

Hans Buch A/S

Roskildevej 8-10, 2620 Albertslund
CVR no. 75 14 24 12

Annual report for 2019

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 28.08.20

Martin Kasten
Dirigent

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The company

Hans Buch A/S
Roskildevej 8-10
2620 Albertslund
CVR no.: 75 14 24 12
Financial year: 01.01 - 31.12

Executive Board

Henriette Holmberg Olsen

Board of Directors

Mads-Ole Astrupgaard
Peter S. Helbirk
Martin Kasten

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Parent company

Fritz Schur Industri ApS, København K.

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 01.01.19 - 31.12.19 for Hans Buch 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 31.12.19 and of the results of the company's activities and cash flows for the financial year 01.01.19 - 31.12.19.

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.

Albertslund, June 18, 2020

Executive Board

Henriette Holmberg Olsen

Board of Directors

Mads-Ole Astrupgaard
Chairman

Peter S. Helbirk

Martin Kasten

To the Shareholder of Hans Buch A/S**Opinion**

We have audited the financial statements of Hans Buch A/S for the financial year 01.01.19 - 31.12.19, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement 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 31.12.19 and of the results of the company's operations and cash flows for the financial year 01.01.19 - 31.12.19 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.

Næstved, June 18, 2020

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Jørgen Stegmann

State Authorized Public Accountant
MNE-no. mne11738

FINANCIAL HIGHLIGHTS**Key figures**

Figures in DKK '000	2019	2018	2017	2016	2015
<i>Profit/loss</i>					
Operating profit	602	709	2,377	1,714	12,778
Index	5	6	19	13	100
Total net financials	-531	-263	-375	-1,057	1,502
Index	-35	-18	-25	-70	100
Profit/loss for the year	-96	481	1,531	342	11,354
Index	-1	4	13	3	100
<i>Balance</i>					
Total assets	56,583	76,198	73,283	66,261	77,921
Index	73	98	94	85	100
Investments in property, plant and equipment	0	0	646	0	0
Index	-	-	-	-	100
Equity	25,057	39,153	38,673	27,172	46,830
Index	54	84	83	58	100

Primary activities

The company primarily performs technical engineering, trading, and marine service activities.

Development in activities and financial affairs

The company achieved a profit after tax of th.DKK -96, which is in line with the expectations.

The equity of the company amounts to th.DKK 25,057 at the end of the financial year.

Outlook

The company expects a continued competitive intensive market in 2020. In light of the implemented adjustment of product- and customer portfolios and cost structures, a positive result is expected in the coming financial year.

Special risks

The company is affected by a range of commercial, operational and financial risks, managed and mitigated through a comprehensive risk management and insurance setup.

Subsequent events

In the spring of 2020, the society is affected by the spread of the Coronavirus (COVID-19). The Company has so far not experienced any significant impact on activity or demand as a result. However, it is still uncertain if it will impact on the general development in 2020. Management believes, regardless, that the Company's future activity and financial situation will not be significantly affected.

Branches abroad

The company has branches in Netherlands which handles the company's sales in the Dutch market.

Income statement

Note	2019 DKK '000	2018 DKK '000

Balance sheet

ASSETS			
		31.12.19	31.12.18
Note		DKK '000	DKK '000
	Acquired rights	46	101
	Goodwill	7,697	8,625
5	Total intangible assets	7,743	8,726
	Leasehold improvements	192	307
	Other fixtures and fittings, tools and equipment	254	348
6	Total property, plant and equipment	446	655
	Deposits	0	14
	Total investments	0	14
	Total non-current assets	8,189	9,395
	Manufactured goods and goods for resale	24,340	19,288
	Prepayments for goods	437	350
	Total inventories	24,777	19,638
	Trade receivables	23,180	20,393
	Receivables from group enterprises	0	18,272
	Other receivables	170	156
7	Prepayments	192	207
	Total receivables	23,542	39,028
	Cash	75	8,137
	Total current assets	48,394	66,803
	Total assets	56,583	76,198

Balance sheet

EQUITY AND LIABILITIES

Note		31.12.19 DKK '000	31.12.18 DKK '000
8	Share capital	5,100	5,100
	Retained earnings	19,957	34,053
	Total equity	25,057	39,153
9	Provisions for deferred tax	1,738	2,002
	Total provisions	1,738	2,002
10	Lease commitments	181	260
10	Other payables	760	0
	Total long-term payables	941	260
10	Short-term part of long-term payables	80	73
	Payables to other credit institutions	3,062	0
	Trade payables	12,440	15,016
	Payables to group enterprises	6,873	13,000
	Income taxes	228	458
	Other payables	6,164	6,236
	Total short-term payables	28,847	34,783
	Total payables	29,788	35,043
	Total equity and liabilities	56,583	76,198
11	Contingent liabilities		
12	Related parties		

Statement of changes in equity

Figures in DKK '000	Share capital	Reserve for net revaluation according to the equity method	Retained earnings	Total equity
Statement of changes in equity for 01.01.18 - 31.12.18				
Balance as at 01.01.18	5,100	171	33,401	38,672
Net profit/loss for the year	0	-171	652	481
Balance as at 31.12.18	5,100	0	34,053	39,153
Statement of changes in equity for 01.01.19 - 31.12.19				
Balance as at 01.01.19	5,100	0	34,053	39,153
Extraordinary dividend paid	0	0	-14,000	-14,000
Net profit/loss for the year	0	0	-96	-96
Balance as at 31.12.19	5,100	0	19,957	25,057

Cash flow statement

Note	2019 DKK '000	2018 DKK '000
Profit/loss for the year	-96	481
13 Adjustments	2,057	1,595
Change in working capital:		
Inventories	-5,139	66
Receivables	-2,786	11,640
Trade payables	-2,576	-377
Other payables relating to operating activities	617	-1,787
Cash flows from operating activities before net financials	-7,923	11,618
Interest income and similar income received	9	7
Interest expenses and similar expenses paid	-540	-275
Income tax paid	-661	-736
Cash flows from operating activities	-9,115	10,614
Purchase of intangible assets	-154	0
Addition from liquidation of subsidiary	0	366
Cash flows from investing activities	-154	366
Dividend paid	-14,000	0
Arrangement of payables to group enterprises	18,272	0
Repayment of payables to group enterprises	-6,127	-4,166
Cash flows from financing activities	-1,855	-4,166
Total cash flows for the year	-11,124	6,814
Cash, beginning of year	8,137	1,323
Cash, end of year	-2,987	8,137
Cash, end of year, comprises:		
Cash	75	8,137
Short-term payables to credit institutions	-3,062	0
Total	-2,987	8,137

	2019	2018
	DKK '000	DKK '000

1. Staff costs

Wages and salaries	27,874	29,064
Pensions	2,344	2,473
Other social security costs	648	700
Other staff costs	775	1,198

Total	31,641	33,435
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Average number of employees during the year	42	46
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Remuneration for the management:

Remuneration for the Executive Board and Board of Directors	1,746	1,868
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2. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	0	5
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Total	0	5
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3. Tax on profit or loss for the year

Current tax for the year	285	189
Adjustment of deferred tax for the year	-264	-224
Adjustment of tax in respect of previous years	146	0

Total	167	-35
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	2019 DKK '000	2018 DKK '000
4. Proposed distribution of net profit		
Reserve for net revaluation according to the equity method	0	-171
Extraordinary dividend for the financial year	14,000	0
Retained earnings	-14,096	652
Total	-96	481

5. Intangible assets

Figures in DKK '000	Acquired rights	Goodwill
Cost as at 01.01.19	176	10,781
Additions during the year	0	167
Disposals during the year	-13	0
Cost as at 31.12.19	163	10,948
Amortisation and impairment losses as at 01.01.19	-75	-2,156
Amortisation during the year	-55	-1,095
Amortisation of and impairment losses on disposed assets for the year	13	0
Amortisation and impairment losses as at 31.12.19	-117	-3,251
Carrying amount as at 31.12.19	46	7,697

6. Property, plant and equipment

Figures in DKK '000	Leasehold improvements	Other fixtures and fittings, tools and equipment
Cost as at 01.01.19	3,271	3,249
Disposals during the year	0	-577
Cost as at 31.12.19	3,271	2,672
Depreciation and impairment losses as at 01.01.19	-2,964	-2,901
Depreciation during the year	-115	-94
Depreciation of and impairment losses on disposed assets for the year	0	577
Depreciation and impairment losses as at 31.12.19	-3,079	-2,418
Carrying amount as at 31.12.19	192	254
Carrying amount of assets held under finance leases as at 31.12.19	0	232

31.12.19	31.12.18
DKK '000	DKK '000

7. Prepayments

Other prepayments	74	30
Prepaid administrative costs	118	177
Total	192	207

8. Share capital

The share capital consists of:

	Quantity	Total nominal value DKK '000
Share capital	5,100	5,100

	31.12.19 DKK '000	31.12.18 DKK '000
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9. Provisions for deferred tax

Provisions for deferred tax as at 01.01.19	2,002	2,226
Deferred tax recognised in the income statement	-264	-224
Provisions for deferred tax as at 31.12.19	1,738	2,002

10. Long-term payables

Figures in DKK '000	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.19	Total payables at 31.12.18
Lease commitments	80	0	261	333
Other payables	0	0	760	0
Total	80	0	1,021	333

11. Contingent liabilities

Lease commitments

The company has concluded lease agreements with terms to maturity of 1-39 months and average lease payments of DKK 95k, a total of DKK 1,702k.

Guarantee commitments

The company has provided a guarantee of th.DKK 1,865 as security of payment of rent etc. and deposits through the bank connection of the company.

Occasionally, the company has pending warranty and complaints cases concerning customer deliveries. In cases where there is a risk of an economic liability for the company, a provision for the estimated liability is made in the balance sheet. In case of change in evaluation of this, an accounting adjustment is made. The outcome of the pending cases in which no provisions is made in the balance sheet, is not expected to influence on the financial position of the company.

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 and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

12. Related parties

Controlling influence	Basis of influence
Fritz Schur Industri ApS, København K.	Ownership
Fritz Schur Technical Group A/S, København K.	Ownership
FS 12 ApS, København K.	Ownership
Fritz H. Schur	Ownership

Related party transactions are not disclosed, as all transactions are entered into in the ordinary course of business at arms' length.

Remuneration for the management is specified in note 1. Staff costs.

The company is included in the consolidated financial statements of the parents Fritz Schur Technical Group A/S, København K. and FS 12 ApS, København K.

	2019 DKK '000	2018 DKK '000
13. Adjustments for the cash flow statement		
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	1,359	1,367
Income from equity investments in group enterprises	0	-5
Financial income	-9	-7
Financial expenses	540	275
Tax on profit or loss for the year	167	-35
Total	2,057	1,595

14. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for medium-sized enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

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 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, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

LEASES

14. Accounting policies - continued -

Leases relating to assets where the company has substantially all the risks and benefits incidental to the ownership of the asset (finance leases) are recognised in the balance sheet. On initial recognition, assets held under finance leases and related lease commitments are measured at the lower of the fair value of the leased asset and the present value of future lease payments. Subsequently, assets held under finance leases are treated like other similar assets.

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as payables. Subsequent to initial recognition, lease commitments are measured at amortised cost according to which the interest element of the lease payment is recognised in the income statement over the lease term.

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

INCOME STATEMENT**Gross profit**

Gross profit comprises revenue, other operating income and cost of sales and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined 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.

Cost of sales

Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs to the extent that these do not exceed normal write-downs.

14. 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	3	0
Goodwill	10	0
Leasehold improvements	5 - 10	0
Other plant, fixtures and fittings, tools and equipment	3 - 5	0

Goodwill is amortised over 10 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

For 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

14. Accounting policies - continued -

impairment losses.

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

Other net financials

Interest income and interest expenses, the interest element of finance lease payments, 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.

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.

14. Accounting policies - continued -

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 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 and losses on the disposal of intangible assets

Gains and 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.

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

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

Equity investments in group enterprises

Equity investments in subsidiaries are recognised and measured according to the equity method, meaning that these equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent,

14. Accounting policies - continued -

adjusted for the remaining value of positive or negative goodwill and gains and losses on transactions with the enterprises in question.

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.

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.

Inventories

Inventories are measured at cost calculated according to the FIFO principle. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

14. Accounting policies - continued -**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.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

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 in subsidiaries is recognised in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

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

14. Accounting policies - continued -

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

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the company's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables. Cash flows from financing activities also comprise finance lease payments.

Cash and cash equivalents at the beginning and end of the year comprise cash and short-term payables to credit institutions.