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# *InfoCare Service A/S*

Telegrafvej 4, 2, DK-2750 Ballerup

## Annual Report for 2022

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CVR No. 20 24 78 00

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 22/5 2023

Malin Christine Yrwing  
Chairman of the  
general meeting



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# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of InfoCare Service A/S for the financial year 1 January - 31 December 2022.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations for 2022.

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

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Ballerup, 22 May 2023

## Executive Board

Ronny Avelino Monteiro Bråthen  
CEO

## Board of Directors

Malin Christine Yrwing  
Chairman

Ronny Avelino Monteiro Bråthen   Wiggo Johansen

# Independent Auditor's report

To the shareholder of InfoCare Service A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of InfoCare Service A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for Opinion

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

## Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

## Management's responsibilities for the Financial Statements

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

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

# Independent Auditor's report

## Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 22 May 2023

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Morten Jørgensen

State Authorised Public Accountant

mne32806

Brian Rønne Nielsen

State Authorised Public Accountant

mne33726

## Company information

<b>The Company</b>	InfoCare Service A/S Telegrafvej 4, 2 DK-2750 Ballerup  Telephone: 70124400 Website: <a href="http://www.infocare.dk">www.infocare.dk</a>  CVR No: 20 24 78 00 Financial period: 1 January - 31 December Incorporated: 1 July 1997 Financial year: 25th financial year Municipality of reg. office: Ballerup
<b>Board of Directors</b>	Malin Christine Yrwing, chairman Ronny Avelino Monteiro Bråthen Wiggo Johansen
<b>Executive board</b>	Ronny Avelino Monteiro Bråthen
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup
<b>Bankers</b>	Skandinaviska Enskilda Banken AB

## Financial Highlights

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

	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Gross profit/loss	54,371	53,660	40,985	40,581	38,817
Profit/loss of ordinary primary operations	2,193	5,980	4,872	4,809	-1,319
Profit/loss before financial income and expenses	2,193	5,980	4,872	4,809	-1,319
Profit/loss of financial income and expenses	-755	-121	160	-1,176	-521
Net profit/loss	-861	9,299	7,532	3,633	-1,840
<b>Balance sheet</b>					
Balance sheet total	51,956	60,838	33,059	29,968	23,530
Investment in property, plant and equipment	448	0	0	0	0
Equity	28,860	29,722	20,423	12,891	9,258
Number of employees	109	116	82	81	84
<b>Ratios</b>					
Return on assets	4.2%	9.8%	14.7%	16.0%	-5.6%
Solvency ratio	55.5%	48.9%	61.8%	43.0%	39.3%
Return on equity	-2.9%	37.1%	45.2%	32.8%	-18.1%

# Management's review

## Key activities

The Company is part of the InfoCare Group, which originates from Norway and is represented in the Nordics.

The core service provided by InfoCare Service A/S continues to be technical IT services for private and public businesses throughout Denmark. The Company's service offering covers areas within technical service on hardware and basic software, installation, logistics handling and staffing.

The Company's activities consist of on-site service in Ballerup and Århus.

## Development in the year

The income statement of the Company for 2022 shows a loss of TDKK 861, and at 31 December 2022 the balance sheet of the Company shows positive equity of TDKK 28,860.

During the acquisition process of Neisa Denmark A/S in 2021, there was established a local goodwill of TDKK 19,191 in the Company. For 2022 the goodwill depreciation amounts to TDKK 1,919. Profit from the operation is therefore positive for 2022.

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

As presumed, after a good year in 2021 due to the merger and larger projects income, the outlook for 2022 was much tougher related to margins mainly due to an expected higher portion of revenue on tickets. The profit has decreased and reported loss for the year was TDKK 861 included local goodwill depreciation for 2022, versus a profit of TDKK 9,299 for 2021.

In general, due to the macro situation, there have been long delays in the hardware market. This resulted in less and delayed project activities.

## Capital resources

The Company's capital resources is considered satisfactory.

## Strategy

InfoCare Service A/S is targeting to provide high quality services, a wide service range in close collaboration with partners, at a low cost to its customers, making InfoCare Service A/S the preferred service partner.

## Targets and expectations for the year ahead

For the coming year, the management expects a steady development in both the topline and bottom line.

The activity level has increased significantly due to the Neisa merger back in 2021. The company has a solid base activity level on ticket activity, and it's expected that the activity level will vary from month to month pending project activities.

Increased uncertainty in the international economy, e.g. inflation, interests, fuel- and electricity prices, can have an effect on the activity level for the company the coming year. The company is considered well-positioned to face the market uncertainties and has a solid foundation for further growth and value creation.

## External environment

The company does not manufacture and therefore causes little pollution of the external environment. The company adapts for the mostly to the standards in ISO 9001 and ISO14001.



## Income statement 1 January - 31 December

	Note	2022 DKK	2021 DKK
<b>Gross profit</b>		<b>54,371,295</b>	<b>53,660,303</b>
Staff expenses	1	-49,409,879	-46,313,479
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-2,767,962	-1,367,235
<b>Profit/loss before financial income and expenses</b>		<b>2,193,454</b>	<b>5,979,589</b>
Financial income		107,675	383,280
Financial expenses		-862,626	-504,550
<b>Profit/loss before tax</b>		<b>1,438,503</b>	<b>5,858,319</b>
Tax on profit/loss for the year	2	-2,300,000	3,441,000
<b>Net profit/loss for the year</b>	3	<b>-861,497</b>	<b>9,299,319</b>

## Balance sheet 31 December

### Assets

	Note	2022 DKK	2021 DKK
Goodwill		16,389,624	16,767,606
<b>Intangible assets</b>	4	<b>16,389,624</b>	<b>16,767,606</b>
Other fixtures and fittings, tools and equipment		538,054	839,084
Leasehold improvements		74,167	174,123
<b>Property, plant and equipment</b>	5	<b>612,221</b>	<b>1,013,207</b>
Investments in associates		190,000	354,801
Deposits		673,355	567,388
<b>Fixed asset investments</b>		<b>863,355</b>	<b>922,189</b>
<b>Fixed assets</b>		<b>17,865,200</b>	<b>18,703,002</b>
Finished goods and goods for resale		1,197,209	953,454
<b>Inventories</b>		<b>1,197,209</b>	<b>953,454</b>
Trade receivables		22,192,541	25,379,873
Other receivables		0	106
Deferred tax asset	6	6,141,000	8,441,000
Prepayments	7	848,007	668,136
<b>Receivables</b>		<b>29,181,548</b>	<b>34,489,115</b>
<b>Current asset investment</b>		<b>0</b>	<b>16,721</b>
<b>Cash at bank and in hand</b>		<b>3,712,045</b>	<b>6,675,428</b>
<b>Current assets</b>		<b>34,090,802</b>	<b>42,134,718</b>
<b>Assets</b>		<b>51,956,002</b>	<b>60,837,720</b>

# Balance sheet 31 December

## Liabilities and equity

	Note	2022	2021
		DKK	DKK
Share capital		2,506,000	2,506,000
Retained earnings		26,354,400	27,215,897
<b>Equity</b>		<b>28,860,400</b>	<b>29,721,897</b>
Other provisions		371,421	735,157
<b>Provisions</b>		<b>371,421</b>	<b>735,157</b>
Credit institutions		15,436,857	6,428,146
Trade payables		2,355,364	3,540,577
Payables to group enterprises		19,407	7,119,164
Other payables		4,510,811	13,233,235
Deferred income		401,742	59,544
<b>Short-term debt</b>		<b>22,724,181</b>	<b>30,380,666</b>
<b>Debt</b>		<b>22,724,181</b>	<b>30,380,666</b>
<b>Liabilities and equity</b>		<b>51,956,002</b>	<b>60,837,720</b>
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## Statement of changes in equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	2,506,000	27,215,897	29,721,897
Net profit/loss for the year	0	-861,497	-861,497
<b>Equity at 31 December</b>	<b>2,506,000</b>	<b>26,354,400</b>	<b>28,860,400</b>

# Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	DKK	DKK
<b>1. Staff Expenses</b>		
Wages and salaries	44,684,637	42,291,169
Pensions	3,085,852	2,845,654
Other social security expenses	921,512	808,526
Other staff expenses	717,878	368,130
	<u>49,409,879</u>	<u>46,313,479</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Average number of employees	<u>109</u>	<u>116</u>
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	<u>2022</u>	<u>2021</u>
	DKK	DKK
<b>2. Income tax expense</b>		
Deferred tax for the year	<u>2,300,000</u>	<u>-3,441,000</u>
	<u>2,300,000</u>	<u>-3,441,000</u>

	<u>2022</u>	<u>2021</u>
	DKK	DKK
<b>3. Profit allocation</b>		
Retained earnings	<u>-861,497</u>	<u>9,299,319</u>
	<u>-861,497</u>	<u>9,299,319</u>

# Notes to the Financial Statements

## 4. Intangible fixed assets

	Goodwill
	DKK
Cost at 1 January	17,650,112
Additions for the year	1,541,144
Cost at 31 December	<u>19,191,256</u>
Impairment losses and amortisation at 1 January	882,506
Amortisation for the year	1,919,126
Impairment losses and amortisation at 31 December	<u>2,801,632</u>
<b>Carrying amount at 31 December</b>	<b><u>16,389,624</u></b>
Amortised over	<u>10 years</u>

## 5. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 January	4,662,602	1,446,445
Additions for the year	447,850	0
Cost at 31 December	<u>5,110,452</u>	<u>1,446,445</u>
Impairment losses and depreciation at 1 January	3,823,518	1,272,322
Depreciation for the year	748,880	99,956
Impairment losses and depreciation at 31 December	<u>4,572,398</u>	<u>1,372,278</u>
<b>Carrying amount at 31 December</b>	<b><u>538,054</u></b>	<b><u>74,167</u></b>
Amortised over	<u>3-7 years years</u>	<u>5 years years</u>

## Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	DKK	DKK
<b>6. Deferred tax asset</b>		
Deferred tax asset at 1 January	8,441,000	5,000,000
Amounts recognised in the income statement for the year	<u>-2,300,000</u>	<u>3,441,000</u>
<b>Deferred tax asset at 31 December</b>	<b><u>6,141,000</u></b>	<b><u>8,441,000</u></b>

The deferred tax asset is estimated to be utilized in the forthcoming 1- 5 years.

## 7. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions etc.

	<u>2022</u>	<u>2021</u>
	DKK	DKK

## 8. Contingent assets, liabilities and other financial obligations

### Charges and security

Trade receivables	16,330,972	16,924,984
Inventories	1,197,209	953,454

### Contingent assets

The company has non-capitalized deferred tax assets of TDKK 8,092. The deferred tax assets are capitalized when it is considered probable that they will be used to offset future taxable income.

### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	2,559,453	2,871,631
Between 1 and 5 years	<u>2,627,291</u>	<u>3,053,839</u>
	<b><u>5,186,744</u></b>	<b><u>5,925,470</u></b>

### Other contingent liabilities

The company's shares have been pledged with Skandinaviska Enskilda Banken in connection with a loan agreement on 21 August 2007.

# Notes to the Financial Statements

## 9. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
<b>Controlling interest</b>	
InfoCare Holding AS	Stakeholder

### Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

### Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

InfoCare Holding AS, Norway

### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

<u>Name</u>	<u>Place of registered office</u>
InfoCare Holding AS	Skibåsen 33h, Box 9018 Sørlandsparken, NO-4696 Kristiansand, Norway

The Group Annual Report of InfoCare Holding AS may be obtained at the following address:

InfoCare Holding AS  
Skibåsen 33h  
Box 9018 Sørlandsparken  
NO-4696 Kristiansand

Furthermore, the Company is included in the Group Annual Report of Aars As, which may be obtained at the address Bygdøy Allé 4, 0257 Oslo, Norway

## 10. Subsequent events

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



# Notes to the Financial Statements

## 11. Accounting policies

The Annual Report of InfoCare Service A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

Certain amounts have been reclassified in the comparative figures for 2021 to ensure the same presentation. The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in DKK.

### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of InfoCare Holding AS, the Company has not prepared a cash flow statement.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

### Business combinations

#### *Business acquisitions carried through on or after 1 July 2018*

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

# Notes to the Financial Statements

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

## Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

## Translation policies

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

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

## Income statement

### Net sales

Revenue from the sale is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

### Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

### Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

### Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses for raw materials and consumables and other external expenses.

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

### Amortisation, depreciation and impairment losses

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

# Notes to the Financial Statements

## Income from investments in associates

Dividends from associates are recognised as income in the income statement when adopted at the General Meeting of the associate. However, dividends relating to earnings in the associate before it was acquired by the Parent Company are set off against the cost of the associate.

## Financial income and expenses

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

## Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

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

## Balance sheet

### Intangible fixed assets

#### *Goodwill*

Goodwill is amortised on a straight-line basis over the estimated useful life of 10 years.

### Property, plant and equipment

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

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

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

Other fixtures and fittings, tools and equipment	3-7 years
Leasehold improvements	5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

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

# Notes to the Financial Statements

## Investments in associates

Investments in associates are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

## Other fixed asset investments

Other fixed asset investments consist of long term receivables which are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

## Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

## Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

## Prepayments

Prepayments comprise prepaid expenses concerning subsequent financial years.

## Current Asset Investments

Current Asset Investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

## Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

## Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

# Notes to the Financial Statements

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

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

## Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the onaccount taxation scheme are recognised in the income statement in financial income and expenses.

## Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

## Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

## Financial Highlights

### Explanation of financial ratios

Return on assets	$\text{Profit before financials} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$