



Maersk Training A/S

Dyrekredsen 4, DK-5700 Svendborg

Annual Report for 1 January - 31 December 2021

CVR No 32 57 01 19

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on

30/3 2022

Signed by:

A handwritten signature in blue ink, appearing to be "J.R.N.", enclosed in a blue circular stamp.

Jacob Rasmussen Nielsen
Chairman

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Maersk Training A/S for the financial year 1 January - 31 December 2021.

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 2021 of the Company and of the results of the Company operations for 2021.

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

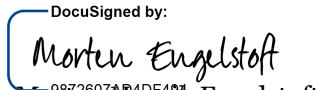
Svendborg, 30 March 2022

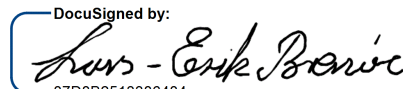
Executive Board

DocuSigned by:

David Skov

Board of Directors

DocuSigned by:

Morten Henrik Engelstoff
Chairman


DocuSigned by:

Lars-Erik Brenøe

DocuSigned by:

Morten Kelstrup

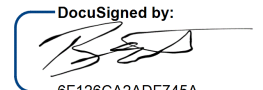
DocuSigned by:

Palle Brotsgaard Laursen

DocuSigned by:

Vidula Vijay Bai

DocuSigned by:

Martin Herrstedt

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Bent Dyhre Hansen

Independent Auditor's Report

To the Shareholders of Maersk Training 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 2021, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Maersk Training A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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, 30 March 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Søren Ørjan Jensen

State Authorised Public Accountant

mne33226

Kristian Pedersen

State Authorised Public Accountant

mne35412

Company Information

The Company

Maersk Training A/S
Dyrekredsen 4
DK-5700 Svendborg

Telephone: + 45 70 26 32 83
E-mail: contact@maersktraining.com
Website: www.maersktraining.com

CVR No: 32 57 01 19
Financial period: 1 January - 31 December
Municipality of reg. office: Svendborg

Board of Directors

Morten Henrik Engelstoft, Chairman
Lars-Erik Brenøe
Morten Kelstrup
Palle Brødsgaard Laursen
Vidula Vijay Bal
Martin Herrstedt
Bent Dyhre Hansen

Executive Board

David Skov

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	62,390	50,090	65,867	64,092	75,989
Profit/loss before financial income and expenses	-9,568	-28,431	-15,306	-11,979	-15,449
Net financials	7,444	-18,051	-650	-2,435	-32,360
Net profit/loss for the year	1,014	-40,900	-11,155	-8,835	-43,162
Balance sheet					
Balance sheet total	390,953	366,449	361,031	379,266	374,176
Equity	162,320	136,306	136,356	147,511	156,347
Investment in property, plant and equipment	857	1,514	2,825	12,089	2,762
Number of employees	89	96	102	101	95
Ratios					
Return on assets	-2.4%	-7.8%	-4.2%	-3.2%	-4.1%
Solvency ratio	41.5%	37.2%	37.8%	38.9%	41.8%
Return on equity	0,7%	-30.0%	-7.9%	-5.8%	-31.9%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see accounting policies.

In 2019, the company changed accounting policy regarding investments in subsidiaries. Comparative figures regarding 2017-2018 have been adjusted accordingly to reflect the change.

Management's Review

Main activity

Maersk Training is a fully owned subsidiary in the A.P. Moller - Maersk Group of companies. We are offering our clients high quality simulation, training, competency development and consultancy services as well as H2S supervision and servicing of safety equipment and competency development. Most of our highly skilled staff comes with many years of industry specific operational experience, skills and knowledge that is enabling us to create value for our customers within the Maritime, Oil & Gas and Renewable Energy industries.

The mission for Maersk Training is to enable its customers to improve safety and operational excellence, through a broad number of diverse product lines focused at above industries. Maersk Training has established business units worldwide with a targeted suite of operational equipment as well as advanced simulators and virtual applications, enabling our customers to train their staff in fully immersive simulated environments, where entire crews can be trained and their competencies developed and assessed.

Development in 2021

Maersk Training entered 2021 with high uncertainties as to how COVID-19 would influence the business, as the pandemic still enforced governmental restrictions followed by reticence from customers in organizing training. During the year restrictions were in general eased, and from mid-2021 Maersk Training has seen good progress in reconnecting with customers and from this reconnection, experienced an upwards trend since the middle of the year.

The digital transformation started in 2020 continued throughout 2021 and Maersk Training has experienced a significant part of training being conducted as virtual training or by other digital means. It has been a priority to continue the work of transforming the business, making it more agile in a global context, including making use of all competencies across regions to act as one global training provider.

H2S experienced in 2021 an ordinary business that performed well but with an increased demand for more flexibility and shorter lead time to projects. On top of the ordinary business, H2S conducted a customer-specific project adding significant work to the business, resulting in better performance in 2021 than originally expected.

Overall the outcome of 2021 was still impacted by COVID-19, but to a much less degree than in 2020. Given the circumstances in 2021, the result is acceptable but is in general not considered as a satisfying performance despite the significant improvements.

Management's Review

Investments

During the year Maersk Training has only made minor investments to support the existing business.

Risks

Maersk Training's income and expenditure are spread across several currencies. Based on specific assessments the company uses financial instruments to reduce this risk and impact in general of exchange rate fluctuations, etc.

The company has a certain concentration of customers but no significant dependency on any particular customer. The company has no significant credit risk.

Health, Safety and Environment

The core focus in Maersk Training is assisting our customers to improve safety and avoid accidents. Likewise, it is a key focus of Maersk Training to keep employees and course participants safe and free of accidents. Constant efforts are made to promote ever higher safety standards among all employees, participants and suppliers.

The environment is a high priority area for the Company. Although the Company's energy consumption is not particularly demanding, the Company is constantly trying to find ways to reduce energy consumption, making its business activity as energy efficient as possible through technical innovation, as well as improving processes and operations in the global business units.

Outlook for 2022

The outlook for 2022 looks promising and is founded on the positive development from 2021. The ongoing transformation of the business supports the demand from customers, and Maersk Training will continue to find new ways in adapting to the changing market conditions.

Management foresees a year that will continue to be exposed to some uncertainties from COVID-19, even though less compared to 2021. The recent development in Ukraine and the ongoing discussions about energy dependencies can potentially influence the outlook, but it is uncertain to which degree, depending on how the situation develops.

The business expectations for 2022 are further improvements to Maersk Trainings' commercial and operational profile and a financial result in line with the performance in 2021. The expectations are supported by promising traction within key focus areas, which Management expects will strengthen Maersk Training's position going forward.

Income Statement 1 January - 31 December

	Note	2021 TDKK	2020 TDKK
Gross profit/loss		62,390	50,090
Staff expenses	1	-60,436	-67,193
Depreciation of intangible and tangible assets		-11,204	-11,345
Other operating income and expenses		-318	17
Profit/loss before financial income and expenses		-9,568	-28,431
Income from investments in subsidiaries		20,000	28,618
Impairment of financial assets	8	-4,870	-38,315
Financial income	2	161	114
Financial expenses	3	-7,847	-8,468
Profit/loss before tax		-2,124	-46,482
Tax on profit/loss for the year	4	3,138	5,582
Net profit/loss for the year		1,014	-40,900
 Proposed distribution of profit/loss	 5		

Balance Sheet 31 December

Assets

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
Software in progress		0	318
Software		<u>380</u>	<u>665</u>
Total intangible assets	6	<u>380</u>	<u>983</u>
Land and buildings		104,245	109,501
Plant, equipment and machinery		<u>4,774</u>	<u>9,580</u>
Property, plant and equipment	7	<u>109,019</u>	<u>119,081</u>
Investments in subsidiaries	8	<u>208,493</u>	<u>151,341</u>
Fixed asset investments		<u>208,493</u>	<u>151,341</u>
Fixed assets		<u>317,892</u>	<u>271,405</u>
Trade receivables		11,343	15,280
Receivables from group enterprises		26,594	48,460
Other receivables		1,586	940
Corporation Tax		6,476	4,374
Deferred tax asset	9	27,012	25,931
Receivables		<u>73,011</u>	<u>94,985</u>
Cash at bank and in hand		<u>50</u>	<u>59</u>
Currents assets		<u>73,061</u>	<u>95,044</u>
Assets		<u>390,953</u>	<u>366,449</u>

Balance Sheet 31 December

Liabilities and equity

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
Share capital	10	10,000	10,000
Retained earnings		<u>152,320</u>	<u>126,306</u>
Equity		<u>162,320</u>	<u>136,306</u>
Lease obligations	11	25,685	27,036
Payables to group enterprises	11	168,300	154,600
Other long-term payables	11	<u>0</u>	<u>5,502</u>
Long-term debt		<u>193,985</u>	<u>187,138</u>
Lease obligations	11	1,351	1,182
Trade payables		6,486	5,249
Payables to group enterprises	11	2,248	4,499
Other payables		16,194	19,245
Deferred income		<u>8,369</u>	<u>12,830</u>
Short-term debt		<u>34,648</u>	<u>43,005</u>
Debt		<u>228,633</u>	<u>230,143</u>
Liabilities and equity		<u>390,953</u>	<u>366,449</u>
Contingent liabilities and other financial obligations	12		
Related parties and ownership	13		

Statement of Changes in Equity

	<u>Share capital</u> TDKK	<u>Retained earnings</u> TDKK	<u>Total</u> TDKK
2021			
Equity at 1 January	10,000	126,306	136,306
Contribution from Group	0	25,000	25,000
Net profit/loss for the year	<u>0</u>	<u>1,014</u>	<u>1,014</u>
Equity at 31 December	<u>10,000</u>	<u>152,320</u>	<u>162,320</u>
2020			
Equity at 1 January	10,000	126,356	136,356
Contribution from Group	0	40,850	40,850
Net profit/loss for the year	<u>0</u>	<u>-40,900</u>	<u>-40,900</u>
Equity at 31 December	<u>10,000</u>	<u>126,306</u>	<u>136,306</u>

Notes to the Financial Statements

	<u>2021</u> TDKK	<u>2020</u> TDKK
1 Staff expenses		
Wages and salaries	52,477	58,525
Pensions	4,677	5,544
Other social security expenses	676	610
Other staff expenses	<u>2,606</u>	<u>2,514</u>
	<u>60,436</u>	<u>67,193</u>
Executive Board and Board of Directors	<u>3,035</u>	
Remuneration to the Executive Board has not been disclosed for 2020, in accordance with section 98 B(3) of the Danish Financial Statements Act.		
Average number of employees	<u>89</u>	<u>96</u>
2 Financial income		
Interest received from group enterprises	122	114
Other financial income	<u>39</u>	<u>0</u>
	<u>161</u>	<u>114</u>
3 Financial expenses		
Interest paid to group enterprises	4,710	3,812
Other financial expenses	<u>3,137</u>	<u>4,656</u>
	<u>7,847</u>	<u>8,468</u>
4 Tax on profit/loss for the year		
Current tax for the year	-2,332	-4,374
Deferred tax for the year	-1,081	-1,410
Adjustment of tax concerning previous years	<u>275</u>	<u>202</u>
	<u>-3,138</u>	<u>-5,582</u>
5 Proposed distribution of profit/loss		
Proposed dividend for the year	0	0
Retained earnings	<u>1,014</u>	<u>-40,900</u>
	<u>1,014</u>	<u>-40,900</u>

Notes to the Financial Statements

6 Intangible assets

	Software in progress TDKK	Software TDKK	Total TDKK
Cost at 1 January	318	855	1,173
Additions for the year	0	0	0
Disposals for the year	<u>318</u>	<u>0</u>	<u>318</u>
Cost at 31 December	<u>0</u>	<u>855</u>	<u>855</u>
Impairment losses and depreciation at 1 January	0	190	190
Depreciation for the year	<u>0</u>	<u>285</u>	<u>285</u>
Impairment losses and depreciation at 31 December	<u>0</u>	<u>475</u>	<u>475</u>
Carrying amount at 31 December	<u>0</u>	<u>380</u>	<u>380</u>

7 Property, plant and equipment

	Land and buildings TDKK	Plant, equipment and machinery TDKK	Total TDKK
Cost at 1 January	149,077	70,567	219,644
Additions for the year	257	600	857
Disposals for the year	<u>0</u>	<u>0</u>	<u>0</u>
Cost at 31 December	<u>149,334</u>	<u>71,167</u>	<u>220,501</u>
Impairment losses and depreciation at 1 January	39,576	60,987	100,563
Depreciation for the year	<u>5,513</u>	<u>5,406</u>	<u>10,919</u>
Impairment losses and depreciation at 31 December	<u>45,089</u>	<u>66,393</u>	<u>111,482</u>
Carrying amount at 31 December	<u>104,245</u>	<u>4,774</u>	<u>109,019</u>
Including assets under finance leases amounting to	<u>17,290</u>		

Notes to the Financial Statements

	<u>2021</u> TDKK	<u>2020</u> TDKK
8 Investments in subsidiaries		
Cost at 1 January	383,424	334,404
Additions for the year	<u>65,251</u>	<u>49,020</u>
Cost at 31 December	<u>448,675</u>	<u>383,424</u>
Value adjustments at 1 January	-232,083	-202,217
Impairment of the year	<u>-8,099</u>	<u>-29,866</u>
Value adjustments at 31 December	<u>-240,182</u>	<u>-232,083</u>
Carrying amount at 31 December	<u>208,493</u>	<u>151,341</u>
Impairment of intercompany receivables at 31 December	<u>5,220</u>	<u>8,449</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Result
Maersk Training Aberdeen Ltd.	Aberdeen, GB	100%	0	0
Maersk Training Services India Pvt. Ltd.	Chennai, IN	100%	1,203	329
Maersk Training Centre India Pvt. Ltd.	Chennai, IN	100%	13,639	1,411
Maersk Training UK Limited	Newcastle, GB	100%	7,274	-33,483
Maersk Training Norway AS	Stavanger, NO	100%	-3,614	-2,674
Maersk Training Brasil Treiementos Maritimos Ltda*	Rio de Janeiro, BR	100%		
Maersk Training Nigeria Ltd*	Port Harcourt, NG	100%		
Maersk Training, Inc.*	Houston, US	100%		
Maersk H2S Safety Service A/S	Esbjerg, DK	100%	74,406	21,119
Maersk Training TMS A/S	Svendborg, DK	100%	732	284
Maersk Training DWC-LLC*	Dubai, AE	100%		

*No local Annual Report is prepared.

Notes to the Financial Statements

	<u>2021</u> TDKK	<u>2020</u> TDKK
9 Deferred tax asset		
Deferred tax asset at 1 January	25,931	24,521
Deferred tax for the year recognised in profit/loss for the year	1,081	1,410
Deferred tax asset at 31 December	<u>27,012</u>	<u>25,931</u>
Deferred tax asset relates to:		
Tangible fixed assets	24,111	21,837
Provisions	<u>2,901</u>	<u>4,094</u>
Deferred tax asset at 31 December	<u>27,012</u>	<u>25,931</u>

10 Equity

The share capital consists of 10,000 shares of a nominal value of DKK 1,000. No shares carry any special rights.

The share capital has developed as follows:

	<u>2021</u> TDKK	<u>2020</u> TDKK	<u>2019</u> TDKK	<u>2018</u> TDKK	<u>2017</u> TDKK
Share capital at 1 January	10,000	10,000	10,000	10,000	10,000
Capital increase	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Share capital at 31 December	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

Notes to the Financial Statements

11 Long-term debt

Payments due within 1 year are classified as short-term debt.

The debt falls due for payment as specified below:

	<u>2021</u> TDKK	<u>2020</u> TDKK
Lease obligations		
After 5 years	18,302	20,477
Between 1 and 5 years	<u>7,383</u>	<u>6,559</u>
Long-term part	25,685	27,036
Within 1 year	<u>1,351</u>	<u>1,182</u>
	<u>27,036</u>	<u>28,218</u>
Payables to group enterprises		
Between 1 and 5 years	<u>168,300</u>	<u>154,600</u>
Long-term part	168,300	154,600
Within 1 year	1,300	1,300
Other short-term debt to group enterprises	<u>948</u>	<u>3,199</u>
Short-term part	<u>2,248</u>	<u>4,499</u>
	<u>170,548</u>	<u>159,099</u>
Other long-term payables		
After 5 years	0	0
Between 1 and 5 years	<u>0</u>	<u>5,502</u>
Long-term part	0	5,202
Within 1 year	<u>0</u>	<u>0</u>
	<u>0</u>	<u>5,502</u>

12 Contingent liabilities and other financial obligations

Rental agreements and leases

Lease obligations under operating leases. Total future lease payments:

Within 1 year	266	317
Between 1 and 5 years	<u>350</u>	<u>262</u>
	<u>616</u>	<u>579</u>
Rental agreements, non-cancellation period of 6 month	204	204

Notes to the Financial Statements

Contingent liabilities

The Danish companies owned by A.P. Møller Holding A/S are jointly and severally liable for tax on consolidated taxable income.

The Company has provided guarantees at TNOK 1,044 to an external party regarding Maersk Training Norway AS' lease of buildings.

The Company has provided guarantees at TUSD 1,302 to an external party regarding Maersk Training, Inc.'s lease of buildings.

13 Related parties and ownership

Transactions

The company has as part of its business significant transactions with subsidiaries and other companies owned by A.P. Møller Holding A/S.

Consolidated Financial Statements

The Company is included in the 2021 consolidated financial statements of A.P. Møller – Mærsk A/S, Cvr.: 22 75 62 14, and A.P. Møller Holding A/S, Cvr.: 25 67 92 88, who holds a controlling interest.

Accounting Policies

Basis of Preparation

The Annual Report of Maersk Training A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies remain unchanged from last year.

Financial Statements for 2021 are presented in TDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of A.P. Møller - Mærsk A/S, Cvr.: 22 75 62 14, the Company has not prepared consolidated financial statements.

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 A.P. Møller - Mærsk A/S, Cvr.: 22 75 62 14, 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, 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.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the inte-

Accounting Policies

rest element on the lease payments is charged over the lease term to the income statement.

All other 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

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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 transaction date rates are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Revenue

Revenue is recognised when the risks and rewards 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.

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

Other external expenses

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

Staff expenses

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

Depreciation and impairment losses

Depreciation and impairment losses comprise depreciation and impairment of software, property, plant and

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equipment.

Other operating income and expenses

Other operating income and expenses comprise items of a secondary nature to the core activities of the enterprise, including gains and losses on the sale of property, plant and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes dividends received in the year.

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.

The Company is jointly taxed with other Danish companies owned by A.P. Møller Holding A/S. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets and Property, plant and equipment

Intangible assets and 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:

Buildings	50	years
Buildings on leased land	15-18	years
Other fixtures and fittings, tools and equipment	3-10	years
Software	3	years

Depreciation period and residual value are reassessed annually.

Accounting Policies

Investments in subsidiaries

Investments in subsidiaries are recognized and measured at cost.

In the event the cost exceeds the recoverable amount, a write-down is made to this lower value. Indications of impairment exists for example when the cost exceeds the accumulated earnings since the acquisition or when the cost exceeds the net asset value of the investment. Recoverable amount used is the highest value of the expected net sales price and capital value. Capital value is determined as the present value of the expected net cash flow from the possession of the individual subsidiary. Impairment is recognized in the income statement as impairment of financial assets.

Receivables

Receivables are recognized in the balance sheet at amortized 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.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

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, 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 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.

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.

Accounting Policies

Financial debts

Loans, such as mortgage loans and 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.

Deferred income

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

Financial Highlights

Explanation of financial ratios

Return on assets

Profit before financials x 100 / Total assets

Solvency ratio

Equity at year end x 100 / Total assets at year end

Return on equity

Net profit for the year x 100 / Average equity