
Air Support A/S

Nimbusvej 9, DK-7190 Billund

Annual Report for 1 January - 31 December 2020

CVR No 26 71 97 47

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
22/4 2021

Peter Skovrup Nielsen
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 Annual Report of Air Support A/S for the financial year 1 January - 31 December 2020.

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 2020 of the Company and of the results of the Company operations and cash flows for 2020.

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

We recommend that the Annual Report be adopted at the Annual General Meeting.

Billund, 22 April 2021

Executive Board

Per Jensen
CEO

Peter Wiedling Gravesen
Executive Officer

Peter Skovrup Nielsen
Executive Officer

Board of Directors

Klavs Lange Vejløng
Chairman

Per Jensen

Susanne Børsting Wallenius

Christian Anker Hansen

Independent Auditor's Report

To the Shareholder of Air Support 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 2020 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Air Support A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement 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' 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.

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 misstate-

Independent Auditor's Report

ment, 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 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

Independent Auditor's Report

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.

Trekantområdet, 22 April 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Morten Elbæk Jensen
statsautoriseret revisor
mne27737

Jørn Viggo Jørgensen
registreret revisor
mne3043

Company Information

The Company

Air Support A/S
Nimbusvej 9
DK-7190 Billund

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Website: airsupport.dk

CVR No: 26 71 97 47
Financial period: 1 January - 31 December
Incorporated: 31 July 2002
Financial year: 19th financial year
Municipality of reg. office: Billund

Board of Directors

Klavs Lange Vejløng, Chairman
Per Jensen
Susanne Børsting Wallenius
Christian Anker Hansen

Executive Board

Per Jensen
Peter Wiedling Gravesen
Peter Skovrup Nielsen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Herredsvej 32
DK-7100 Vejle

Lawyers

Ladegaard Rasmussen & Partnere
Løvenørnsgade 17
DK-8700 Horsens

Bankers

Den Jyske Sparekasse
Rådhuspladsen 11
DK-7190 Billund

UNION-BANK Aktiengesellschaft
Grosse Strasse 2
D-24937 Flensburg

Management's Review

Key activities

The company's main activity has as in previous years consisted of the development, sale and support of flight planning software for aviation.

Development in the year

The income statement of the Company for 2020 shows a profit of DKK 1,516,150, and at 31 December 2020 the balance sheet of the Company shows equity of DKK 2,959,590.

AIR SUPPORT sells software within the aviation industry worldwide, and the consequences of COVID-19 in this industry is significant. We look positively at the fact that our 400+ customers are geographically distributed all over the world and operate in different segments. Segments referring to, e.g. regional and national carriers as well as business operators. There is a decline in regional companies, but an increase in activity among business operators.

AIR SUPPORT continues to act socially responsible and maintains all employees' associations with the company. Furthermore, as a company in software development, maintaining employees' affiliation is crucial for securing the domain knowledge that has been built up over a number of years and is essential for us, on the other side of COVID-19, to continue to produce products for the market of the highest standard and quality.

Capital resources

The parent company Per Jensen Holding, Billund ApS has issued a statement of support, which ensures that the company has sufficient liquidity available in 2021.

Subsequent events

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

Income Statement 1 January - 31 December

	Note	2020 DKK	2019 DKK
Gross profit/loss		42.203.084	44.006.500
Staff expenses	2	-33.172.009	-33.655.581
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-5.368.993	-4.585.924
Other operating expenses		0	-16.927
Profit/loss before financial income and expenses		3.662.082	5.748.068
Financial income	3	0	6.045
Financial expenses	4	-2.179.150	-2.193.565
Profit/loss before tax		1.482.932	3.560.548
Tax on profit/loss for the year	5	33.218	-573.349
Net profit/loss for the year		1.516.150	2.987.199

Distribution of profit

Proposed distribution of profit

Retained earnings		1.516.150	2.987.199
		1.516.150	2.987.199

Balance Sheet 31 December

Assets

	Note	2020 DKK	2019 DKK
Completed development projects		25.032.265	24.257.702
Acquired other similar rights		1.305.364	137.739
Intangible assets	6	26.337.629	24.395.441
Other fixtures and fittings, tools and equipment		3.747.573	2.521.468
Leasehold improvements		49.510	68.675
Property, plant and equipment	7	3.797.083	2.590.143
Other receivables		2.453.223	2.449.663
Fixed asset investments		2.453.223	2.449.663
Fixed assets		32.587.935	29.435.247
Trade receivables		7.544.436	7.186.509
Receivables from group enterprises		1.283.472	1.667.074
Other receivables		273.461	416.940
Corporation tax		87.274	0
Prepayments		34.093	852.565
Receivables		9.222.736	10.123.088
Cash at bank and in hand		376.966	859.686
Currents assets		9.599.702	10.982.774
Assets		42.187.637	40.418.021

Balance Sheet 31 December

Liabilities and equity

	Note	2020 DKK	2019 DKK
Share capital		500.000	500.000
Reserve for development costs		16.570.259	13.939.860
Retained earnings		-14.110.669	-12.996.420
Equity		2.959.590	1.443.440
Provision for deferred tax		4.509.038	4.454.982
Provisions		4.509.038	4.454.982
Subordinate loan capital		1.082.627	1.326.510
Credit institutions		9.923.040	10.692.256
Other payables		2.701.955	1.033.652
Long-term debt	8	13.707.622	13.052.418
Subordinate loan capital	8	270.657	0
Credit institutions	8	9.517.366	9.945.785
Trade payables		914.113	1.889.009
Payables to group enterprises		0	548.515
Payables to owners and Management		36.927	33.030
Corporation tax		0	44.964
Other payables	8	3.900.602	2.763.790
Deferred income		6.371.722	6.242.088
Short-term debt		21.011.387	21.467.181
Debt		34.719.009	34.519.599
Liabilities and equity		42.187.637	40.418.021
Going concern	1		
Contingent assets, liabilities and other financial obligations	11		
Accounting Policies	12		

Statement of Changes in Equity

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	500.000	13.939.860	-12.996.420	1.443.440
Development costs for the year	0	4.258.015	-4.258.015	0
Depreciation, amortisation and impairment for the year	0	-1.627.616	1.627.616	0
Net profit/loss for the year	0	0	1.516.150	1.516.150
Equity at 31 December	500.000	16.570.259	-14.110.669	2.959.590

Cash Flow Statement 1 January - 31 December

	Note	2020 DKK	2019 DKK
Net profit/loss for the year		1.516.150	2.987.199
Adjustments	9	7.513.745	7.363.720
Change in working capital	10	2.399.301	-818.442
Cash flows from operating activities before financial income and expenses		11.429.196	9.532.477
Financial income		0	6.044
Financial expenses		-2.179.147	-2.193.566
Cash flows from ordinary activities		9.250.049	7.344.955
Corporation tax paid		-44.964	967.441
Cash flows from operating activities		9.205.085	8.312.396
Purchase of intangible assets		-6.727.462	-4.656.852
Purchase of property, plant and equipment		-2.186.008	-1.580.306
Fixed asset investments made etc		0	-16.696
Sale of property, plant and equipment		396.526	63.442
Cash flows from investing activities		-8.516.944	-6.190.412
Repayment of loans from credit institutions		-1.197.635	-2.710.704
Repayment of payables to group enterprises		0	366.663
Repayment of other long-term debt		26.774	0
Raising of loans from credit institutions		0	581.520
Raising of other long-term debt		0	26.510
Cash flows from financing activities		-1.170.861	-1.736.011
Change in cash and cash equivalents		-482.720	385.973
Cash and cash equivalents at 1 January		859.686	473.713
Cash and cash equivalents at 31 December		376.966	859.686
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		376.966	859.686
Cash and cash equivalents at 31 December		376.966	859.686

Notes to the Financial Statements

1 Going concern

The parent company Per Jensen Holding, Billund ApS has issued a statement of support, which ensures that the company has sufficient liquidity available in 2021.

	2020 DKK	2019 DKK
2 Staff expenses		
Wages and salaries	29.781.222	30.121.653
Pensions	2.877.157	2.979.327
Other social security expenses	393.211	424.146
Other staff expenses	120.419	130.455
	33.172.009	33.655.581
Average number of employees	54	52
3 Financial income		
Interest received from group enterprises	0	6.043
Other financial income	0	2
	0	6.045
4 Financial expenses		
Interest paid to group enterprises	468.526	471.530
Other financial expenses	1.482.231	1.667.655
Exchange loss	228.393	54.380
	2.179.150	2.193.565
5 Tax on profit/loss for the year		
Current tax for the year	-87.274	-80.474
Deferred tax for the year	54.056	744.756
Adjustment of deferred tax concerning previous years	0	-90.933
	-33.218	573.349

Notes to the Financial Statements

6 Intangible assets

	Completed development projects <u>DKK</u>	Acquired other similar rights <u>DKK</u>
Cost at 1 January	38.383.094	272.128
Additions for the year	5.458.994	1.268.464
Disposals for the year	<u>-3.672.746</u>	<u>-235.228</u>
Cost at 31 December	<u>40.169.342</u>	<u>1.305.364</u>
Impairment losses and amortisation at 1 January	14.125.392	134.389
Amortisation for the year	4.684.431	0
Reversal of amortisation of disposals for the year	0	-134.389
Reversal for the year of previous years' impairment losses	<u>-3.672.746</u>	<u>0</u>
Impairment losses and amortisation at 31 December	<u>15.137.077</u>	<u>0</u>
Carrying amount at 31 December	<u>25.032.265</u>	<u>1.305.364</u>
Amortised over	<u>10 years</u>	<u>5 years</u>

Development projects relate to the development of new versions of the Company's existing software products. The projects are progressing according to plan and are funded by the resources allocated by Management to the development. The software is used for the present market to the Company's existing and new customers.

Notes to the Financial Statements

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 January	4.329.462	843.675
Additions for the year	2.186.008	0
Disposals for the year	-1.602.601	-747.865
Cost at 31 December	<u>4.912.869</u>	<u>95.810</u>
Impairment losses and depreciation at 1 January	1.807.994	775.000
Depreciation for the year	665.380	19.165
Reversal of impairment and depreciation of sold assets	-1.308.078	-747.865
Impairment losses and depreciation at 31 December	<u>1.165.296</u>	<u>46.300</u>
Carrying amount at 31 December	<u>3.747.573</u>	<u>49.510</u>

Notes to the Financial Statements

8 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2020</u> DKK	<u>2019</u> DKK
Subordinate loan capital		
After 5 years	0	286.509
Between 1 and 5 years	<u>1.082.627</u>	<u>1.040.001</u>
Long-term part	1.082.627	1.326.510
Within 1 year	<u>270.657</u>	<u>0</u>
	<u>1.353.284</u>	<u>1.326.510</u>
Credit institutions		
Between 1 and 5 years	<u>9.923.040</u>	<u>10.692.256</u>
Long-term part	<u>9.923.040</u>	<u>10.692.256</u>
Within 1 year	2.571.600	2.811.600
Other short-term debt to credit institutions	<u>6.945.766</u>	<u>7.134.185</u>
Short-term part	<u>9.517.366</u>	<u>9.945.785</u>
	<u>19.440.406</u>	<u>20.638.041</u>
Other payables		
Between 1 and 5 years	<u>2.701.955</u>	<u>1.033.652</u>
Long-term part	<u>2.701.955</u>	<u>1.033.652</u>
Other short-term payables	<u>3.900.602</u>	<u>2.763.790</u>
	<u>6.602.557</u>	<u>3.797.442</u>

Notes to the Financial Statements

	<u>2020</u> DKK	<u>2019</u> DKK
9 Cash flow statement - adjustments		
Financial income	0	-6.045
Financial expenses	2.179.150	2.193.565
Depreciation, amortisation and impairment losses, including losses and gains on sales	5.367.813	4.602.851
Tax on profit/loss for the year	-33.218	573.349
	<u>7.513.745</u>	<u>7.363.720</u>
10 Cash flow statement - change in working capital		
Change in receivables	984.066	-336.052
Change in trade payables, etc	1.415.235	-482.390
	<u>2.399.301</u>	<u>-818.442</u>

Notes to the Financial Statements

	2020 DKK	2019 DKK
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11 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

As security for balance with a credit institution, a company charge of DKK 8.500k has been provided with a charge on ordinary claims relating to trade receivables, goodwill, domain names and rights, completed development projects as well as operating fixtures and equipment and machinery and equipment.

The Company has assigned other receivables with a carrying amount of DKK 2.453.223 as security for balance with a credit institution.

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	115.727	258.701
Between 1 and 5 years	195.592	217.758
	311.319	476.459

The Company has entered into a tenancy agreement with a period of notice of six months. The obligation amounts to DKK

378.222 362.371

The Company has entered into a tenancy agreement with a period of notice of 24 months. The obligation amounts to DKK

4.320.000 3.840.000

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Per Jensen Holding, Billund ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

The Company guarantees the debt of Per Jensen Holding, Billund ApS with Den Jyske Sparekasse.

Notes to the Financial Statements

	<u>2020</u>	<u>2019</u>
	DKK	DKK
11 Contingent assets, liabilities and other financial obligations (continued)		
Including to group enterprises		
Rental and lease obligations	<u>4.320.000</u>	<u>3.840.000</u>

Notes to the Financial Statements

12 Accounting Policies

The Annual Report of Air Support A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020 are presented in DKK.

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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

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.

Notes to the Financial Statements

12 Accounting Policies (continued)

Translation policies

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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Income from software leases is accrued over the lease term, and any related services such as hosting, support and operation are also accrued over the contract period.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

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 indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, work on own account recognised in assets, other operating income, expenses for raw materials and consumables and other external expenses.

Notes to the Financial Statements

12 Accounting Policies (continued)

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.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

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

Balance Sheet

Intangible assets

Software is measured at cost less accumulated amortisation. Software is amortised on a straight-line basis over the expected useful life which is estimated at five years.

Costs of development projects include salaries, depreciations and other costs directly and indirectly attributable to the company's development activities.

Development projects that are clearly defined and identifiable, where the technical utilization, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated and where the intention is to produce, market or use the project are recognized as intangible assets if there is sufficient certainty that the capital value of future earnings can cover production and selling and administrative expenses and the development costs.

Development projects that don't meet the criteria for capitalization are recognized as expenses in the income statement as the costs.

Notes to the Financial Statements

12 Accounting Policies (continued)

Capitalized development costs are measured at cost less accumulated amortization and the recoverable amount if lower.

Capitalized development costs are amortized at time of completion basis over the period of the development work is expected to generate economic benefits. The amortization period is a maximum 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	3-5 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 are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Fixed asset investments

Fixed asset investments consist of deposits.

Notes to the Financial Statements

12 Accounting Policies (continued)

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets 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 within the same legal tax entity.

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. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

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 on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

Notes to the Financial Statements

12 Accounting Policies (continued)

Deferred income

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

Cash Flow Statement

The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand" and "Overdraft facilities".

The cash flow statement cannot be immediately derived from the published financial records.