



World Marine Offshore A/S

Torskekaj 1
6700 Esbjerg
CVR No. 34581711

Annual report 2021

The Annual General Meeting adopted the
annual report on 01.07.2022

Niels Stie Kaalund

Chairman of the General Meeting

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Entity details

Entity

World Marine Offshore A/S

Torskekaj 1

6700 Esbjerg

Business Registration No.: 34581711

Registered office: Esbjerg

Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Søren Kristian Espersen

Peter Lykke-Kjeldsen

Peter Jensen Toft

Hanna Auken

Lars Christian Zøhner

Executive Board

Hans Schneider

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 World Marine Offshore 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, 01.07.2022

Executive Board

Hans Schneider

Board of Directors

Søren Kristian Espersen

Peter Lykke-Kjeldsen

Peter Jensen Toft

Hanna Auken

Lars Christian Zøhner

Independent auditor's report

To the shareholders of World Marine Offshore A/S

Opinion

We have audited the financial statements of World Marine Offshore 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, 01.07.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Claus Vium Jensen

State Authorised Public Accountant
Identification No (MNE) mne33724

Jesper Smedegaard Larsen

State Authorised Public Accountant
Identification No (MNE) mne18510

Management commentary

Financial highlights

	2021	2020	2019	2018	2017
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	2,591	7,671	10,315	32,756	7,947
Operating profit/loss	(12,867)	(15,269)	(2,146)	18,021	2,749
Net financials	(254)	68	956	(120)	108
Profit/loss for the year	(13,860)	(11,332)	5,011	16,185	2,852
Total assets	111,178	109,929	88,758	101,979	56,750
Investments in property, plant and equipment	52	102	30	703	125
Equity	22,566	36,426	47,758	25,135	9,084
Ratios					
Return on equity (%)	(46.99)	(26.92)	13.75	94.60	31.40
Equity ratio (%)	20.30	33.14	53.81	24.65	16.01

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

Return on equity (%):

Profit/loss for the year * 100

Average equity

Equity ratio (%):

Equity * 100

Total assets

Primary activities

The primary activity of the Company is transport of personnel and goods to offshore installation, Offshore Logistics services, Maritime Management and Subsea activities.

Development in activities and finances

Sales have increased in the current period primarily through full year effect of an increase of the company's fleet.

Profit/loss for the year in relation to expected developments

The result is below expectations. The result is hugely affected by strategic initiatives for expansion into Asia, US and France. Furthermore, the result is negatively impacted by a number of non-recurring expenses in connection with closing ongoing disputes. Finally, COVID-19 had still some negative impact on the activity level in the market.

The company has changed management at the end of the fiscal year. The new management has started a process of focusing the strategy. This has included withdrawal from the current US activities.

Outlook

The activity level for 2022 is expected to be lower than 2021 due to sale of two vessels and thereby reduction of the fleet. Sale of vessels in 2022 will have a positive effect on the result of DKK 18 million.

The result for 2022 will continue being impacted by non-recurring costs related to focusing the strategy. A positive net-result is expected in 2022.

The company has through a joint venture secured long-term contracts for time charter of two new-build crew transfer vessels to a large OEM for operation in Taiwan with operation commencement in 2022. Further development of activities in Asia expected during 2022.

The company has secured three long-term contracts with major developer in Europe to commence 2023.

The company does not have any particular business risks in addition to generally occurring risks within the industry including general effects from the War in Ukraine on supply chain and inflation.

Use of financial instruments

The company's revenue and purchase cash flows are predominantly in EUR or DKK.

For transactions in other currencies the currency exposure is evaluated and hedging by means of FX derivatives is applied on a case-by-case basis. The company does not have any particular financial risks in addition to generally occurring risks within the industry.

Environmental performance

The Company is constantly working to reduce environmental impacts from its operations.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2021

	Notes	2021 DKK	2020 DKK
Gross profit/loss		2,591,259	7,670,587
Staff costs	2	(13,883,507)	(15,680,518)
Depreciation, amortisation and impairment losses	3	(1,574,549)	(1,667,475)
Other operating expenses	4	0	(5,591,135)
Operating profit/loss		(12,866,797)	(15,268,541)
Income from investments in group enterprises		(459,924)	3,351,757
Income from investments in associates		236,324	(5,519)
Other financial income		479,458	1,156,102
Financial expenses from group enterprises		(320,000)	0
Other financial expenses		(413,901)	(1,087,748)
Profit/loss before tax		(13,344,840)	(11,853,949)
Tax on profit/loss for the year	5	(27,619)	521,988
Other taxes		(487,618)	0
Profit/loss for the year	6	(13,860,077)	(11,331,961)

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Acquired licences		386,181	670,167
Goodwill		6,322,001	7,375,669
Intangible assets	7	6,708,182	8,045,836
Other fixtures and fittings, tools and equipment		169,158	341,454
Property, plant and equipment	8	169,158	341,454
Investments in group enterprises		18,098,245	18,006,352
Receivables from group enterprises		5,800,000	5,800,000
Investments in associates		191,404	0
Financial assets	9	24,089,649	23,806,352
Fixed assets		30,966,989	32,193,642
Assets held for sale		29,253,651	0
Inventories		29,253,651	0
Trade receivables		24,286,407	33,384,906
Contract work in progress		198,858	0
Receivables from group enterprises		13,038,310	327,796
Receivables from associates		72,611	27,692
Deferred tax	10	149,000	149,000
Other receivables		3,077,353	34,441,069
Tax receivable		0	53,000
Prepayments	11	5,452,019	5,994,532
Receivables		46,274,558	74,377,995
Cash		4,682,794	3,357,706
Current assets		80,211,003	77,735,701
Assets		111,177,992	109,929,343

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital	12	720,000	720,000
Reserve for net revaluation according to the equity method		8,018,433	8,135,136
Retained earnings		13,827,728	27,571,102
Equity		22,566,161	36,426,238
Payables to group enterprises		5,250,000	0
Payables to shareholders and management		5,250,000	12,000,000
Other payables		1,961,609	1,446,000
Non-current liabilities other than provisions	13	12,461,609	13,446,000
Current portion of non-current liabilities other than provisions	13	3,000,000	1,500,000
Bank loans		2,682,446	8,891,540
Prepayments received from customers		2,297,415	2,267,415
Trade payables		10,432,687	15,284,214
Payables to group enterprises		50,830,229	27,983,836
Payables to associates		133,278	79,362
Payables to shareholders and management		405,000	395,207
Other payables		6,369,167	3,655,531
Current liabilities other than provisions		76,150,222	60,057,105
Liabilities other than provisions		88,611,831	73,503,105
Equity and liabilities		111,177,992	109,929,343
Events after the balance sheet date	1		
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Statement of changes in equity for 2021

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	720,000	8,135,136	27,571,102	36,426,238
Profit/loss for the year	0	(116,703)	(13,743,374)	(13,860,077)
Equity end of year	720,000	8,018,433	13,827,728	22,566,161

Notes

1 Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report

2 Staff costs

	2021	2020
	DKK	DKK
Wages and salaries	12,420,043	13,886,050
Pension costs	991,773	1,067,477
Other social security costs	120,705	249,727
Other staff costs	350,986	477,264
	13,883,507	15,680,518
Average number of full-time employees	19	21

	Remuneration of Management 2021 DKK	Remuneration of Management 2020 DKK
Executive Board	2,773,780	2,542,030
Board of Directors	1,416,060	1,440,000
	4,189,840	3,982,030

3 Depreciation, amortisation and impairment losses

	2021	2020
	DKK	DKK
Amortisation of intangible assets	1,410,253	1,410,253
Depreciation of property, plant and equipment	164,296	257,222
	1,574,549	1,667,475

4 Other operating expenses

Other operating expenses comprise write-downs and exchange rate adjustments on foreign projects which did not develop as expected. These expenses are viewed as of a secondary nature as in relation to the Entity's primary activities.

5 Tax on profit/loss for the year

	2021 DKK	2020 DKK
Current tax	0	(53,000)
Change in deferred tax	0	(149,000)
Adjustment concerning previous years	27,619	(319,988)
	27,619	(521,988)

6 Proposed distribution of profit and loss

	2021 DKK	2020 DKK
Retained earnings	(13,860,077)	(11,331,961)
	(13,860,077)	(11,331,961)

7 Intangible assets

	Acquired licences DKK	Goodwill DKK
Cost beginning of year	1,129,991	10,536,670
Additions	72,600	0
Cost end of year	1,202,591	10,536,670
Amortisation and impairment losses beginning of year	(459,824)	(3,161,001)
Amortisation for the year	(356,586)	(1,053,668)
Amortisation and impairment losses end of year	(816,410)	(4,214,669)
Carrying amount end of year	386,181	6,322,001

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	1,628,186
Additions	52,000
Disposals	(102,380)
Cost end of year	1,577,806
Depreciation and impairment losses beginning of year	(1,286,732)
Depreciation for the year	(164,296)
Depreciation and impairment losses on assets disposed of	42,380
Depreciation and impairment losses end of year	(1,408,648)
Carrying amount end of year	169,158

9 Financial assets

	Investments in group enterprises DKK	Receivables from group enterprises DKK	Investments in associates DKK
Cost beginning of year	9,846,216	5,800,000	25,000
Additions	400,000	0	0
Cost end of year	10,246,216	5,800,000	25,000
Revaluations beginning of year	8,160,136	0	(25,000)
Share of profit/loss for the year	(459,924)	0	236,324
Investments with negative equity value depreciated over receivables	151,817	0	(44,920)
Revaluations end of year	7,852,029	0	166,404
Carrying amount end of year	18,098,245	5,800,000	191,404

Receivables from group enterprises are subordinated for all financial creditors (banks and other credit institutions), and the loans is settled in the event of WMO Support A/S's dissolution or bankruptcy after the financial creditors have been settled.

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
BB Towing & Diving A/S	Esbjerg	A/S	77.80
WMO Management A/S	Esbjerg	A/S	100.00
WMO Invest A/S	Esbjerg	A/S	100.00
World Marine Offshore GmbH	Germany	GmbH	100.00
World Marine Offshore Ltd.	England	Ltd.	100.00
WMO Support A/S	Esbjerg	A/S	100.00
World Marine Offshore France A/S	Esbjerg	A/S	100.00
World Marine Offshore Taiwan A/S	Esbjerg	A/S	100.00

Investments in associates	Registered in	Corporate form	Equity interest %
Inertia ApS	Esbjerg	ApS	50.00
WMO Sitefacility ApS (owned by WMO Invest A/S)	Esbjerg	ApS	50.00
22 Offshore (owned by World Marine Offshore France A/S)	France	Joint Venture	50.00

10 Deferred tax

	2021	
	DKK	
Tax losses carried forward	149,000	
Deferred tax	149,000	
	2021	2020
	DKK	DKK
Changes during the year		
Beginning of year	149,000	0
Recognised in the income statement	0	149,000
End of year	149,000	149,000

Deferred tax assets

The company's deferred tax activities arose as a result of tax losses for carry-overs. Management expects to be able to use the deferred tax asset in future earnings.

Since the value of the deferred tax asset is dependant on future developments, some uncertainty is attached to the measurement of the asset, as unforeseen circumstances may have a positive or negative impact on management's expectations of future operations.

11 Prepayments

Prepayments include advance payments regarding rent, IT-subscriptions, insurance etc.

12 Share capital

	Number	Par value	Nominal
		DKK	value
			DKK
A-capital	360,000	1	360,000
B-capital	360,000	1	360,000
	720,000		720,000

13 Non-current liabilities other than provisions

	Due within 12	Due within 12	Due after	Outstanding
	months	months	more than 12	after 5 years
	2021	2020	months	2021
	DKK	DKK	DKK	DKK
Payables to group enterprises	1,500,000	0	5,250,000	3,000,000
Payables to shareholders and management	1,500,000	1,500,000	5,250,000	3,000,000
Other payables	0	0	1,961,609	0
	3,000,000	1,500,000	12,461,609	6,000,000

14 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where WMO Shipping Company A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore secondarily liable for income taxes etc for the jointly taxed entities, which is limited to the equity interest by which the entity participates in the Group, as well as secondarily liable 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 company has Timecharter agreements with external parties with a duration of under 1 year.

The company has entered into operational lease and rent agreements with remaining maturity of 2 - 49 months, where the total obligations are DKK 1.1 million at 31.12.2021.

15 Assets charged and collateral

Security has been provided in Timecharter agreements, as well as a guarantees and withdrawal declarations have been given to the parent company's financial partners. The parent company's financial partners have jointly provided guarantees and granted loans of DKK 107 million at 31.12.2021.

Bank loans are secured by cash of DKK 4.4 million at 31.12.2021.

Shares in WMO Support A/S are pledged to the subsidiary's financial partner as collateral for accounts as at 31.12.2021. The carrying amount at 31.12.2021 is DKK 0.6 million.

The company has guaranteed for the repayment of bank loans in WMO Support A/S and WMO Sitefacility ApS. The bank loans comprise a total of DKK 11.4 million at 31.12.2021.

The company's financial partner has provided guarantees of work for a total of DKK 1 million at 31.12.2021.

16 Related parties with controlling interest

WMO Shipping Company A/S, Esbjerg, Denmark has a controlling interest in the Company through shares and owner agreements.

17 Transactions with related parties

	Parent	Subsidiaries
	DKK	DKK
Sales	14,817,493	120,000
Purchases	47,450,773	5,140,264
Interest expenses	320,000	0
Purchase of ships	29,041,125	0
Receivables	0	61,809
Liabilities other than provisions	44,591,309	0

Transactions with related parties do not comprise transactions with fully owned subsidiaries.

18 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
WMO Shipping Company A/S, Esbjerg

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(1) 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.

Income statement

Gross profit or loss

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

Revenue

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

fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Other operating income

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

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 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.

Income from investments in associates

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

Other financial income

Other financial income comprises interest income, net capital or exchange gains on securities, payables and transactions in foreign currencies etc.

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

Other financial expenses

Other financial expenses comprise interest expenses, net capital or exchange losses on securities, payables and transactions in foreign currencies 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).

Other taxes

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

Balance sheet

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful lives are reassessed annually. The amortisation periods used are 10 years.

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

Intellectual property rights etc

Intellectual property rights etc comprise acquired intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Licences are amortised over the term of the agreement.

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.

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	5 years
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Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

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

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

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

Goodwill is the positive difference between cost of investments and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area.

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

Investments in associates

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

Associates with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

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

Goodwill is the positive difference between cost of investments and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area.

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

Investments in associates fall within the definitions of both participating interests and associates, yet in the financial statements they have been presented as investments in associates because this designation reflects more accurately the Company's involvement in the relevant entities.

Receivables

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

Assets held for sale

Assets held for sale are assets that are no longer in use and have been put up for sale. The assets are measured at the lower of carrying amount at the date of reclassification and net realisable value, and no amortisation or depreciation is made.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

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.

Income tax payable or receivable

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared.