		(125)	(125)
Increase/decrease in cash and cash equivalents		(2.499)	1.213
Cash and cash equivalents beginning of year		24.516	23.303
Cash and cash equivalents end of year		22.017	24.516
Cash and cash equivalents at year-end are composed of:			
Cash		22.021	25.701
Short-term debt to banks		(4)	(1.185)
Cash and cash equivalents end of year		22.017	24.516

Notes to consolidated financial statements

1. Revenue

	2016 DKK'000	2015 DKK'000
Asia	116.862	127.738
Africa	130.266	96.294
Europe	2.254	1.816
	249.382	225.848

	2016 DKK'000	2015 DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	217	217
Other services	25	25
	242	242

	2016 DKK'000	2015 DKK'000
3. Staff costs		
Wages and salaries	10.065	12.305
Pension costs	2.773	2.571
Other social security costs	59	70
	12.897	14.946
Average number of employees	32	37

	Remunera- tion of manage- ment 2016 DKK'000	Remunera- tion of manage- ment 2015 DKK'000
Total amount for management categories	1.587	1.715
	1.587	1.715

Notes to consolidated financial statements

	2016 DKK'000	2015 DKK'000
4. Other financial income		
Interest income	2	0
Exchange rate adjustments	2.653	3.589
Other financial income	72	62
	2.727	3.651
	2016 DKK'000	2015 DKK'000
5. Other financial expenses		
Interest expenses	111	114
Exchange rate adjustments	3.572	3.154
Other financial expenses	18	16
	3.701	3.284
	2016 DKK'000	2015 DKK'000
6. Tax on profit/loss for the year		
Tax on current year taxable income	605	193
Change in deferred tax for the year	(396)	(367)
Adjustment concerning previous years	(124)	0
	85	(174)
	2016 DKK'000	2015 DKK'000
7. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	125	125
Retained earnings	1.423	4.762
	1.548	4.887
	2016 DKK'000	2015 DKK'000
8. Change in working capital		
Increase/decrease in receivables	(63)	47.331
Increase/decrease in trade payables etc	(3.664)	(49.420)
Other changes	0	(1.286)
	(3.727)	(3.375)

Parent income statement for 2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Revenue	1	232.513	170.389
Production costs	2	(225.606)	(161.313)
Gross profit/loss		6.907	9.076
Administrative costs	2	(5.137)	(5.075)
Operating profit/loss		1.770	4.001
Income from investments in group enterprises		761	449
Other financial income	3	2.465	3.190
Other financial expenses	4	(3.285)	(2.943)
Profit/loss before tax		1.711	4.697
Tax on profit/loss for the year	5	(163)	189
Profit/loss for the year	6	1.548	4.886

Parent balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Investments in group enterprises		12.800	12.208
Fixed asset investments	7	12.800	12.208
Fixed assets		12.800	12.208
Trade receivables		32.433	29.119
Receivables from group enterprises		10.119	2.644
Other receivables		28.753	34.909
Income tax receivable		342	212
Receivables		71.647	66.884
Cash		12.943	16.931
Current assets		84.590	83.815
Assets		97.390	96.023

Parent balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016</u> <u>DKK'000</u>	<u>2015</u> <u>DKK'000</u>
Contributed capital		1.000	1.000
Reserve for net revaluation according to the equity method		8.598	8.006
Retained earnings		14.947	14.285
Proposed dividend		125	125
Equity		24.670	23.416
Deferred tax		697	1.114
Provisions		697	1.114
Bank loans		4	1.185
Prepayments received from customers		16.259	23.477
Trade payables		11.631	24.367
Payables to group enterprises		7.106	9.628
Income tax payable		605	236
Other payables		36.418	12.600
Current liabilities other than provisions		72.023	71.493
Liabilities other than provisions		72.023	71.493
Equity and liabilities		97.390	96.023
Contingent liabilities	8		
Related parties with controlling interest	9		

Parent statement of changes in equity for 2016

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	1.000	8.006	14.285	125
Ordinary dividend paid	0	0	0	(125)
Exchange rate adjustments	0	(169)	0	0
Profit/loss for the year	0	761	662	125
Equity end of year	1.000	8.598	14.947	125
				Total DKK'000
Equity beginning of year				23.416
Ordinary dividend paid				(125)
Exchange rate adjustments				(169)
Profit/loss for the year				1.548
Equity end of year				24.670

Notes to parent financial statements

1. Revenue

	2016 DKK'000	2015 DKK'000
Asia	109.607	126.774
Africa	120.652	41.800
Europe	2.254	1.816
	232.513	170.389

2. Staff costs

	2016 DKK'000	2015 DKK'000
Wages and salaries	8.813	9.764
Pension costs	2.601	2.206
Other social security costs	40	39
	11.454	12.009
Average number of employees	27	26

	Remunera- tion of manage- ment 2016 DKK'000	Remunera- tion of manage- ment 2015 DKK'000
Total amount for management categories	1.462	1.640
	1.462	1.640

3. Other financial income

	2016 DKK'000	2015 DKK'000
Financial income arising from group enterprises	1	4
Interest income	2	0
Exchange rate adjustments	2.462	3.172
Other financial income	0	14
	2.465	3.190

Notes to parent financial statements

	2016 DKK'000	2015 DKK'000
4. Other financial expenses		
Financial expenses from group enterprises	3	5
Interest expenses	58	114
Exchange rate adjustments	3.224	2.824
	3.285	2.943
	2016 DKK'000	2015 DKK'000
5. Tax on profit/loss for the year		
Tax on current year taxable income	564	0
Change in deferred tax for the year	(417)	(189)
Adjustment concerning previous years	16	0
	163	(189)
	2016 DKK'000	2015 DKK'000
6. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	125	125
Transferred to reserve for net revaluation according to the equity method	761	449
Retained earnings	662	4.312
	1.548	4.886
		Investment s in group enterprises DKK'000
7. Fixed asset investments		
Cost beginning of year		4.202
Cost end of year		4.202
Revaluations beginning of year		8.006
Exchange rate adjustments		(169)
Share of profit/loss for the year		761
Revaluations end of year		8.598
Carrying amount end of year		12.800

Notes to parent financial statements

	<u>Registered in</u>	<u>Equity inte- rest %</u>
Investments in associates comprise:		
Thai Dan Consult A/S	Copenhagen	100,0
Pak Dan Consult A/S	Copenhagen	100,0
International Consulting Company A/S	Copenhagen	100,0
Cement Plant Consultants De El Salvador, S.A., de C.V.	San Salvador	100,0
Cement Plant Consultants Nigeria LLC	Nigeria	75,0

8. Contingent liabilities

The Company is part of a Danish joint taxation where the Company serves as the administration company. Consequently, referring to the Danish Corporation Tax Act regulations, the Company is with effect from 1 July 2012 liable for any obligations to withhold tax at source on interest, royalties and returns and from 1 January 2013 for corporation taxes for the jointly taxed companies.

9. Related parties with controlling interest

Following related parties with control:

EHL Fonden, Denmark

Transactions between related parties have been conducted at an arm's length basis.

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.

The accounting policies applied for these consolidated financial statements and parent financial statements are consistent with those applied last year.

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.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Accounting policies

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 one 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.

Income statement

Revenue

Revenue consists of goods and services provided during the year, and for contract work in progress it consists of the portion of the aggregate contractual sum that is attributable to work carried out during the year.

Production costs

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables.

Administrative costs

Administrative expenses comprise expenses incurred for the Group's administrative functions, including wages and salaries for administrative staff and Management.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies.

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 Parent is jointly taxed with all Danish subsidiaries and is regarded as the administration company. Current income tax is allocated among the jointly taxed Danish enterprises proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unrealised intra-group profits or losses.

Accounting policies

The Parent's share of the enterprises' profits or losses after elimination of unrealised intra-group profits and losses is recognised in the income statement.

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method under equity.

Receivables

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

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated 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. The proposed dividend for the financial year is disclosed as a separate item in equity.

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.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Accounting policies

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank debt.