



Tel.: +45 75 18 16 66  
esbjerg@bdo.dk  
www.bdo.dk

BDO Statsautoriseret revisionsaktieselskab  
John Tranums Vej 23, 1. sal  
DK-6705 Esbjerg Ø  
CVR no. 20 22 26 70

**ESBJERG MARITIME SERVICE APS**  
**LILLEBÆLTSVEJ 37, 6715 ESBJERG N**  
**ANNUAL REPORT**  
**1 JUNE 2022 - 31 MAY 2023**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 31 October 2023**

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**Kenneth Sandal Hagelskjær**

*The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.*

**CVR NO. 33 38 79 97**

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**COMPANY DETAILS**

<b>Company</b>	Esbjerg Maritime Service ApS Lillebæltsvej 37 6715 Esbjerg N
	CVR No.: 33 38 79 97 Established: 3 January 2011 Municipality: Esbjerg Financial Year: 1 June 2022 - 31 May 2023
<b>Executive Board</b>	Kenneth Sandal Hagelskjær
<b>Auditor</b>	BDO Statsautoriseret revisionsaktieselskab John Tranums Vej 23, 1. sal 6705 Esbjerg Ø
<b>Bank</b>	Sydbank Kongensgade Kongensgade 6701 Esbjerg
	Sydbank Rathausplatz 11 24937 Flensburg, Tyskland

## MANAGEMENT'S STATEMENT

Today the Executive Board have discussed and approved the Annual Report of Esbjerg Maritime Service ApS for the financial year 1 June 2022 - 31 May 2023.

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

In my opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 May 2023 and of the results of the Company's operations and cash flows for the financial year 1 June 2022 - 31 May 2023.

The Management Commentary includes in my opinion a fair presentation of the matters dealt with in the Commentary.

I recommend the Annual Report be approved at the Annual General Meeting.

Esbjerg, 31 October 2023

Executive Board

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Kenneth Sandal Hagelskjær

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of Esbjerg Maritime Service ApS

#### Opinion

We have audited the Financial Statements of Esbjerg Maritime Service ApS for the financial year 1 June 2022 - 31 May 2023, which comprise income statement, Balance Sheet, statement of changes in equity, cash flows, notes and 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 assets, liabilities and financial position of the Company at 31 May 2023 and of the results of the Company's operations and cash flows for the financial year 1 June 2022 - 31 May 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 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 (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

#### 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.

## INDEPENDENT AUDITOR'S REPORT

- 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.

### Statement on Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover Management Commentary, 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 Commentary and, in doing so, consider whether Management Commentary 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management Commentary 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 Management Commentary.

Esbjerg, 31 October 2023

BDO Statsautoriseret revisionsaktieselskab  
CVR no. 20 22 26 70

Dorte Larsen  
State Authorised Public Accountant  
MNE no. mne26694

## FINANCIAL HIGHLIGHTS

	2022/23 DKK '000	2021/22 DKK '000	2020/21 DKK '000	2019/20 DKK '000	2018/19 DKK '000
<b>Income statement</b>					
Gross profit/loss.....	64.125	44.227	38.824	34.971	24.902
Operating profit/loss of main activities...	4.753	2.165	5.559	3.442	4.559
Financial income and expenses, net.....	-636	-92	-6	15	16
Profit/loss for the year before tax.....	4.116	2.073	5.554	3.457	4.575
Profit/loss for the year.....	3.153	1.598	4.310	2.662	3.531
<b>Balance sheet</b>					
Total assets.....	52.803	60.832	38.450	32.178	28.348
Equity.....	17.082	13.929	15.131	13.327	10.665
<b>Cash flows</b>					
Investment in property, plant and equipment.....	-9.236	-13.335	-7.334	-4.508	-2.473
<b>Key ratios</b>					
Equity ratio.....	32,4	22,9	39,4	41,4	37,6
Return on equity.....	20,3	11,0	30,3	22,2	39,7

The ratios stated in the list of key figures and ratios have been calculated as follows:

Equity ratio: 
$$\frac{\text{Equity, at year-end} \times 100}{\text{Total assets, at year-end}}$$

Return on equity: 
$$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$$

## MANAGEMENT COMMENTARY

### **Principal activities**

The principal activities comprise are trading, consulting, maintenance and production in the energy sector.

### **Development in activities and financial and economic position**

Profit after tax in 2022/23 DKK 3,153 thousand against DKK 1,598 thousand in 2021/22. Especially in the maintenance and consulting activities we have realized a positive development. The equity amount to DKK 17,082 at the 31st of May 2023. The profit of the year and the financial position is considered satisfactory.

### **Profit/loss for the year compared to the expected development**

The profit in 2022/23 was better than expected due to faster positive development in especially maintenance and consulting activities.

### **Significant events after the end of the financial year**

No events have occurred after the end of the financial year of material importance for the Company's financial position.

### **Future expectations**

The result for 2023/24 is expected to be at a satisfactory level between DKK 3 million DKK and 4 million DKK.



INCOME STATEMENT 1 JUNE - 31 MAY

	Note	2022/23 DKK	2021/22 DKK '000
<b>GROSS PROFIT</b> .....	1	<b>64.125.266</b>	<b>44.227</b>
Staff costs.....	2	-55.342.038	-39.214
Depreciation, amortisation and impairment losses.....		-4.026.561	-2.848
Other operating expenses.....		-4.003	0
<b>OPERATING PROFIT</b> .....		<b>4.752.664</b>	<b>2.165</b>
Other financial income.....	3	392.956	201
Other financial expenses.....	4	-1.029.410	-293
<b>PROFIT BEFORE TAX</b> .....		<b>4.116.210</b>	<b>2.073</b>
Tax on profit/loss for the year.....	5	-962.768	-475
<b>PROFIT FOR THE YEAR</b> .....	6	<b>3.153.442</b>	<b>1.598</b>

## BALANCE SHEET AT 31 MAY

ASSETS	Note	2023 DKK	2022 DKK '000
Other plants, machinery, tools and equipment.....		13.147.014	16.184
Leasehold improvements.....		1.058.019	490
<b>Property, plant and equipment.....</b>	<b>7</b>	<b>14.205.033</b>	<b>16.674</b>
Rent deposit and other receivables.....		789.565	813
<b>Financial non-current assets.....</b>	<b>8</b>	<b>789.565</b>	<b>813</b>
<b>NON-CURRENT ASSETS.....</b>		<b>14.994.598</b>	<b>17.487</b>
Raw materials and consumables.....		209.978	236
<b>Inventories.....</b>		<b>209.978</b>	<b>236</b>
Trade receivables.....		19.756.228	18.892
Contract work in progress.....	9	14.497.632	11.664
Receivables from group enterprises.....		1.355.823	10.873
Other receivables.....		173.151	57
Corporation tax receivable.....		606.158	428
Prepayments and accrued income.....	10	1.207.400	1.193
<b>Receivables.....</b>		<b>37.596.392</b>	<b>43.107</b>
<b>Cash and cash equivalents.....</b>		<b>1.762</b>	<b>2</b>
<b>CURRENT ASSETS.....</b>		<b>37.808.132</b>	<b>43.345</b>
<b>ASSETS.....</b>		<b>52.802.730</b>	<b>60.832</b>

## BALANCE SHEET AT 31 MAY

EQUITY AND LIABILITIES	Note	2023 DKK	2022 DKK '000
Share capital.....		80.000	80
Retained earnings.....		17.002.199	13.849
<b>EQUITY.....</b>		<b>17.082.199</b>	<b>13.929</b>
Provision for deferred tax.....	11	2.707.428	1.567
<b>PROVISIONS.....</b>		<b>2.707.428</b>	<b>1.567</b>
Lease liabilities.....		5.555.622	9.781
Holiday allowance Frozen.....		749.090	918
<b>Non-current liabilities.....</b>	12	<b>6.304.712</b>	<b>10.699</b>
Bank debt.....		8.754.389	10.275
Lease liabilities.....		1.721.994	2.232
Contract work in progress.....	9	3.096.934	5.435
Trade payables.....		6.189.587	5.703
Corporation tax.....		0	1.270
Other liabilities.....		6.928.987	9.722
Accruals and deferred income.....	13	16.500	0
<b>Current liabilities.....</b>		<b>26.708.391</b>	<b>34.637</b>
<b>LIABILITIES.....</b>		<b>33.013.103</b>	<b>45.336</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>52.802.730</b>	<b>60.832</b>
 Contingencies etc.	 14		
Charges and securities	15		
Related parties	16		

## EQUITY

	Share capital	Retained earnings	Total
Equity at 1 June 2022.....	80.000	13.848.757	13.928.757
Proposed profit allocation, see note 6.....		3.153.442	3.153.442
<b>Equity at 31 May 2023.....</b>	<b>80.000</b>	<b>17.002.199</b>	<b>17.082.199</b>

**CASH FLOW STATEMENT 1 JUNE - 31 MAY**

	<b>2022/23</b> DKK	<b>2021/22</b> DKK '000
Profit/loss for the year.....	3.153.442	1.598
Depreciation and amortisation, reversed.....	4.026.561	2.848
Reversed realization gains.....	-213.341	0
Adjustment of other financial expenses.....	31.640	15
Tax on profit/loss, reversed.....	962.768	475
Corporation tax paid.....	-1.321.138	-612
Change in inventories.....	26.033	-128
Change in receivables (ex tax).....	5.611.453	-12.366
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility).....	-4.508.137	5.492
<b>CASH FLOWS FROM OPERATING ACTIVITY.....</b>	<b>7.769.281</b>	<b>-2.678</b>
Purchase of property, plant and equipment.....	-6.801.183	-4.127
Sale of property, plant and equipment.....	2.342.000	1.020
Purchase of financial assets.....	0	-14
Sale of financial assets.....	22.749	0
<b>CASH FLOWS FROM INVESTING ACTIVITY.....</b>	<b>-4.436.434</b>	<b>-3.121</b>
Instalments on loans.....	-1.621.223	-1.216
Other changes in non-current debt.....	-192.353	-130
Change in bank debt.....	-1.519.185	9.946
Dividends paid in the financial year.....	0	-2.800
<b>CASH FLOWS FROM FINANCING ACTIVITY.....</b>	<b>-3.332.761</b>	<b>5.800</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>86</b>	<b>1</b>
Cash and cash equivalents at 1. juni.....	1.676	1
<b>CASH AND CASH EQUIVALENTS AT 31. MAJ.....</b>	<b>1.762</b>	<b>2</b>
Cash and cash equivalents at 31 May comprise:		
Cash and cash equivalents.....	1.762	2
<b>CASH AND CASH EQUIVALENTS.....</b>	<b>1.762</b>	<b>2</b>

## NOTES

			Note
<b>Special items</b>			<b>1</b>
	<b>2022/23</b>	<b>2021/22</b>	
	DKK	DKK '000	
Compensation.....	1.127.605	440	
	<b>1.127.605</b>	<b>440</b>	
<b>Staff costs</b>			<b>2</b>
Average number of employees	82	60	
Wages and salaries.....	48.472.176	34.004	
Pensions.....	5.542.918	4.237	
Social security costs.....	1.326.944	973	
	<b>55.342.038</b>	<b>39.214</b>	
<b>Other financial income</b>			<b>3</b>
Group enterprises.....	384.457	198	
Other interest income.....	8.499	3	
	<b>392.956</b>	<b>201</b>	
<b>Other financial expenses</b>			<b>4</b>
Group enterprises.....	223.484	0	
Other interest expenses.....	805.926	293	
	<b>1.029.410</b>	<b>293</b>	
<b>Tax on profit/loss for the year</b>			<b>5</b>
Calculated tax on taxable income of the year.....	-178.071	-428	
Adjustment of deferred tax.....	1.140.839	903	
	<b>962.768</b>	<b>475</b>	
<b>Proposed distribution of profit</b>			<b>6</b>
Retained earnings.....	3.153.442	1.598	
	<b>3.153.442</b>	<b>1.598</b>	

## NOTES

			Note
<b>Property, plant and equipment</b>			<b>7</b>
	Other plants, machinery, tools and equipment	Leasehold improvements	
Cost at 1 June 2022.....	24.864.452	1.193.780	
Additions.....	8.508.375	727.808	
Disposals.....	-9.031.700	-339.175	
<b>Cost at 31 May 2023.....</b>	<b>24.341.127</b>	<b>1.582.413</b>	
Depreciation and impairment losses at 1 June 2022.....	8.681.445	704.048	
Reversal of depreciation of assets disposed of.....	-1.354.372	-339.175	
Depreciation for the year.....	3.867.040	159.521	
<b>Depreciation and impairment losses at 31 May 2023.....</b>	<b>11.194.113</b>	<b>524.394</b>	
<b>Carrying amount at 31 May 2023.....</b>	<b>13.147.014</b>	<b>1.058.019</b>	
Finance lease assets.....	7.090.206		
<b>Financial non-current assets</b>			<b>8</b>
		Rent deposit and other receivables	
Cost at 1 June 2022.....		812.314	
Disposals.....		-22.749	
<b>Cost at 31 May 2023.....</b>		<b>789.565</b>	
<b>Carrying amount at 31 May 2023.....</b>		<b>789.565</b>	
	<b>2023</b> DKK	<b>2022</b> DKK '000	
<b>Contract work in progress</b>			<b>9</b>
Sales value of completed work.....	65.169.266	46.243	
Progress invoicing/advances received.....	-53.768.568	-40.014	
<b>Contract work in progress, net.....</b>	<b>11.400.698</b>	<b>6.229</b>	
Contract work in progress (asset).....	14.497.632	11.664	
Contract work in progress (liability).....	-3.096.934	-5.435	
	<b>11.400.698</b>	<b>6.229</b>	

## NOTES

	2023 DKK	2022 DKK '000	Note
<b>Prepayments and accrued income</b>			<b>10</b>
Insurances.....	1.109.437	797	
Costs.....	97.963	396	
	<b>1.207.400</b>	<b>1.193</b>	

**Provision for deferred tax**

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The provision for deferred tax is related to differences between the carrying amount and tax value of securities, receivables, intangible and tangible fixed assets, including recognised finance lease contracts.

	2023 DKK	2022 DKK '000
Provision for deferred tax concern:		
Other plants, machinery, tools and equipment.....	1.543.442	2.583
Leasehold improvements.....	-38.011	-15
Prepayments and accrued income.....	265.628	262
Contract work in progress.....	2.538.875	1.977
Lease liabilities.....	-1.601.076	-2.643
Loan costs.....	-1.430	-1
Tax deficit.....	0	-596
	<b>2.707.428</b>	<b>1.567</b>
Deferred tax, beginning of year.....	1.566.589	664
Deferred tax of the year, income statement.....	1.140.839	903
<b>Provision for deferred tax.....</b>	<b>2.707.428</b>	<b>1.567</b>

**Long-term liabilities**

12

	31/5 2023 total liabilities	Repayment next year	Debt outstanding after 5 years	31/5 2022 total liabilities
Lease liabilities.....	7.277.616	1.721.994	308.885	12.012.507
Holiday allowance Frozen.....	749.090	0	0	918.803
	<b>8.026.706</b>	<b>1.721.994</b>	<b>308.885</b>	<b>12.931.310</b>

**Accruals and deferred income**

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Accrued revenue



**NOTES****Note****Contingencies etc.****14****Contingent liabilities**

The company has entered an operating lease agreement with an average annual lease payment of 585 tkr.

The leasing contract has a remaining maturity of 2-57 months with a total residual lease payment of 1620 tkr.

The company has entered a rent obligation, which at the balance sheet date amounts to 307 tkr. during the noncancellation period.

The company has given the guarantee of payment for bank debts in affiliated companies. The debt to the bank amounts to 33.062 tkr. on may 31, 2023.

The company has provided work guarantees for a total of 212 tkr.

**Joint liabilities**

The Company is jointly and severally liable together with the Parent Company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of K. Hagelskjær Holding ApS, which serves as management Company for the joint taxation.

**Charges and securities****15**

For bank debt security of 8.754 tkr. the company has placed a floating charge on 5.000 tkr. The floating charge incorporates the following assets whose carrying amount on the balance sheet date represents:

Other plants, machinery, tools and equipment.....	14.205
Inventories.....	210
Trade receivables.....	19.734

**Related parties****16**

The Company's related parties include:

**Controlling interest**

K. Hagelsjær Holding ApS, Eriksenvej 65, 6710 Esbjerg V, is the principal shareholder.

**Transactions with related parties**

The Company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

## ACCOUNTING POLICIES

The Annual Report of Esbjerg Maritime Service ApS for 2022/23 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium-size enterprises.

The Annual Report is prepared consistently with the accounting principles applied last year.

Changes due to changed presentation

## INCOME STATEMENT

### Net revenue

Net revenue from the sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

Where products with a high degree of individual adjustment are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total income and expenses regarding the contract and the degree of completion at the Balance Sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the Company.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

### Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including salary refunds. Compensations are recognised when the income is estimated to be realisable.

### Other operating expenses

Other operating expenses include items of a secondary nature in relation to the Group's and the Company's activities. Losses from sale of intangible and tangible fixed assets are also included.

### Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

### Other external expenses

Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, operating lease expenses, etc

Payments related to operating lease expenses and other lease agreements are recognised in the Income Statement over the contract period. The Company's total liability concerning operating and other lease agreements are stated under contingencies, etc.

### Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Company's employees.

### Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

## ACCOUNTING POLICIES

### Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

## BALANCE SHEET

### Tangible fixed assets

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

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plant, fixtures and equipment.....	2-10 years	0 %
Leasehold improvements.....	1-10 years	0 %

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

### Lease contracts

Lease contracts relating to tangible fixed assets

for which the Company bears all material risks and benefits attached to the ownership (finance lease, see IAS 17) are recognised as assets in the Balance Sheet. The assets are at the initial recognition measured at the lower of cost stated at fair value and the and present value of the future lease payments. The internal interest rate of the lease contract, or alternatively the Company's loan interest, is used as discounting factor when calculating the present value. Finance lease assets are hereafter treated as the Group's and the Company's other similar tangible fixed assets.

The capitalised residual lease liability is recognised in the Balance Sheet as a liability and the interest portion of the lease payment is recognised in the Income Statement over the contract period.

### Financial non-current assets

Deposits include rental deposits which are recognised and measured at cost. Deposits are not depreciated.

## ACCOUNTING POLICIES

### Impairment of fixed assets

The carrying amount of tangible assets together with fixed assets, which are not measured at fair value, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

### Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The net realisable value of inventories is stated at the expected sales price less direct completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price of the inventories.

### Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

### Contract work in progress

Work in progress on contract is measured at the sales value of the work performed. The sales value is measured on the basis of the degree of completion on the Balance Sheet date and the total anticipated revenue related to the specific piece of work in progress.

The specific piece of work in progress is recognised in the Balance Sheet as receivables or payables, depending on the net value of the selling price less progress invoicing and progress payments.

Costs relating to sales work and obtaining of contracts are recognised in the Income Statement as and when they are incurred.

### Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

## ACCOUNTING POLICIES

### Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff 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 under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

### Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

### Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.

## CASH FLOW STATEMENT

The cash flow statement shows the Company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

### Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

### Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

### Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

### Cash and cash equivalents:

Cash and cash equivalents include bank overdraft and cash in hand.