



Airland Group ApS

A.P. Møllers Allé 43 B
2791 Dragør
CVR No. 27419348

Annual report 2023

The Annual General Meeting adopted the annual report on 06.06.2024

Flemming Eltang

Chairman of the General Meeting

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Entity details

Entity

Airland Group ApS
A.P. Møllers Allé 43 B
2791 Dragør

Business Registration No.: 27419348
Registered office: Dragør
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Jan Steen Jensen
Claus Moestrup
Anthony Charles Berson

Executive Board

Jan Steen Jensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Airland Group ApS for the financial year 01.01.2023 - 31.12.2023.

The annual report is presented 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 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023.

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.

Dragør, 06.06.2024

Executive Board

Jan Steen Jensen

Board of Directors

Jan Steen Jensen

Claus Moestrup

Anthony Charles Berson

Independent auditor's report

To the shareholders of Airland Group ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Airland Group ApS for the financial year 01.01.2023 - 31.12.2023, 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 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 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.

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 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 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.

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 by relevant law and regulations.

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 in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 06.06.2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Claus Jorch Andersen

State Authorised Public Accountant

Identification No (MNE) mne33712

Frederik Juhl Hestbæk

State Authorised Public Accountant

Identification No (MNE) mne47807

Management commentary

Financial highlights

	2023	2022	2021	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	35,423	37,966	19,289	21,222	20,317
Operating profit/loss	12,301	17,284	611	3,656	2,608
Net financials	27	476	32	(1,056)	18
Profit/loss for the year	8,798	13,378	321	1,801	1,864
Balance sheet total	49,472	60,933	51,600	36,993	38,366
Investments in property, plant and equipment	625	1,590	483	264	527
Equity	18,120	28,759	15,449	16,913	16,108
Cash flows from operating activities	10,039	14,166	(4,471)	8,641	14,061
Cash flows from investing activities	(623)	(143)	(211)	(989)	(115)
Cash flows from financing activities	(15,506)	(1,531)	(3,652)	(1,750)	(2,098)
Ratios					
Return on equity (%)	37.53	60.52	1.98	10.91	11.73
Equity ratio (%)	36.63	47.20	29.94	45.72	41.99

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

Profit/loss for the year * 100

Average equity

Equity ratio (%):

Equity * 100

Balance sheet total

Primary activities

The Group carries on shipping business.

Development in activities and finances

In 2023 the Group's revenues and profits declined after the record year 2022. Net profit after tax was still solid with DKK 8,798 thousand.

Profit/loss for the year in relation to expected developments

The result for the year is within the range of expectations as communicated in the latest annual report.

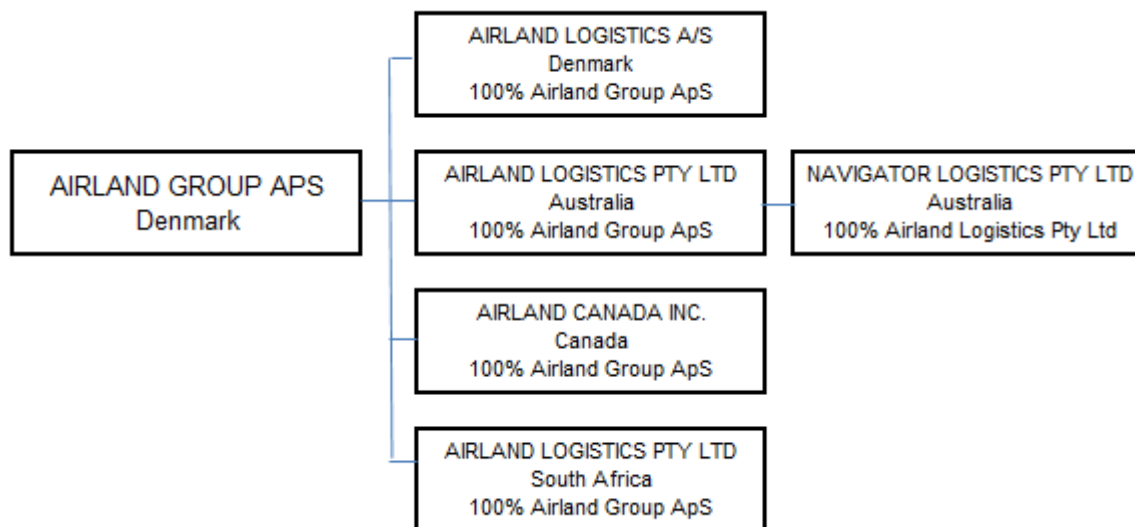
Uncertainty relating to recognition and measurement

In 2021 one charter order went wrong, and we were cheated for a significant prepayment. We engaged lawyers in a bid to recover as much as possible.

In the annual report we have made provisions for losses as per our best estimate, which is unchanged from 2021. There are still uncertainties how the case will end and the maximum loss could be up to DKK 4 million more.

Outlook

For 2024, the Group expects to generate a profit in the range DKK 3-6 million.



Use of financial instruments

Due to its operations, investments and financing, the company is exposed to changes in exchange rates and interest rate levels. The company operates with a low risk profile, thus limiting the occurrence of currency, interest rate and credit risks, and only occurring in connection with commercial circumstances. Due to the limited risks compared to the companies total activities, the use of financial instruments has not been further accounted for.

Knowledge resources

The Group has special competences within specialized and difficult logistics in and out of developing countries, where we for example serve the mining industry. We emphasize on recruiting, developing and retaining employees with the skills for this.

Environmental performance

In our operations we strive to apply environmentally friendly solutions.

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 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss		35,423,218	37,966,019
Staff costs	2	(22,158,245)	(19,936,849)
Depreciation, amortisation and impairment losses	3	(963,884)	(745,303)
Operating profit/loss		12,301,089	17,283,867
Other financial income	4	560,330	679,424
Other financial expenses	5	(533,098)	(203,656)
Profit/loss before tax		12,328,321	17,759,635
Tax on profit/loss for the year	6	(3,402,321)	(4,381,201)
Other taxes		(128,208)	0
Profit/loss for the year	7	8,797,792	13,378,434

Consolidated balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Goodwill		687,174	1,035,617
Intangible assets	8	687,174	1,035,617
Other fixtures and fittings, tools and equipment		1,992,582	2,059,100
Property, plant and equipment	9	1,992,582	2,059,100
Fixed assets		2,679,756	3,094,717
Trade receivables		34,281,567	38,409,405
Deferred tax	10	716,608	105,610
Other receivables		5,055,874	5,660,368
Prepayments	11	1,175,024	572,471
Receivables		41,229,073	44,747,854
Cash		5,562,715	13,090,128
Current assets		46,791,788	57,837,982
Assets		49,471,544	60,932,699

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital	12	187,500	187,500
Translation reserve		(1,490,442)	(53,264)
Retained earnings		19,422,557	19,624,765
Proposed dividend for the financial year		0	9,000,000
Equity		18,119,615	28,759,001
Deferred tax	10	0	392,096
Provisions		0	392,096
Lease liabilities		793,727	0
Non-current liabilities other than provisions		793,727	0
Bank loans		2,347,513	675,351
Prepayments received from customers		4,602,618	4,602,619
Trade payables		17,671,297	22,422,963
Tax payable		2,841,424	1,943,892
Other payables		3,095,350	2,136,777
Current liabilities other than provisions		30,558,202	31,781,602
Liabilities other than provisions		31,351,929	31,781,602
Equity and liabilities		49,471,544	60,932,699
Uncertainty relating to recognition and measurement	1		
Unrecognised rental and lease commitments	14		
Assets charged and collateral	15		
Subsidiaries	16		

Consolidated statement of changes in equity for 2023

	Contributed capital DKK	Translation reserve DKK	Retained earnings DKK	Proposed dividend for the financial year DKK	Total DKK
Equity beginning of year	187,500	(53,264)	19,624,765	9,000,000	28,759,001
Ordinary dividend paid	0	0	0	(9,000,000)	(9,000,000)
Extraordinary dividend paid	0	0	(9,000,000)	0	(9,000,000)
Exchange rate adjustments	0	(1,437,178)	0	0	(1,437,178)
Profit/loss for the year	0	0	8,797,792	0	8,797,792
Equity end of year	187,500	(1,490,442)	19,422,557	0	18,119,615

Consolidated cash flow statement for 2023

	Notes	2023 DKK	2022 DKK
Operating profit/loss		12,301,089	17,283,867
Amortisation, depreciation and impairment losses		963,884	745,303
Working capital changes	13	360,012	(3,281,966)
Cash flow from ordinary operating activities		13,624,985	14,747,204
Financial income received		560,330	679,424
Financial expenses paid		(533,096)	(194,911)
Taxes refunded/(paid)		(3,613,377)	(1,065,796)
Cash flows from operating activities		10,038,842	14,165,921
Acquisition etc. of property, plant and equipment		(624,615)	(239,067)
Sale of property, plant and equipment		1,649	95,696
Cash flows from investing activities		(622,966)	(143,371)
Free cash flows generated from operations and investments before financing		9,415,876	14,022,550
Loans raised		2,493,889	0
Repayments of loans etc.		0	(1,531,390)
Dividend paid		(18,000,000)	0
Cash flows from financing activities		(15,506,111)	(1,531,390)
Increase/decrease in cash and cash equivalents		(6,090,235)	12,491,160
Cash and cash equivalents beginning of year		13,090,128	667,584
Currency translation adjustments of cash and cash equivalents		(1,437,178)	(68,616)
Cash and cash equivalents end of year		5,562,715	13,090,128
Cash and cash equivalents at year-end are composed of:			
Cash		5,562,715	13,090,128
Cash and cash equivalents end of year		5,562,715	13,090,128

Notes to consolidated financial statements

1 Uncertainty relating to recognition and measurement

As mentioned in the management commentary the company had one charter order in 2021 that went wrong, and the company were cheated for a significant prepayment. The company engaged lawyers and started court cases in order to recover as much as possible. In the annual report a provision for losses as per best estimate has been included, which is unchanged from 2021. There are still uncertainties related to the current estimate. The maximum loss could be up to DKK 4 million more than currently recognized as provision for loss.

2 Staff costs

	2023	2022
	DKK	DKK
Wages and salaries	19,330,744	17,687,480
Pension costs	2,218,857	1,999,439
Other social security costs	600,926	244,044
Other staff costs	7,718	5,886
	22,158,245	19,936,849
Average number of full-time employees	34	30

3 Depreciation, amortisation and impairment losses

	2023	2022
	DKK	DKK
Amortisation of intangible assets	328,808	393,782
Depreciation on property, plant and equipment	635,076	351,521
	963,884	745,303

4 Other financial income

	2023	2022
	DKK	DKK
Other interest income	560,330	679,424
	560,330	679,424

5 Other financial expenses

	2023	2022
	DKK	DKK
Other interest expenses	533,098	203,656
	533,098	203,656

6 Tax on profit/loss for the year

	2023	2022
	DKK	DKK
Current tax	4,405,415	3,151,030
Change in deferred tax	(1,003,094)	1,091,092
Adjustment concerning previous years	0	139,079
	3,402,321	4,381,201

7 Proposed distribution of profit/loss

	2023	2022
	DKK	DKK
Ordinary dividend for the financial year	0	9,000,000
Retained earnings	8,797,792	4,378,434
	8,797,792	13,378,434

8 Intangible assets

	Goodwill
	DKK
Cost beginning of year	3,863,768
Exchange rate adjustments	(19,635)
Cost end of year	3,844,133
Amortisation and impairment losses beginning of year	(2,828,151)
Amortisation for the year	(328,808)
Amortisation and impairment losses end of year	(3,156,959)
Carrying amount end of year	687,174

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	3,324,642
Exchange rate adjustments	39,873
Additions	624,615
Disposals	(44,538)
Cost end of year	3,944,592
Depreciation and impairment losses beginning of year	(1,265,542)
Exchange rate adjustments	(94,281)
Depreciation for the year	(635,076)
Reversal regarding disposals	42,889
Depreciation and impairment losses end of year	(1,952,010)
Carrying amount end of year	1,992,582

10 Deferred tax

	2023 DKK	2022 DKK
Changes during the year		
Beginning of year	(286,486)	944,726
Recognised in the income statement	1,003,094	(1,231,212)
End of year	716,608	(286,486)

	2023 DKK	2022 DKK
Deferred tax has been recognised in the balance sheet as follows		
Deferred tax assets	716,608	105,610
Deferred tax liabilities	0	(392,096)
	716,608	(286,486)

Deferred tax assets

Deferred tax assets primarily comprises expenses to be deducted in future tax returns.

11 Prepayments

The item comprises miscellaneous prepaid costs.

12 Contributed capital

	Number	Par value DKK	Nominal value DKK
Ordinary shares	1,875	100	187,500
	1,875		187,500

13 Changes in working capital

	2023	2022
	DKK	DKK
Increase/decrease in receivables	4,129,779	638,354
Increase/decrease in trade payables etc.	(3,769,767)	(3,920,320)
	360,012	(3,281,966)

14 Unrecognised rental and lease commitments

	2023	2022
	DKK	DKK
Total liabilities under rental or lease agreements until maturity	37,048	784,552

15 Assets charged and collateral

The bank debts of other consolidated companies are secured by way of a company charge of DKK 5,000 thousand. The company charge comprises trade receivables.

16 Subsidiaries

	Registered in	Corporate form	Ownership %
Airland Logistics A/S	Dragør	A/S	100
Airland Canada Inc.	Canada	Inc.	100
Airland Logistics Pty Ltd.	Australia	Ltd.	100
Airland Logistics Pty Ltd.	South Africa	Ltd.	100

Parent income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss		2,210,440	1,607,468
Staff costs	1	(2,298,807)	(2,454,280)
Depreciation, amortisation and impairment losses	2	(71,655)	(60,152)
Operating profit/loss		(160,022)	(906,964)
Income from investments in group enterprises		8,906,086	13,970,694
Other financial income	3	143,869	178,579
Other financial expenses		(94,906)	(2,419)
Profit/loss before tax		8,795,027	13,239,890
Tax on profit/loss for the year	4	2,765	138,544
Profit/loss for the year	5	8,797,792	13,378,434

Parent balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Other fixtures and fittings, tools and equipment		244,823	316,478
Property, plant and equipment	6	244,823	316,478
Investments in group enterprises		14,188,803	23,994,049
Financial assets	7	14,188,803	23,994,049
Fixed assets		14,433,626	24,310,527
Trade receivables		0	52,919
Receivables from group enterprises		1,894,132	2,286,975
Dividends receivable from group enterprises		2,435,895	5,000,000
Other receivables		60,153	58,147
Tax receivable		72,000	0
Joint taxation contribution receivable		3,012	1,241,985
Receivables		4,465,192	8,640,026
Cash		581,806	0
Current assets		5,046,998	8,640,026
Assets		19,480,624	32,950,553

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		187,500	187,500
Reserve for net revaluation according to equity method		6,186,556	15,991,802
Retained earnings		11,745,559	3,579,699
Proposed dividend for the financial year		0	9,000,000
Equity		18,119,615	28,759,001
Deferred tax	8	5,866	5,619
Provisions		5,866	5,619
Other payables		21,285	21,285
Non-current liabilities other than provisions	9	21,285	21,285
Bank loans		0	87,093
Trade payables		267,568	324,933
Payables to group enterprises		0	2,531,589
Tax payable		0	948,822
Other payables		1,066,290	272,211
Current liabilities other than provisions		1,333,858	4,164,648
Liabilities other than provisions		1,355,143	4,185,933
Equity and liabilities		19,480,624	32,950,553
Unrecognised rental and lease commitments	10		
Contingent liabilities	11		

Parent statement of changes in equity for 2023

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend for the year DKK	Total DKK
Equity beginning of year	187,500	15,991,802	3,579,699	9,000,000	28,759,001
Ordinary dividend paid	0	0	0	(9,000,000)	(9,000,000)
Extraordinary dividend paid	0	0	(9,000,000)	0	(9,000,000)
Exchange rate adjustments	0	(1,437,178)	0	0	(1,437,178)
Dividends from group enterprises	0	(16,884,138)	16,884,138	0	0
Profit/loss for the year	0	8,516,070	281,722	0	8,797,792
Equity end of year	187,500	6,186,556	11,745,559	0	18,119,615

Notes to parent financial statements

1 Staff costs

	2023 DKK	2022 DKK
Wages and salaries	2,073,551	2,259,938
Pension costs	216,741	185,589
Other social security costs	8,515	8,753
	2,298,807	2,454,280
Average number of full-time employees	1	1

2 Depreciation, amortisation and impairment losses

	2023 DKK	2022 DKK
Depreciation on property, plant and equipment	71,655	60,152
	71,655	60,152

3 Other financial income

	2023 DKK	2022 DKK
Financial income from group enterprises	125,086	104,512
Other interest income	18,783	514
Exchange rate adjustments	0	73,553
	143,869	178,579

4 Tax on profit/loss for the year

	2023 DKK	2022 DKK
Change in deferred tax	247	10,619
Refund in joint taxation arrangement	(3,012)	(149,163)
	(2,765)	(138,544)

5 Proposed distribution of profit and loss

	2023 DKK	2022 DKK
Ordinary dividend for the financial year	0	9,000,000
Retained earnings	8,797,792	4,378,434
	8,797,792	13,378,434

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	358,277
Cost end of year	358,277
Depreciation and impairment losses beginning of year	(41,799)
Depreciation for the year	(71,655)
Depreciation and impairment losses end of year	(113,454)
Carrying amount end of year	244,823

7 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	8,002,247
Cost end of year	8,002,247
Revaluations beginning of year	15,991,802
Exchange rate adjustments	(1,437,178)
Amortisation of goodwill	(252,000)
Share of profit/loss for the year	9,158,086
Dividend	(16,884,138)
Investments with negative equity value transferred to provisions	(518,224)
Other adjustments	128,208
Revaluations end of year	6,186,556
Carrying amount end of year	14,188,803

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

Goodwill is recognised in investments in group enterprises with a total amount of DKK 197 thousand.

8 Deferred tax

	2023 DKK
Changes during the year	
Beginning of year	5,619
Recognised in the income statement	247
End of year	5,866

Deferred tax relates to property, plant and equipment.

9 Non-current liabilities other than provisions

	Due after more than 12 months 2023 DKK
Other payables	21,285
	21,285

10 Unrecognised rental and lease commitments

	2023 DKK	2022 DKK
Total liabilities under rental or lease agreements until maturity	37,048	55,427

11 Contingent liabilities

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

The Entity has guaranteed the subsidiaries' bank debts. The maximum limit of the guarantee is DKK 8,100,000.

Accounting policies

Reporting class

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

The accounting policies applied to 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.

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

Profit or loss from divestment of enterprises

Profits or losses from divestment or winding-up of enterprises are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment and winding-up, respectively, including any non-amortised goodwill and estimated selling or winding-up expenses.

Foreign currency translation

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

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Gross profit or loss

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

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, consisting of reimbursement from a contractor.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost.

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises

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

Other financial income

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

Other financial expenses

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

Tax on profit/loss for the year

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

The Parent is jointly taxed with all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Other taxes

The item includes tax amounts calculated on a basis other than income for the year, which are not refunded to the Entity.

Balance sheet

Goodwill

Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If it is not possible to estimate the useful life reliably, it is set at 10 years. Useful lives are reassessed on an annual basis. The amortisation periods used are 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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

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

Other fixtures and fittings, tools and equipment	3-5 years
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Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

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

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a

loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

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 in equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 10 years.

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

Receivables

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

Deferred tax

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

Tax payable or receivable

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

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

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

proposal for distribution of profit/loss.

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

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.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and 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 taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of 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 loans.