



Fonden World Climate Foundation

Toldbodgade 55 B, 2.
1253 København K
CVR No. 41243163

Annual report 2023

The Annual General Meeting adopted the annual report on 12.07.2024

André Schneider

Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2023	14
Balance sheet at 31.12.2023	15
Statement of changes in equity for 2023	17
Notes	18
Accounting policies	20

Entity details

Entity

Fonden World Climate Foundation
Toldbodgade 55 B, 2.
1253 København K

Business Registration No.: 41243163
Registered office: København
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Peter Damgaard Jensen
Anders Rubinstein
Jens Nielsen
Andre Schneider

Executive Board

Jens Nielsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Fonden World Climate Foundation for the financial year 01.01.2023 - 31.12.2023.

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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

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.

København, 12.07.2024

Executive Board

Jens Nielsen

Board of Directors

Peter Damgaard Jensen

Anders Rubinstein

Jens Nielsen

Andre Schneider

Independent auditor's report

To Fonden World Climate Foundation

Opinion

We have audited the financial statements of Fonden World Climate Foundation for the financial year 01.01.2023 - 31.12.2023, 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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 by relevant law and regulations.

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 in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

København, 12.07.2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Christian Dalmose Pedersen

State Authorised Public Accountant

Identification No (MNE) mne24730

Thomas Holm Christensen

State Authorised Public Accountant

Identification No (MNE) mne46321

Management commentary

Primary activities

Overview

The World Climate Foundation is a foundation registered in Denmark. The Foundation is engaged in developing international, not-for-profit impact platforms for large-scale collaboration between government, business, finance and civil society to help solve evolving environmental crises.

The Foundation's efforts are funded by donations from relevant institutions, funding through work on various public programmes and revenues from strategic partnerships and memberships. In 2023, funding came primarily from the following sources: international corporations, EU funding programme, Danish (Danida) development grant. The Foundation is managed by an independent board.

Activities

In 2023, the World Climate Foundation continued its effort to drive and facilitate the necessary multi-sector collaboration to accelerate partnerships and investments in green economy, nature-based solutions and technological innovations, tackling both biodiversity loss and climate change while creating economic opportunities. Its networks offered valuable insights into the transition plans necessary for sustainable development of industries. Summits and other partner activities provided a platform for industry leaders to collaborate and develop on joint solutions and innovations for a faster transition to a net-zero and resilient economy.

World Climate Network

In 2023, World Climate Network, demonstrated its unwavering commitment to driving global progress in climate action and energy transition with 3 landmark engagements that marked the calendar of 2023 in the climate sphere: World Energy Transition Summit, World Climate Summit - The Investment COP and World Climate Impact Hub at COP28.

- On 20 September, World Energy Transition Summit brought together global energy leaders in New York from public and private sectors from North America and beyond to keep up important momentum, foster strong alliances – and take stock of the global energy transition. The pivotal event leveraged the collective action of public and private sectors to rapidly accelerate clean energy innovation and deployment around the world.
- World Climate Summit - The Investment COP 2023, returned on 7-8 December alongside COP28 in Dubai, marking its 14th year. As the largest C-level B2B convening alongside COP, World Climate Summit facilitated the exchange of best practices and innovations across vital sectors crucial to decarbonisation efforts in the areas of energy, transport, buildings, industry, finance and nature. The event was closely linked to this year's Global Stocktake, emphasising how non-government stakeholders can achieve transition pathways to deliver on climate action. World Climate Summit was proud to engage 67 front-running organisations from public and private sectors, including businesses, financial institutions, governments and international organisations, and welcomed over 1700 in person delegates at the Summit.
- Inside the global climate negotiations at COP28's Blue Zone, the World Climate Impact Hub pavilion served as an outstanding space for creativity, cross-sector collaboration, partnerships and the launch of innovative initiatives from 30th November to 12th December. In collaboration with partners, the Hub delivered pivotal discussions and leveraged enlightening networking opportunities, all aimed at catalysing the transition to a green and net-zero future.

World Biodiversity Network

In 2023 the World Biodiversity Network was expanding its commitment and global influence towards advancing biodiversity preservation and fostering a nature-positive transition worldwide.

- As part of the World Biodiversity Network, the World Biodiversity Summit returned on 21 September on the sidelines of Climate Week NYC and the 78th UN General Assembly, held in New York, USA. Celebrating its 3rd year, the Summit solidified its position as a pioneering platform, effectively bridging the climate and biodiversity agendas. Its objectives encompassed advancing the implementation of the new Kunming-Montreal Global Biodiversity Framework and translating ambitious commitments into tangible actions for global biodiversity and climate action. World Biodiversity Summit – New York attracted over 500+ high-level delegates from 60 countries for its interactive sessions and networking breaks. The delegates represented financial and investment institutions, policymakers, government leaders, project and research developers, academics, media and non-governmental organisations.
- During the engagements at COP28, World Climate Foundation announced the official launch of Nature Investment Coalition, that seeks to build a collaborative platform of public sector, civil society, finance and industry leaders to mobilise and deploy nature-positive financing.

World Health Network

In 2023, World Climate Foundation continued its efforts in accelerating solutions for preparedness and prevention of future pandemics by establishing a public-private dialogue beyond the health sector. The Network gathered public and private sector stakeholders from across the globe, serving as a catalyst for the necessary dialogue, partnerships, solutions, and investments to tackle climate and nature-induced risks.

- The inaugural World Resilience Summit took place on 24 May alongside the 76th World Health Assembly in Geneva in collaboration with the Geneva Health Forum to help define measures on prevention, preparedness and response to support the adoption of the pandemic accord.

Investment Mobilisation Collaboration Alliance (IMCA)

IMCA was launched at COP28 by the United States and Nordic governments as a new platform for providing blended finance solutions to the immense need for investments in climate mitigation, adaptation and nature in emerging markets, and developing economies. The Alliance aims to mobilise billions of USD in private capital to de-risk climate investments in mitigation, adaptation, biodiversity and nature before the end of 2025.

In 2023, World Climate Foundation has taken on the role of operating partner for IMCA and will support the successful outcomes of IMCA for the period 2023-2026, playing a key role in project planning and coordination, stakeholder outreach and engagement, and communicating its achievements through side events and high-profile announcements to support IMCA's role in creating climate investments in emerging markets.

CLIMATEFIT

In 2023, World Climate Foundation also took on the role as the project lead of CLIMATEFIT, EU funded programme to support EU territories in their quest for climate adaptation, as a part of the Horizon Europe Programme. The project aims at supporting innovative financing mechanisms for adaptation to climate change by providing key insight into financing sources and strategies. The project will engage its experts, public authorities and financing & investment entities in the co-creation of:

- 20 Innovative investment strategies
- 10 Concrete and scalable investment plans
- 4 Bankable transformational investment cases.

Development in activities and finances

The World Climate Foundation's 2023 accounts show a loss of DKK 178,206 in its fourth year of operation. We expect a continued sound financial development in the World Climate Foundation over the coming years based on a significant and growing interest in its work and impact across the world.

Unusual circumstances affecting recognition and measurement

No unusual circumstances have been identified.

Statutory report on foundation governance

Section 60 of the Danish Act on Commercial Foundations requires the Foundation's Executive Committee to consider the recommendations of the Committee on Foundation Governance under the Comply or Explain approach. The Executive Committee has reviewed and considered each recommendation, as stated below.

No. 1.1 It is recommended that the board of directors adopt principles for external communication that address the need for transparency and stakeholders' needs and possibilities to obtain relevant up-to-date information about the circumstances of the foundation.

The Board of Directors has adopted guidelines for external communication, which are handled by the Chairman of the board of the Foundation.

No. 2.1.1 It is recommended that, in order to secure the activities of the commercial foundation in accordance with the purposes and interests of the foundation, the board of directors should, at least once a year, take a position on the overall strategy and distribution policy of the foundation on the basis of the articles of association.

The Board of Directors takes an annual position on the fund's overall strategy and distribution policy, including at the Board of Directors annual meeting, which is supported by the Board of Directors' rules of procedure.

No. 2.1.2 It is recommended that the board of directors regularly address whether the foundation's asset management is in line with the purpose of the foundation and its long- and short-term needs.

The Board of Directors regularly monitor the fund's asset management at board meetings.

No. 2.2.1 It is recommended that the chairman of the board of directors organise, convene and chair meetings of the board of directors in order to ensure effective board work and to establish the best conditions for the work of the board members, individually and collectively.

The chairman of the board organizes, convenes and chairs the board meeting in accordance with the recommendations.

No. 2.2.2 It is recommended that if the board of directors, in exceptional cases, asks the chairman of the board of directors to perform special activities for the commercial foundation which extend beyond the duties of chairman, a board resolution to that effect be passed to ensure that the board of directors maintains its independent, general management and control function. Appropriate allocation of responsibilities should be ensured between the chairman, the vice-chairman, the other members of the board of directors and the executive board, if any.

Special tasks for board members are performed based on board decisions.

No. 2.3.1 It is recommended that the board of directors regularly, and at least every second year, assess and stipulate the competences that the board of directors needs to possess in order to best perform the tasks incumbent upon the board of directors.

The Board of Directors annually assesses and determines competence needs and evaluates the composition in relation to these

No. 2.3.2 It is recommended that, with due respect of any right in the articles of association to make appointments, the board of directors approves a structured, thorough and transparent process for selection and nomination of candidates for the board of directors.

Selection and nomination of candidates for the Board of Directors follows an appropriate process guideline in the articles of association.

No. 2.3.3 It is recommended that members of the board of directors are appointed on the basis of their personal qualities and competences, taking into account the collective competences of the board, and when composing and nominating new members of the board the need for introducing new talent is weighed against the need for continuity and the need for diversity in relation to commercial and grants experience, age and gender.

Members of the Board of Directors are appointed based on an evaluation of personal qualities competence and consideration of e.g., renewal and diversity needs.

No. 2.3.4 It is recommended that in the management commentary in the annual report and on the commercial foundation's website, if any, there is an account of the composition of the board of directors, including its diversity, and that the following information is provided on each board member:

- the name and position of the member,
- the age and gender of the member,
- date of original appointment to the board whether the member has been re-elected, and expiry of the current election period,
- any special competences possessed by the member,
- other managerial positions held by the member, including positions on executive boards, boards of directors and supervisory boards and board committees in Danish and foreign foundations, enterprises and institutions, as well as other demanding organisation tasks,
- whether the member owns shares, options, warrants and similar in the foundation's subsidiaries and/or associated companies,
- whether the member has been appointed by authorities/providers of grants etc., and
- whether the member is considered independent.

The Foundation complies partly: The management commentary reports on recommended matters except for the age and gender of the member.

why: The gender and age of the board members has not been stated in order to ensure that only relevant information on board members is provided.

How: The gender of the board members can be seen from the name of the board members.

No. 2.3.5 It is recommended that the majority of the members of the board of directors of the commercial

foundation are not also members of the board of directors or executive board of the foundation's subsidiary(ies), unless it is a fully owned actual holding company.

The Foundation has no subsidiaries.

No. 2.4.1 It is recommended that an appropriate proportion of the board of directors be independent. If the board of directors (excluding employee representatives) is composed of

- up to four members, at least one member should be independent,
- between five and eight members, at least two members should be independent, or
- nine to eleven members, at least three members should be independent, and so on.

To be considered independent, this person may not, for example:

- be or within the past three years have been member of the executive board, or senior employee in the foundation, or an essential subsidiary or associated company to the foundation,
- within the past five years have received larger emoluments, including distributions or other benefits from the foundation/group or a subsidiary or associated company to the foundation in other capacity than as member of the board of directors or executive board of the foundation,
- within the past year have had a significant business relationship (e.g. personal or indirectly as partner or employee, shareholder, customer, supplier or member of the executive management of companies with corresponding connection) with the foundation/group or a subsidiary or associated company to the foundation,
- be or within the past three years have been employed or partner at the external auditor,
- have been a member of the board of directors or executive board of the foundation for more than 12 years,
- be a close relative of, or in some other way be especially close to, persons who are not considered independent,
- be the founder or a significant donor if the purpose of the foundation is to grant support to this person's family or others who are especially close to this person, or
- be a member of the management of an organisation, another foundation or similar, which receives or repeatedly within the past five years has received significant donations from the foundation.

An appropriate proportion of the board of directors are considered independent.

No. 2.5.1 It is recommended that members of the board of directors be appointed for a minimum period of two years and a maximum period of four years.

The Foundation does not comply.

Why: To ensure the opportunity to continuously adjust the board's competencies. How: Members of the board are appointed for a period of one year at a time

No. 2.5.2 It is recommended that an age limit for members of the board of directors be set, which is published in the management commentary or on the foundation's website.

The Foundation does not comply

Why: To ensure that there is no age discrimination.

How: Members of the board are appointed by evaluation of competence and contribution

No. 2.6.1 It is recommended that the board of directors establish an evaluation procedure in which the board of directors, the chairman and the contributions and performance of individual members are evaluated annually, and the result is discussed by the board of directors.

In connection with the annual competence evaluation of the Board of Directors, the members competence contribution will be assessed as well as any needs for amendments in the boards composition in relation to desired results.

No. 2.6.2 It is recommended that once a year the board of directors evaluate the work and performance of the executive board and/or the administrator (where relevant) in accordance with predefined clear criteria.

The CEO's work and results are assessed annually in relation to predefined goals and tasks according to entered agreement.

No. 3.1.1 It is recommended that the members of the board of directors of commercial foundations be remunerated with a fixed remuneration and that members of an executive board, if any, be remunerated with a fixed remuneration, possibly combined with a bonus which should not be dependent upon accounting results. The remuneration should reflect the work and responsibilities consequential to the position.

The Foundation does not comply

Why: The members of the Board of Directors do not receive remuneration as it has not been necessary to pay remuneration to attract the board members.

How: It has not been necessary to pay remuneration to attract the board members.

No. 3.1.2 It is recommended that the financial statements provide information about the full remuneration received by each member of the board of directors and any executive board from the commercial foundation and from the foundation's subsidiaries and associated companies. Furthermore there should be information on any other remuneration which members of the board of directors and any executive board have received for performing other work or tasks for the foundation, the foundation's subsidiaries or associated companies, except for the remuneration of employee representatives as employees.

Not relevant given the answer in section 3.1.1.

Statutory report on distribution policy

The foundation do not have a distribution policy yet. The distribution policy will be prepared in 2024.

Statutory report on corporate governance

The World Climate Foundation is managed by a board of directors with four members. The composition of the board of directors is as follows:

Name	André Schneider
Role	Chairman
Occupation	CEO of Genève Aéroport, Switzerland
Joined the Board	7 June 2022
Management Positions	Chairman of the Innovation Board of Aviation Research Center Switzerland Chairman of the ACI Fund, Vice-President of the Board of Global Infrastructure Basel Foundation Member of the board of Airports Council International (Europe) Member of Global Leadership Forum Advisory Board of The International Federation of Consulting Engineers
Dependent/independent	Independent
Competencies	Sustainable Development, Technology, Innovation

Name	Peter Damgaard Jensen
Role	Vice Chairman
Occupation	n/a
Joined the Board	19 February 2020
Management Positions	Chairman of the board of AIP Management P/S Chairman of the Climate Investment Coalition f.m.b.a. Member of the board of Investeringsforeningen Maj Invest, Private Equity New Market III, PENM IV GB ERF and Nordic Impact Bridge Aps
Dependent/independent	Independent
Competencies	Finance and Investments, Asset Management, Environmental-Social-Governance (ESG)

Name	Jens Nielsen
Role	Board member
Occupation	CEO
Joined the Board	19 February 2020
Management Positions	Member of the board of World Climate Foundation CEO of World Climate Ltd. Chairman of Jens Nielsen Management ApS Member of the boards of Climate Planet Foundation, Art2030 and GreenLab Innovation Foundation
Dependent/independent	Dependent
Competencies	Sustainability, Economy & Markets, Public-Private Partnerships

Name	Anders Rubinstein
Role	Board member
Occupation	CEO
Joined the Board	19th February 2020
Management Positions	Chairman of Gleerup Leasing A/S Board member of Inbicare Research, Development, Innovation ApS, Elin og Erik Jensens Fond, Fonden World Climate Foundation, Ensure International Insurance Broker Copenhagen Ellenhard, Nygaard & Partnere P/S and Komplementar Ensure International Insurance Broker Copenhagen Ellenhard, Nygaard Partnere ApS
Dependent/independent	Independent
Competencies	Legal Expert, Corporate Law

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 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss		193,735	(1,564,070)
Staff costs	1	(305,165)	0
Operating profit/loss		(111,430)	(1,564,070)
Income from financial assets		20,903	0
Other financial income	2	33,313	35,153
Other financial expenses	3	(171,048)	(96,926)
Profit/loss before tax		(228,262)	(1,625,843)
Tax on profit/loss for the year	4	50,056	357,685
Profit/loss for the year		(178,206)	(1,268,158)
Proposed distribution of profit and loss			
Retained earnings		(178,206)	(1,268,158)
Proposed distribution of profit and loss		(178,206)	(1,268,158)

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Trade receivables		4,558,125	5,444,298
Deferred tax		407,741	357,685
Other receivables		735,142	1,468,503
Income tax receivable		110,000	0
Receivables		5,811,008	7,270,486
Cash		13,007,030	722,099
Current assets		18,818,038	7,992,585
Assets		18,818,038	7,992,585

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		300,000	300,000
Retained earnings		128,783	306,989
Equity		428,783	606,989
Trade payables		4,728,113	6,516,709
Other payables		3,811,418	868,887
Deferred income		9,849,724	0
Current liabilities other than provisions		18,389,255	7,385,596
Liabilities other than provisions		18,389,255	7,385,596
Equity and liabilities		18,818,038	7,992,585
Contingent liabilities	5		
Related parties of commercial foundations	6		

Statement of changes in equity for 2023

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	300,000	306,989	606,989
Profit/loss for the year	0	(178,206)	(178,206)
Equity end of year	300,000	128,783	428,783

Notes

1 Staff costs

	2023	2022
	DKK	DKK
Wages and salaries	305,165	0
	305,165	0
Average number of full-time employees	2	0

No salary has been paid to the management or the board of directors during the financial year.

2 Other financial income

	2023	2022
	DKK	DKK
Exchange rate adjustments	33,313	35,153
	33,313	35,153

3 Other financial expenses

	2023	2022
	DKK	DKK
Other interest expenses	740	8,448
Exchange rate adjustments	170,308	88,478
	171,048	96,926

4 Tax on profit/loss for the year

	2023	2022
	DKK	DKK
Change in deferred tax	(50,056)	(357,685)
	(50,056)	(357,685)

5 Contingent liabilities

In connection with the establishment of a loan facility of 2 million DKK with Nykredit Bank, a business charge has been provided as security for the loan.

6 Related parties of commercial foundations

The Foundation has in the financial year transactions with related parties concerning purchase and sale of consulting services. The following transactions are included in the financial statements for 2023

Purchase from World Climate Ltd. Filial af World Climate Ltd. 13.264.504 DKK., 2022 (14.133.861)

Sale to Climate Investment Coalition F.m.b.a. -40.000 DKK., 2022 (2.506.633)

Debt to World Climate Ltd. Filial af World Climate Ltd is included in trade payables with 1.510.073 DKK, 2022 (6.325.134). Debt to Climate Investment Coalition is included in trade payables with 90.173

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

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

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.

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 external expenses

Other external expenses include expenses relating to the Entity's normal 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.

Income from other fixed asset investments

Income from other fixed asset investments comprises gains in the form of interest, dividends, etc. on fixed asset investments which are not investments in group enterprises or associates.

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 or exchange gains on securities, 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 securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, 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.

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

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

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.

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.

Deferred income

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