



## HYTOR Group A/S

Guldborgsundvej 1  
6705 Esbjerg Ø  
CVR No. 33943717

## Annual report 2021

The Annual General Meeting adopted the  
annual report on 26.04.2022

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**Jan Vogt Hansen**

Chairman of the General Meeting

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# Entity details

## Entity

HYTOR Group A/S  
Guldborgsundvej 1  
6705 Esbjerg Ø

Business Registration No.: 33943717  
Registered office: Esbjerg  
Financial year: 01.01.2021 - 31.12.2021

## Board of Directors

John Hansen, chairman  
Jan Bruun Jørgensen  
Niels Kristensen  
Niels Grening Langerhuus

## Executive Board

Niels Grening Langerhuus, CEO

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Dokken 8  
6701 Esbjerg

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of HYTOR Group A/S for the financial year 01.01.2021 - 31.12.2021.

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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

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

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

Esbjerg, 26.04.2022

## Executive Board

**Niels Grening Langerhuus**  
CEO

## Board of Directors

**John Hansen**  
chairman

**Jan Bruun Jørgensen**

**Niels Kristensen**

**Niels Grening Langerhuus**

# Independent auditor's report

## To the shareholders of HYTOR Group A/S

### Opinion

We have audited the financial statements of HYTOR Group A/S for the financial year 01.01.2021 - 31.12.2021, 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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 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.

### 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.

#### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary 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 commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 the management commentary.

Esbjerg, 26.04.2022

**Deloitte**

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

**Henrik Harbo Andersen**

State Authorised Public Accountant

Identification No (MNE) mne19699

# Management commentary

## Financial highlights

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
<b>Key figures</b>					
Gross profit/loss	14,086	13,046	15,204	16,729	36,068
Operating profit/loss	1,889	1,573	2,411	(484)	3,865
Net financials	(94)	9	(5)	399	918
Profit/loss for the year	6,467	5,287	(4,620)	610	3,332
Total assets	74,303	80,211	81,844	68,920	56,172
Investments in property, plant and equipment	0	0	128	2,998	5,551
Equity	38,574	32,107	26,820	31,440	33,829
Net interest-bearing debt	5,434	7,409	5,563	15,445	2,536
<b>Ratios</b>					
Financial gearing	0.14	0.23	0.21	0.49	0.07
Return on equity (%)	18.30	17.94	(15.86)	1.87	9.90
Equity ratio (%)	51.91	40.03	32.77	45.62	60.22

The financial year 2018 represents only 8 months activity.

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

### Financial gearing :

Net interest-bearing debt

Equity

### Return on equity (%):

Profit/loss for the year \* 100

Average equity

### Equity ratio (%):

Equity \* 100

Total assets



**Primary activities**

The primary activity of the entity consists of owning shares in subsidiaries for the group. Furthermore, the entity is holding the group management together with some of the administration and internal service departments for the whole group.

**Development in activities and finances**

In 2021 the entity realized a profit of 6,467 t.DKK against a profit of 5,287 t.DKK in 2020. The result is considered satisfactory considering the current market conditions.

The equity of the entity amounts to 38,574 t.DKK at the 31st of December 2021.

**Profit/loss for the year in relation to expected developments**

The profit of 6,467 t.DKK in 2021 is in accordance with the managements expectations.

**Outlook**

The executive board expects the entity to achieve a better result in 2022, than the result for 2021.

# Income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
<b>Gross profit/loss</b>	1	<b>14,086</b>	<b>13,046</b>
Staff costs	2	(10,405)	(9,904)
Depreciation, amortisation and impairment losses	3	(1,548)	(1,311)
Other operating expenses		(244)	(258)
<b>Operating profit/loss</b>		<b>1,889</b>	<b>1,573</b>
Income from investments in group enterprises		5,073	4,069
Other financial income	4	777	816
Other financial expenses	5	(871)	(807)
<b>Profit/loss before tax</b>		<b>6,868</b>	<b>5,651</b>
Tax on profit/loss for the year	6	(401)	(364)
<b>Profit/loss for the year</b>	7	<b>6,467</b>	<b>5,287</b>

# Balance sheet at 31.12.2021

## Assets

	Notes	2021 DKK'000	2020 DKK'000
Acquired intangible assets		671	1,224
<b>Intangible assets</b>	8	<b>671</b>	<b>1,224</b>
Investment property		8,516	8,516
Other fixtures and fittings, tools and equipment		672	942
<b>Property, plant and equipment</b>	9	<b>9,188</b>	<b>9,458</b>
Investments in group enterprises		48,088	37,784
Other receivables		1,650	1,650
<b>Financial assets</b>	10	<b>49,738</b>	<b>39,434</b>
<b>Fixed assets</b>		<b>59,597</b>	<b>50,116</b>
Trade receivables		271	55
Receivables from group enterprises		13,671	29,256
Deferred tax	11	159	395
Prepayments	12	605	388
<b>Receivables</b>		<b>14,706</b>	<b>30,094</b>
<b>Cash</b>		<b>0</b>	<b>1</b>
<b>Current assets</b>		<b>14,706</b>	<b>30,095</b>
<b>Assets</b>		<b>74,303</b>	<b>80,211</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2021 DKK'000</b>	<b>2020 DKK'000</b>
Contributed capital		5,000	5,000
Reserve for net revaluation according to the equity method		2,973	0
Retained earnings		30,601	27,107
<b>Equity</b>		<b>38,574</b>	<b>32,107</b>
Mortgage debt		3,208	3,477
Other payables	13	748	1,010
Deferred income	14	6,000	7,000
<b>Non-current liabilities other than provisions</b>	<b>15</b>	<b>9,956</b>	<b>11,487</b>
Current portion of non-current liabilities other than provisions	15	1,269	1,270
Bank loans		1,171	16,251
Trade payables		1,230	349
Payables to group enterprises		18,544	16,477
Joint taxation contribution payable		165	191
Other payables		3,394	2,079
<b>Current liabilities other than provisions</b>		<b>25,773</b>	<b>36,617</b>
<b>Liabilities other than provisions</b>		<b>35,729</b>	<b>48,104</b>
<b>Equity and liabilities</b>		<b>74,303</b>	<b>80,211</b>
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Assets charged and collateral	18		
Related parties with controlling interest	19		
Non-arm's length related party transactions	20		
Group relations	21		

# Statement of changes in equity for 2021

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	5,000	0	27,107	32,107
Profit/loss for the year	0	2,973	3,494	6,467
<b>Equity end of year</b>	<b>5,000</b>	<b>2,973</b>	<b>30,601</b>	<b>38,574</b>

# Notes

## 1 Gross profit/loss

Other operating income included in gross profit includes compensation received from wage support schemes established as a result of the outbreak and spread of COVID-19 in 2020. The support amounts to 0 t.DKK in 2021 and 432 t.DKK in 2020.

## 2 Staff costs

	<b>2021</b>	<b>2020</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Wages and salaries	8,477	8,315
Pension costs	1,090	1,055
Other social security costs	84	54
Other staff costs	754	480
	<b>10,405</b>	<b>9,904</b>
Average number of full-time employees	<b>18</b>	<b>19</b>

	<b>Remuneration of Management 2021 DKK'000</b>	<b>Remuneration of Management 2020 DKK'000</b>
Total amount for management categories	1,542	1,274
	<b>1,542</b>	<b>1,274</b>

## 3 Depreciation, amortisation and impairment losses

	<b>2021</b>	<b>2020</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Amortisation of intangible assets	1,278	796
Depreciation of property, plant and equipment	270	505
Profit/loss from sale of intangible assets and property, plant and equipment	0	10
	<b>1,548</b>	<b>1,311</b>

## 4 Other financial income

	<b>2021</b>	<b>2020</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Financial income from group enterprises	777	816
	<b>777</b>	<b>816</b>

## 5 Other financial expenses

	2021 DKK'000	2020 DKK'000
Financial expenses from group enterprises	604	547
Other interest expenses	225	260
Other financial expenses	42	0
	<b>871</b>	<b>807</b>

## 6 Tax on profit/loss for the year

	2021 DKK'000	2020 DKK'000
Change in deferred tax	236	173
Refund in joint taxation arrangement	165	191
	<b>401</b>	<b>364</b>

## 7 Proposed distribution of profit and loss

	2021 DKK'000	2020 DKK'000
Retained earnings	6,467	5,287
	<b>6,467</b>	<b>5,287</b>

## 8 Intangible assets

	Acquired intangible assets DKK'000
Cost beginning of year	3,590
Additions	725
<b>Cost end of year</b>	<b>4,315</b>
Amortisation and impairment losses beginning of year	(2,366)
Amortisation for the year	(1,278)
<b>Amortisation and impairment losses end of year</b>	<b>(3,644)</b>
<b>Carrying amount end of year</b>	<b>671</b>

## 9 Property, plant and equipment

	Investment property DKK'000	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	8,000	6,113
<b>Cost end of year</b>	<b>8,000</b>	<b>6,113</b>
Revaluations beginning of year	516	0
<b>Revaluations end of year</b>	<b>516</b>	<b>0</b>
Depreciation and impairment losses beginning of year	0	(5,171)
Depreciation for the year	0	(270)
<b>Depreciation and impairment losses end of year</b>	<b>0</b>	<b>(5,441)</b>
<b>Carrying amount end of year</b>	<b>8,516</b>	<b>672</b>

The investment property comprises an industrial building located in Esbjerg. Investment property is measured at fair value, in accordance with accounting policies. The fair value is determined by applying the return-based model using the expected cash flow from the property. The return-rate used in the model is 7.75% in 2021. For further information please see description in accounting policies. An increase in the return-rate by 0.25% would reduce the fair value by 266 tDKK.

## 10 Financial assets

	Investments in group enterprises DKK'000	Other receivables DKK'000
Cost beginning of year	40,115	1,650
Additions	5,000	0
<b>Cost end of year</b>	<b>45,115</b>	<b>1,650</b>
Transfers	2,973	0
<b>Revaluations end of year</b>	<b>2,973</b>	<b>0</b>
Impairment losses beginning of year	(2,331)	0
Transfers	(2,973)	0
Amortisation of goodwill	(1,151)	0
Share of profit/loss for the year	6,224	0
Investments with negative equity value depreciated over receivables	231	0
<b>Impairment losses end of year</b>	<b>0</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>48,088</b>	<b>1,650</b>



<b>Investments in subsidiaries</b>	<b>Registered in</b>	<b>Corporate form</b>	<b>Equity interest %</b>
HYTOR Oil & Gas Solutions A/S	Esbjerg	A/S	100
HYTOR Fluid Solutions A/S	Esbjerg	A/S	100
HYTOR Tools Solutions A/S	Esbjerg	A/S	100

### 11 Deferred tax

	<b>2021</b>	<b>2020</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Intangible assets	(147)	(269)
Property, plant and equipment	(1,115)	(1,025)
Liabilities other than provisions	(118)	(70)
Other deductible temporary differences	1,539	1,759
<b>Deferred tax</b>	<b>159</b>	<b>395</b>

	<b>2021</b>	<b>2020</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>Changes during the year</b>		
Beginning of year	395	568
Recognised in the income statement	(236)	(173)
<b>End of year</b>	<b>159</b>	<b>395</b>

Deferred tax asset relates to the gain that HYTOR Group A/S realized as part of the sales of activities to its subsidiaries. The tax asset will be depreciated over the same depreciation time, as the goodwill in subsidiaries.

### 12 Prepayments

Prepayments contain insurance etc. paid in advance.

### 13 Other payables

	<b>2021</b>	<b>2020</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Holiday pay obligation	748	1,010
	<b>748</b>	<b>1,010</b>

### 14 Deferred income

Deferred income consists of the gain from sales of activities to HYTOR Tools Solution A/S and HYTOR Fluid Solution A/S.

### 15 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK'000	Due within 12 months 2020 DKK'000	Due after more than 12 months 2021 DKK'000	Outstanding after 5 years 2021 DKK'000
Mortgage debt	269	270	3,208	2,151
Other payables	0	0	748	0
Deferred income	1,000	1,000	6,000	2,000
	<b>1,269</b>	<b>1,270</b>	<b>9,956</b>	<b>4,151</b>

### 16 Unrecognised rental and lease commitments

	2021 DKK'000	2020 DKK'000
Liabilities under rental or lease agreements until maturity in total	<b>1,251</b>	<b>2,031</b>
Liabilities under rental agreements or leases with group enterprises until expiry	<b>29,760</b>	<b>33,367</b>

### 17 Contingent liabilities

The company's bank has provided a performance guarantee of t.DKK 2,855 to a client in connection with implementation of a project.

The Entity participates in a Danish joint taxation arrangement where Grening Holding ApS, Varde serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

The Entity has guaranteed the subsidiaries debt to the company bank. Bank loans of group enterprises amounts to t.DKK 8,702.

### 18 Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties. The mortgage also comprises the plant and machinery deemed part of the property.

The carrying amount of mortgaged properties is 8,516 t.DKK.

### 19 Related parties with controlling interest

Grening Holding ApS, Varde owns all the shares and thus controls the Entity.

### 20 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

## **21 Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
Grening Holding ApS, Varde

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
Grening Holding ApS, Varde

# Accounting policies

## Reporting class

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

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

## Consolidated financial statements

Referring to section 112 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

## Foreign currency translation

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

## Public grants

Public grants are recognised when a final commitment has been received from the grantor and it is probable that the conditions of the grant will be fulfilled. Grants are recognised as income in the income statement as earned.

## **Income statement**

### **Gross profit or loss**

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

### **Revenue**

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

### **Other operating income**

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

### **Cost of sales**

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

### **Other external expenses**

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

### **Staff costs**

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

### **Depreciation, amortisation and impairment losses**

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

### **Other operating expenses**

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

### **Income from investments in group enterprises**

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

### **Other financial income**

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

**Other financial expenses**

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

**Tax on profit/loss for the year**

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

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

**Balance sheet****Intellectual property rights etc**

Intellectual property rights etc comprise acquired intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Software is depreciated over 3-7 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

**Property, plant and equipment**

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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

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

Other fixtures and fittings, tools and equipment	3-10 years
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Estimated useful lives and residual values are reassessed annually.

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

**Investment property**

On initial recognition, investment properties are measured at cost consisting of the acquisition price of the properties plus directly related acquisition costs.

Subsequent to initial recognition, investment properties are measured at fair value which is equivalent to the amount at which the individual property may be sold to an independent buyer at the balance sheet date.

Fair value is determined by applying the yield-based model as the calculated value in use of expected cash flows from each property. The calculation is based on budgeted net earnings for the next year that has been adjusted to normal earnings, and using a required yield rate that reflects current market yield rates for similar properties. The value is adjusted for factors not reflected in normal earnings, for example, actual vacancy rate, major refurbishments etc.

The financial year's adjustments of the properties' fair value are recognised in the income statement.

**Investments in group enterprises**

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

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

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

**Receivables**

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

**Deferred tax**

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

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

**Prepayments**

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

**Cash**

Cash comprises cash in hand and bank deposits.

**Mortgage debt**

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

**Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

**Joint taxation contributions payable or receivable**

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax.

**Deferred income**

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

**Cash flow statement**

With reference to article 86(4) of the Danish Financial Statements Act and to the cash flow statement in the consolidated financial statements for Grening Holding ApS, the company has omitted to prepare the cash flow statement.