

SAM International A/S

Bødkervej 7B, 2, 7000 Fredericia
CVR no. 40 30 80 32

Annual report for 2020

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 17.06.21

Niels Schreiner Andersen
Dirigent



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The company

SAM International A/S
Bødkervej 7B, 2
7000 Fredericia
Registered office: Fredericia
CVR no.: 40 30 80 32
Financial year: 01.01 - 31.12

Executive Board

Kim Lindquist Christensen

Board of Directors

Christian Lerche
Claes Niels Hestehave
Kjeld Birch
Tom Soling

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Subsidiaries

SAM Executive Search A/S, Fredericia
SAM Headhunting GmbH, Switzerland
SAM International GmbH, Switzerland
SAM Headhunting OY, Finland
SAM Headhunting AS, Norway
SAM Headhunting Magyarország Szemelyzeti Tanasado Kft., Hungary

SAM Executive Search S.P.zoo, Poland
SAM-Børsen ApS, Fredericia
SAM International Executive Sweden AB, Sweden

Associate

SAM Executive Search - HR Kompetenzcenter GmbH, Germany

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.20 - 31.12.20 for SAM International A/S.

The annual report is presented in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.20 and of the results of the company's activities for the financial year 01.01.20 - 31.12.20.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Fredericia, May 31, 2021

Executive Board

Kim Lindquist Christensen

Board of Directors

Christian Lerche
Chairman

Claes Niels Hestehave

Kjeld Birch

Tom Soling

To the Shareholder of SAM International A/S**Opinion**

We have audited the financial statements of SAM International A/S for the financial year 01.01.20 - 31.12.20, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.12.20 and of the results of the company's operations for the financial year 01.01.20 - 31.12.20 in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

Basis for conclusion

We conducted our audit in accordance with International Standards on Auditing 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement regarding the management's review

Management is responsible for management's review.

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

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of management's review.

Management's responsibility for the financial statements

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the internal control as the 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 International Standards on Auditing 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 International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aalborg, May 31, 2021

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Lars Leopold Larsen

State Authorized Public Accountant
MNE-no. mne33229

Primary activities

The company's activities comprise of owning shares in other companies, management and administrative services to those companies and other related activities.

Uncertainty concerning recognition and measurement

In the financial statements for the financial year 01.01.2020 – 31.12.2020, it is important to note the following uncertainty with regard to recognition and measurements, as it has had a significant influence on the assets and liabilities recognized in the financial statements:

We have made use of all available COVID-19 public assistance packages that we have been qualified for. Furthermore, we have made use of COVID-19 loans (Tax and VAT).

It is not our expectation that this will affect the liquidity more than we will be able to cover.

Development in activities and financial affairs

The income statement for the period 01.01.20 - 31.12.20 shows a profit/loss of DKK -1,132,201 against DKK 523,233 for the period 01.01.19 - 31.12.19. The balance sheet shows equity of DKK 802,136.

2020 started with a very satisfactory turnover growth but as the COVID-19 made its entrance in March the turnover dropped dramatically.

Due to the COVID-19 situation, the financial situation has been under pressure in all subsidiaries. Therefore, the core income via license fees has not been on budget level. Due to the fact that we want to maintain systems, products and staff for the time coming after COVID-19, we have chosen not to make savings in fixed costs, which leaves us with an unsatisfactory result for the financial year 2020.

Subsequent events

Parallely with the reopening of society, we see the orders back on normal in most of the companies owned. However, a 'Plan B' has been made to ensure both liquidity and cost cutting, which will ensure a positive result for 2021.

It has also been decided to reduce management salaries and to close down the Swiss company SAM International GmbH which will support a better cost situation.

Apart from the above, no significant events have occurred since the end of the financial year, that could affect the company's financial position.

Treasury shares

Treasury shares consist of:

	Purchase- /salesprice DKK	Quantity	Total nominal value DKK	Percent of capital
Holding of treasury shares as at 01.01.20		108,500	108,500	16%
Disposals for the year	58,775	-58,775	-58,775	-9%
Holding of treasury shares as at 31.12.20		49,725	49,725	7%

The disposal of treasury shares has been made with a view to establishing ownership for partners employed in the group.

Income statement

Note		2020 DKK	2019 DKK
	Gross profit	1,625,665	276,833
2	Staff costs	-1,885,108	-734,636
	Loss before depreciation, amortisation, write-downs and impairment losses	-259,443	-457,803
	Depreciation, amortisation and impairments losses of intan- gible assets and property, plant and equipment	-407,365	-357,919
	Loss before net financials	-666,808	-815,722
3	Income from equity investments in group enterprises	-540,844	1,139,037
4	Financial income	0	35,679
	Financial expenses	-82,494	-9,453
	Profit/loss before tax	-1,290,146	349,541
	Tax on profit or loss for the year	157,945	173,692
	Profit/loss for the year	-1,132,201	523,233
	Proposed appropriation account		
	Reserve for net revaluation according to the equity method	-540,844	1,139,037
	Retained earnings	-591,357	-615,804
	Total	-1,132,201	523,233

ASSETS		31.12.20	31.12.19
		DKK	DKK
Note			
	Acquired rights	306,737	188,795
	Goodwill	1,789,583	2,147,500
5	Total intangible assets	2,096,320	2,336,295
6	Equity investments in group enterprises	3,417,883	3,571,076
6	Equity investments in associates	91,321	91,321
	Total investments	3,509,204	3,662,397
	Total non-current assets	5,605,524	5,998,692
	Trade receivables	15,664	112,335
	Receivables from group enterprises	262,553	551,273
	Receivables from associates	134,737	0
	Deferred tax asset	122,739	0
	Income tax receivable	0	374,516
	Other receivables	634	148,431
	Prepayments	62,857	30,625
	Total receivables	599,184	1,217,180
	Cash	154,034	87,030
	Total current assets	753,218	1,304,210
	Total assets	6,358,742	7,302,902

EQUITY AND LIABILITIES		31.12.20	31.12.19
		DKK	DKK
Note			
	Share capital	661,500	661,500
	Reserve for net revaluation according to the equity method	615,000	1,138,754
	Retained earnings	-474,364	58,218
	Total equity	802,136	1,858,472
	Provisions for deferred tax	0	41,534
	Total provisions	0	41,534
	Other payables	182,931	137,260
	Total long-term payables	182,931	137,260
	Payables to other credit institutions	0	10,591
	Trade payables	67,278	339,676
	Payables to group enterprises	5,133,039	4,753,079
	Income taxes	0	159,290
	Other payables	173,358	3,000
	Total short-term payables	5,373,675	5,265,636
	Total payables	5,556,606	5,402,896
	Total equity and liabilities	6,358,742	7,302,902

7 Contingent liabilities

8 Charges and security

Statement of changes in equity

Figures in DKK	Share capital	Reserve for net revaluation according to the equity method	Retained earnings
Statement of changes in equity for 01.01.20 - 31.12.20			
Balance as at 01.01.20	661,500	1,138,754	58,218
Foreign currency translation adjustment of foreign enterprises	0	17,090	0
Sale of treasury shares	0	0	58,775
Net profit/loss for the year	0	-540,844	-591,357
Balance as at 31.12.20	661,500	615,000	-474,364

1. Special items

Special items are income and expenses that are special due to their size and nature. The following special items were recorded in the financial year:

Special items:	Recognised in the income statement in:	2020 DKK	2019 DKK
Public grants	Other operating income	44,596	0

Public grants consists of COVID-19 wage compensation programme.

2. Staff costs

Wages and salaries	1,757,096	734,636
Pensions	85,771	0
Other social security costs	7,513	0
Other staff costs	34,728	0
Total	1,885,108	734,636
Average number of employees during the year	3	2

3. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	-540,844	1,139,037
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4. Financial income

Interest, group enterprises	0	30
Other financial income	0	35,649
Total	0	35,679

5. Intangible assets

Figures in DKK	Acquired rights	Goodwill
Cost as at 01.01.20	188,795	2,505,419
Additions during the year	167,390	0
Cost as at 31.12.20	356,185	2,505,419
Amortisation and impairment losses as at 01.01.20	0	-357,919
Amortisation during the year	-49,448	-357,917
Amortisation and impairment losses as at 31.12.20	-49,448	-715,836
Carrying amount as at 31.12.20	306,737	1,789,583

6. Equity investments

Figures in DKK	Equity invest- ments in group enterprises	Equity invest- ments in asso- ciates
Cost as at 01.01.20	1,835,392	91,321
Additions during the year	17,893	0
Cost as at 31.12.20	1,853,285	91,321
Revaluations as at 01.01.20	1,138,754	0
Foreign currency translation adjustment of foreign enterprises	17,090	0
Impairment losses during the year	-540,844	0
Revaluations as at 31.12.20	615,000	0
Negative equity value impaired in receivables	949,598	0
Depreciation and impairment losses as at 31.12.20	949,598	0
Carrying amount as at 31.12.20	3,417,883	91,321
Positive balances ascertainable on initial recognition of equity investments measured at equity value	0	0

6. Equity investments - continued -

Name and registered office:	Ownership interest
Subsidiaries:	
SAM Executive Search A/S, Fredericia	100%
SAM Headhunting GmbH, Switzerland	100%
SAM International GmbH, Switzerland	100%
SAM Headhunting OY, Finland	100%
SAM Headhunting AS, Norway	100%
SAM Headhunting Magyarország Szemelyzeti Tanasado Kft., Hungary	100%
SAM Executive Search S.P.zoo, Poland	100%
SAM-Børsen ApS, Fredericia	100%
SAM International Executive Sweden AB, Sweden	100%
Associates:	
SAM Executive Search - HR Kompetenzcenter GmbH, Germany	49%

7. Contingent liabilities*Lease commitments*

The company has concluded lease agreements with terms to maturity of 12-14 months and lease payments of a total of DKK 361k.

Recourse guarantee commitments

The company has provided a guarantee for group enterprises' debt to credit institutions. The guarantee is unlimited. The group enterprises' debt to the credit institutions concerned amounts to DKK 365k at the balance sheet date.

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes for the jointly taxed companies. The total known tax liability for the jointly taxed companies is DKK 0k at the balance sheet date, of which DKK 0k is recognised in the balance sheet. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

8. Charges and security

As security for own and group enterprises' debt to credit institutions of up to DKK 2,000k, a company charge of nominal DKK 1,000k has been provided comprising goodwill, intellectual property rights, motor vehicles, other plant, fixtures and fittings, tools and equipment, inventories and agricultural stock, trade receivables as well as fuels and other ancillary materials. The total carrying amount of the comprised assets is DKK 3,699k.

9. Accounting policies**GENERAL**

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

In accordance with section 110 of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will

9. Accounting policies - continued -

flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

On recognition of independent foreign entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the foreign currency translation reserve.

Translation adjustments of intercompany balances with independent foreign entities, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

LEASES

Lease payments relating to operating leases are recognised in the income statement on a

9. Accounting policies - continued -

straight-line basis over the lease term.

GRANTS

Grants are recognised when there is reasonable certainty that the grant conditions have been met and that the grant will be received.

Grants to cover expenses incurred are recognised on a proportionate basis in the income statement over the period in which the expenses eligible for grants are expensed. Grants are recognised under other operating income.

INCOME STATEMENT**Gross profit**

Gross profit comprises revenue, other operating income and raw materials and consumables and other external expenses.

Revenue

Income from the sale of services is recognised in the income statement as delivery takes place (delivery method). Revenue is measured at the selling value of the agreed consideration exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

9. Accounting policies - continued -

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Acquired rights	5	0
Goodwill	7	0

Goodwill is amortised over 7 years. The useful life has been determined in consideration of the expected future net earnings of the enterprise or activity to which the goodwill relates.

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Income from equity investments in group enterprises and associates

For equity investments in equity investments in subsidiaries, measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

9. Accounting policies - continued -

Dividends from equity investments measured at cost are recognised as income in the financial year in which the dividend is declared.

Income from equity investments in equity investments in subsidiaries and associates also comprises gains and losses on the sale of equity investments.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises. The parent is the administration company for the joint taxation and thus settles all income tax payments with the tax authorities.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Intangible assets

Acquired rights

Acquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Goodwill

Goodwill is measured in the balance sheet at cost less accumulated amortisation and

9. Accounting policies - continued -

impairment losses.

Goodwill is amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains or losses on the disposal of intangible assets

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

Equity investments in group enterprises and associates

Equity investments in group enterprises

Equity investments in subsidiaries are recognised and measured according to the equity method. For equity investments in subsidiaries, the equity method is considered a measurement method, and reference is made to the 'Equity method' section for further details.

Equity investments in associates

Equity investments in associates are measured in the balance sheet at cost less any impairment losses. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments.

Equity method

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments.

Under subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Equity investments with a negative carrying amount are measured at DKK 0. Receivables that are considered part of the combined investment in the enterprises in question are impaired by any remaining negative equity value. Other receivables from such enterprises are impaired to the extent that such receivables are considered uncollectible. Provisions to cover the remaining negative equity value are recognised to the extent that the company has a legal or constructive obligation to cover the liabilities of the enterprise in question.

9. Accounting policies - continued -

For equity investments measured according to the equity method, the proportionate share of the equity investments' equity value is determined according to the accounting policies of the parent, stated in the other sections. Equity value is also based on the following accounting policies:

Revenue

Income from the sale of services is recognised in the income statement as delivery takes place (delivery method). Revenue is measured at the selling value of the agreed consideration exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Depreciation and impairment losses

The depreciation of property, plant and equipment aim at systematic depreciation over the expected useful lives of the assets. Assets are depreciated according to the straight-line method based on the following expected useful lives and residual values:

Other plant, fixtures and fittings, tools and equipment: 3-5 years, residual value 0%,

The basis of depreciation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Gains or losses on disposal of equity investments

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

9. Accounting policies - continued -

If dividends are distributed on equity investments in associates exceeding the year earnings from the enterprise in question, this is considered an indication of impairment.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist. Impairment losses on goodwill are not reversed, unless goodwill is included in the carrying amount of equity investments.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

The net revaluation of equity investments measured according to the equity method is recognized in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Acquisition costs and consideration for treasury shares as well as dividends therefrom are

9. Accounting policies - continued -

recognised directly in equity under retained earnings.

Current and deferred tax

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

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.