APM Terminals - Aarhus A/S

Østhavnsvej 43
8000 Aarhus C
CVR No. 32658393

Annual report 2022

The Annual General Meeting adopted the annual report on 12.06.2023

Igor Wladimir van den Essen
Chairman of the General Meeting

Contents

Entity details

Entity

APM Terminals - Aarhus A/S

Østhavnsvej 43

8000 Aarhus C

Business Registration No.: 32658393

Date of foundation: 14.12.2009

Registered office: Aarhus

Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Igor Wladimir van den Essen, Chairman
Tom Jørgen Damgaard Stephensen
Stephen Schnell
Kasper Østergaard Rasmussen
Catharina Maria Otten
Andreas Oskar Hoch
Torben Jenne Schiøler

Executive Board

Mikael Gutman

Auditors

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Jens Chr. Skous Vej 1
8000 Aarhus C
CVR No.: 33771231

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of APM Terminals - Aarhus A/S for the financial year 01.01.2022 - 31.12.2022.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

We believe that the management review contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Aarhus, 12.06.2023

Executive Board

Mikael Gutman

Board of Directors

Igor Wladimir van den Essen
Chairman

Tom Jørgen Damgaard Stephensen

Stephen Schnell

Kasper Østergaard Rasmussen

Catharina Maria Otten

Andreas Oskar Hoch

Torben Jenne Schiøler

Independent auditor's report

To the shareholders of APM Terminals - Aarhus A/S

Opinion

We have audited the financial statements of APM Terminals - Aarhus A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 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 financial statements" section of this auditor's report. We are independent of the Entity 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 the management review

Management is responsible for the management review.

Our opinion on the financial statements does not cover the management 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 the management review and, in doing so, consider whether the management review is materially inconsistent with the 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 review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management 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 of the management 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 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 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 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 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 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 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 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Aarhus, 12.06.2023

PricewaterhouseCoopers
CVR No. 33771231

Søren Ørjan Jensen
State Authorized Public Accountant Identification No (MNE) mne33226

Henrik Trangeled Kristensen
State Authorized Public Accountant Identification No (MNE) mne23333

Management review

Financial highlights

	2022 DKK'000	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000
Key figures					
Revenue	675	594	488	447	443
Gross profit/loss	382	371	320	293	282
Operating profit/loss	53	95	104	97	87
Profit/loss for the year	42	84	79	83	65
Total assets	365	362	276	245	229
Investments in property, plant and equipment	58	44	50	13	7
Equity	189	209	165	168	150
Average number of employees	400	349	304	272	289
Ratios					
Gross margin (%)	56.59	62.46	65.57	63.66	65.65
EBIT margin (%)	7.85	15.99	21.31	21.70	19.64
Current ratio (%)	79.10	119.90	127.06	219.48	191.25
Equity ratio (%)	51.78	57.73	59.78	68.57	65.50

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

Gross margin (%):
$$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$$

EBIT margin (%):
$$\frac{\text{Operating profit/loss} * 100}{\text{Revenue}}$$

Current ratio (%):
$$\frac{\text{Current assets}}{\text{Current liabilities other than provisions}}$$

Equity ratio (%):
$$\frac{\text{Equity} * 100}{\text{Total assets}}$$

Primary activities

The principal activities of APM Terminals - Aarhus A/S comprise container handling at the Port of Aarhus and Kalundborg related to the transportation of containers via ship, truck and train. As related business, the activity also comprises repair and storage of containers.

Development in activities and finances

Profit for the year

Revenue grew by 13.8% from DKK 594 million in 2021 to DKK 675 million in 2022. Increase in revenue is related to higher container volumes due to the COVID-19 related backlog release, higher volumes in Kalundborg due to cargo with Russian destination as well as higher storage revenue mainly due to the latter.

Profit before tax has decreased by 43.7% or DKK 42 million, mainly due to significantly higher volumes and lower vessel schedule reliability leading to yard congestion, significantly higher utilization and operational challenges resulting on higher labour and operational costs offsetting higher revenue during the same period. Profit before tax is lower than expected due to the same reasons.

Management considers the profit for 2022 as unsatisfactory. The Company has managed to grow revenue and profit in our principal activities while still focusing on activities which generate value for our customers. However, the operational challenges caused additional costs which have largely offset the higher revenue.

Investments

APM Terminals – Aarhus A/S has made more investments in 2022 compared to 2021. Investments have increased from DKK 60 million in 2021 to DKK 68 million in 2022. The investments have primarily been in new container handling equipment, reefer infrastructure and IT systems.

Capital resources

APM Terminals - Aarhus A/S is financially sound. The equity ratio is 51.8% (2021: 57.7%), corresponding to equity on 31 December 2022 of DKK 189.1 million (2021: DKK 209 million).

The Company's current assets totaled DKK 139.5 million at the end of the financial year. Of the amounts owed by group enterprises, DKK 31.7 million is deposited in the cash pool scheme. The decrease in cash and receivables from the group has been lower than the increase in short-term liabilities, and decreased the current ratio to 79.1% (2021: 119.9%).

Risks

Operating risks

The most significant operational risk of the Company relates to the activity level of trade in Scandinavia as well as the Danish export to Asia. The risk, moreover, depends on the level of this trade being handled through the Port of Aarhus

Financial risks

Because of the Company's high solvency ratio and substantial cash generation and the fact that all external loans are paid out, changes in the interest level poses close to no risk to the Company. The Company is neither exposed to foreign exchange risks as all major settlements are made in DKK nor is it exposed to any major risks regarding one particular external customer or cooperative partner. Company policy in respect of credit risks implies that all major customers and other co-operators are credit rated on an ongoing basis.

Profit/loss for the year in relation to expected developments
Revenue exceeded expectation by 4% in 2022. Increase in revenue is related to a higher volume and annual tariff increase in containers handled on vessel, truck and train. However, the profit before tax was significantly below expectations due to the congestion related operational challenges and costs.

Outlook
Management expects that volumes will slightly decline in the main activities due to the normalization, after the COVID-19 related congestion and higher volumes, as well as the current global economic situation. however, management is expecting that the EBIT will be DKK 75-80 million mainly due to the planned increase in tariffs implementation to align with the increasing costs that the company has seen in previous years and recover the margins level before COVID-19 impact.

Environmental performance
APM Terminals – Aarhus A/S is environmentally conscious and is engaged in reducing environmental impact from its operations on an ongoing basis.

In 2014, the Company succeeded in obtaining approval of EIA (Environmental Impact Assessment). The Company regularly assesses the environmental impact from the Company's operations. Operations are directly interconnected with the environmental impact, as two significant cost categories are energy consumption, including electricity, and fuel consumption (primarily diesel). The company is running on CO_2 neutral electricity in Aarhus.

We have a high focus on the environmental issues when buying or leasing new equipment, with regard to both pollution and noise and the company has a goal, as part of the A.P. Møller – Mærsk target, to be at 70% lower CO_2 emissions, compared to the 2020 baseline, by 2037 and CO_2 neutral by 2040.

Statutory report on corporate social responsibility
According to section 99a (7) of the Danish Financial Statements Act, the Company does not make any disclosures on corporate social responsibility. We refer to the parent company's, A.P. Møller – Mærsk A/S registered with CVR 22756214, separate report on sustainability called Sustainability Report 2022 on its webpage:

https://www.maersk.com/about/sustainability

Statutory report on the underrepresented gender
The Company is encompassed by section 99b of the Danish Financial Statements Act regarding gender diversity in management.

At the Board Meeting in A.P. Møller – Mærsk A/S on 21st February 2013 a group policy was adopted with the aim to increase the share of the under-represented gender in the Company's other management levels (link to policy: https://www.maersk.com/careers/maersk-culture/diversity).

In accordance with this policy, APM Terminals – Aarhus A/S has focus on gender diversity with regards to relevant management positions and key positions in general. Currently the Board consists of 4 members elected at the annual general assembly of whom 1 are female and 3 are male. Additionally, the Board consists of 3 employee representatives. 3 out of 7 members of the senior management team are women.

Statutory report on data ethics policy
The responsible use of data is a critical enabler for the group business model. In line with regulatory

requirements of Section 99d of the Danish Financial Statements Act (Årsregnskabsloven).

A.P. Møller – Mærsk A/S established data ethics policy in 2021, with accompanying governance measures. Please refer to Annual report of A.P.Møller – Mærsk A/S registered with CVR 22756214 for statement of data ethics:

https://investor.maersk.com/news-releases/news-release-details/annual-report-2022

Income statement for 2022

	Notes	2022 DKK'000	2021 DKK '000
Revenue	2	675,478	593,583
Other operating income		1,338	1,227
Other external expenses	3	(295,261)	(223,482)
Gross profit/loss		**381,555**	**371,328**
Staff costs	4	(307,380)	(260,028)
Depreciation, amortisation and impairment losses		(20,801)	(16,008)
Other operating expenses		(78)	0
Operating profit/loss		**53,296**	**95,292**
Other financial income	5	320	0
Other financial expenses	6	0	(58)
Profit/loss before tax		**53,616**	**95,234**
Tax on profit/loss for the year	7	(11,368)	(11,094)
Profit/loss for the year	8	**42,248**	**84,140**

Balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000	2021 DKK'000
Acquired intangible assets		15,623	16,856
Acquired licences		1,211	0
Acquired trademarks		976	1,094
Goodwill		5,660	7,781
Development projects	10	28,052	19,538
Intangible assets	9	**51,522**	**45,269**
Land and buildings		62,904	42,185
Plant and machinery		81,964	30,641
Other fixtures and fittings, tools and equipment		18,976	22,015
Property, plant and equipment in progress		10,617	38,536
Property, plant and equipment	11	**174,461**	**133,377**
Fixed assets		**225,983**	**178,646**
Raw materials and consumables		13,268	9,431
Inventories		**13,268**	**9,431**
Trade receivables		37,406	35,980
Receivables from group enterprises		55,655	101,951
Deferred tax	12	23,265	18,152
Other receivables		9,760	13,811
Prepayments	13	144	3,739
Receivables		**126,230**	**173,633**
Current assets		**139,498**	**183,064**
Assets		**365,481**	**361,710**

Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Share capital	14	7,500	7,500
Reserve for development expenditure		21,881	15,240
Retained earnings		159,751	124,144
Proposed dividend		0	62,140
Equity		**189,132**	**209,024**
Trade payables		26,224	35,479
Payables to group enterprises		66,548	7,265
Joint taxation contribution payable		16,642	51,155
Other payables		66,935	58,787
Current liabilities other than provisions		**176,349**	**152,686**
Liabilities other than provisions		**176,349**	**152,686**
Equity and liabilities		**365,481**	**361,710**
Events after the balance sheet date	1		
Contingent liabilities	15		
Related parties with controlling interest	16		

Statement of changes in equity for 2022

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	7,500	15,240	124,144	62,140	209,024
Ordinary dividend paid	0	0	0	(62,140)	(62,140)
Transfer to reserves	0	6,641	(6,641)	0	0
Profit/loss for the year	0	0	42,248	0	42,248
Equity end of year	**7,500**	**21,881**	**159,751**	**0**	**189,132**

Notes

1 Events after the balance sheet date

Subsequent to 31 December 2022 there have been no further events with any significant effect on the financial statements beyond what has been recognized and disclosed in the annual report.

2 Revenue

	2022 DKK'000	2021 DKK'000
Handling of containers	606,437	529,680
Repair of containers	69,041	63,903
Total revenue by activity	**675,478**	**593,583**

Segment information is provided on business segments. The segment information is in line with the Company's accounting policies, risks and internal financial management.

3 Fees to the auditor appointed by the Annual General Meeting

Pursuant to the section 96(3) of the Danish Financial Statements Act, fees paid to the Company's auditor appointed at the annual general meeting have not been disclosed.

4 Staff costs

	2022 DKK'000	2021 DKK'000
Wages and salaries	281,124	237,618
Pension costs	23,203	20,183
Other social security costs	3,053	2,227
	307,380	**260,028**

Average number of full-time employees	**400**	**349**

	Remuneration of Management 2022 DKK'000
Executive Board	2,047
	2,047

For 2021 the exemption in the Danish Financial Statements Act section 98b (3)(ii) has been applied.

5 Other financial income

	2022 DKK'000	2021 DKK'000
Exchange rate adjustments	320	0
	320	**0**

6 Other financial expenses

	2022 DKK'000	2021 DKK'000
Exchange rate adjustments	0	58
	0	**58**

7 Tax on profit/loss for the year

	2022 DKK'000	2021 DKK'000
Current tax	16,643	24,912
Change in deferred tax	(5,114)	(18,152)
Adjustment concerning previous years	(161)	4,334
	11,368	**11,094**

8 Proposed distribution of profit and loss

	2022 DKK'000	2021 DKK'000
Ordinary dividend for the financial year	0	62,140
Retained earnings	42,248	22,000
	42,248	**84,140**

9 Intangible assets

	Acquired intangible assets DKK'000	Acquired licences DKK'000	Acquired trademarks DKK'000	Goodwill DKK'000	Development projects in progress DKK'000
Cost beginning of year	18,500	5,305	2,120	31,819	19,538
Additions	0	1,744	0	0	8,514
Cost end of year	**18,500**	**7,049**	**2,120**	**31,819**	**28,052**
Amortisation and impairment losses beginning of year	(1,644)	(5,305)	(1,026)	(24,038)	0
Amortisation for the year	(1,233)	(533)	(118)	(2,121)	0
Amortisation and impairment losses end of year	**(2,877)**	**(5,838)**	**(1,144)**	**(26,159)**	**0**
Carrying amount end of year	**15,623**	**1,211**	**976**	**5,660**	**28,052**

10 Development projects

Currently two projects are running on implementation of new it systems.

We are implementing a new terminal operating system to manage operations. This implementation will be finalized during H1 2023. The total investment is approximately 24 mDKK.

Second project is a time registration system to manage time registration for all employees. The implementation is expected to be finalized during H1 2023 with a total investment of approximately 4mDKK.

11 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	117,075	132,171	44,352	38,536
Transfers	25,871	58,465	1,207	(85,543)
Additions	0	335	0	57,624
Disposals	(231)	0	(202)	0
Cost end of year	**142,715**	**190,971**	**45,357**	**10,617**
Depreciation and impairment losses beginning of year	(74,890)	(101,531)	(22,337)	0
Depreciation for the year	(5,074)	(7,476)	(4,246)	0
Reversal regarding disposals	153	0	202	0
Depreciation and impairment losses end of year	**(79,811)**	**(109,007)**	**(26,381)**	**0**
Carrying amount end of year	**62,904**	**81,964**	**18,976**	**10,617**

12 Deferred tax

Changes during the year	**2022 DKK'000**	**2021 DKK'000**
Beginning of year	18,152	0
Recognised in the income statement	5,113	18,152
End of year	**23,265**	**18,152**

Deferred tax assets
Deferred tax relates to intangible assets, property, plant and equipment.

13 Prepayments
Prepayments comprise prepayments for property tax, insurance, rent, IT and administration costs.

14 Share capital
The contributed capital consists of:
A shares, 1 share of nom. DKK 7,500,000.
All shares rank equally.

15 Contingent liabilities

Operating lease obligations:

	2022	2021
	DKK'000	DKK'000
Residual operating lease obligations fall due by:		
Within 1 year	35,136	22,415
Within 2-5 years	114,366	87,419
After 5 years	505,682	473,890
	655,184	**583,724**

The operating lease obligations primarily consist of lease of land, buildings and terminal vehicles.

The Company is jointly taxed with all other Danish companies in the A.P. Møller Holding A/S group. As a consolidated entity, the Company has unlimited and joint liability together with the other companies under joint taxation for Danish Corporation tax and withholding tax on dividends, interest and royalties within the jointly taxed companies.

16 Related parties with controlling interest

APM Terminals - Aarhus A/S' related parties comprise the following:

Control

APM Terminals B.V., Turfmarkt 107, 2511 DP, The Hague, the Netherlands.

APM Terminals B.V. holds the majority of the contributed capital in the Company.

APM Terminals - Aarhus A/S is part of the consolidated financial statements of A.P. Møller - Mærsk A/S, Esplanaden 50, 1263 København K and A.P. Møller Holding A/S, Esplanaden 50, 1263 København K, which are the smallest and largest groups, respectively, in which the Company is included as a subsidiary.

The consolidated financial statements of A.P. Møller - Mærsk A/S and the consolidated financial statements of A.P. Møller Holding A/S can be obtained by contacting the companies at the above addresses.

Related party transactions

The Company has chosen only to disclose transactions that are not carried out on an arm's length basis in accordance with section 98c (7) of the Danish Financial Statement Act. No such transactions have taken place in 2021 or 2022.

Accounting policies

Reporting class

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

The accounting policies applied to these financial statements are consistent with those applied last year.

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of A.P. Møller - Mærsk A/S, Esplanaden 50, Copenhagen, Denmark, CVR no. 22 75 62 14.

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.

Income statement

Revenue

Income is recognised in revenue when delivery and transfer of risk to the buyer have taken place, the income may be reliably measured and is expected to be received.

Revenue is measured at the fair value of the agreed remuneration excluding VAT and taxes charged on behalf of third parties. All discounts granted are included in revenue.

Our customer base is limited to a few large customers in separate countries. Reporting revenue per country will therefore provide transparency on the revenue per customer. Therefore revenue is not reported per country.

Other operating income

Other operating income comprises items secondary to the activities of the entity, such as workshop doing repairs on equipment and land lease revenue.

Other external expenses

Other external costs comprise costs incurred in generating revenue for the year, including costs of raw materials and consumables, lease of port space and administrative expenses.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets for the financial year.

Other operating expenses
Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Other financial income
Other financial income comprise interest income, including interest income on payables to group enterprises, net capital or exchange gains on securities, receivables and transactions in foreign currencies and tax surcharge 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 comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Corporation tax is expensed as estimated tax on the taxable income for the year. APM Terminals - Aarhus A/S is jointly taxed with A.P. Møller Holding A/S and other Danish companies within the A.P. Møller Holding Group. Current Danish corporation tax is allocated between the jointly taxed Danish companies in proportion to their taxable income (full absorption with refunds for tax losses).

Balance sheet

Intangible assets
Goodwill, terminal rights, software and customer relationships are measured at cost less accumulated amortisation and impairment losses. Goodwill, terminal rights, software and customer relationships are amortised on a straight-line basis over the remaining life of the intangible asset. The expected useful lives are as follows:

Goodwill 15 years
Terminal rights 18 years
Software 3 years
Customer relationships: 15 years

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Impairment of fixed assets
The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of lowest cash generating unit identified when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Property, plant and equipment
Land and buildings, plant and machinery and fixtures, fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.
Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the shorter of the lease period or the estimated useful life. The estimated useful lives are as follows:

	Useful life
Buildings	15-20 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-7 years

The useful life and residual value are reassessed annually. Changes to useful life are treated as changes to accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Inventories
Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Consumables are measured at cost, comprising purchase price plus delivery costs.administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

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. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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.

Prepayments
Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Dividend
The expected dividends payment for the year is disclosed as a separate item under equity.

Other financial liabilities
Other liabilities are measured at net realisable value.

Corporation tax and deferred tax
Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.