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CVR no. 20 22 26 70

**BLUE WATER INTERNATIONAL A/S**  
**TRAFIKHAVNSKAJ 9, 6700 ESBJERG**  
**ANNUAL REPORT**  
**1 JANUARY - 31 DECEMBER 2023**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 19 March 2024**

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**Niels Stie Kaalund**

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**COMPANY DETAILS**

<b>Company</b>	Blue Water International A/S Trafikhavnskaj 9 6700 Esbjerg  CVR No.: 78 82 88 11 Municipality: Esbjerg Financial Year: 1 January - 31 December
<b>Board of Directors</b>	Jørgen Dencker Wisborg, chairman Jørgen Meyer, vice-chairman Anne Roed Skov, vice-chairman Kurt Skov Niels Stie Kaalund Merete Søby
<b>Executive Board</b>	Søren Nørgaard Thomsen Dan Gregers Nissen Flemming Busch Thomas Bek
<b>Auditor</b>	BDO Statsautoriseret revisionsaktieselskab Dokken 8 6700 Esbjerg

## MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Blue Water International A/S for the financial year 1 January - 31 December 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 Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Esbjerg, 19 March 2024

### Executive Board

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Søren Nørgaard Thomsen  
CEO

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Dan Gregers Nissen

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Flemming Busch

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Thomas Bek

### Board of Directors

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Jørgen Dencker Wisborg  
Chairman

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Jørgen Meyer  
Vice-chairman

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Anne Roed Skov  
Vice-chairman

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Kurt Skov

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Niels Stie Kaalund

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Merete Søby

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholder of Blue Water International A/S

#### Opinion

We have audited the Financial Statements of Blue Water International A/S for the financial year 1 January - 31 December 2023, which comprise income statement, Balance Sheet, statement of changes in equity, notes and 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 assets, liabilities and financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 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 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' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

#### 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 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 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 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.

## INDEPENDENT AUDITOR'S REPORT

- 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.

### Statement on Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover 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 Management Commentary and, in doing so, consider whether Management Commentary 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management Commentary is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management Commentary.

Esbjerg, 19 March 2024

BDO Statsautoriseret revisionsaktieselskab  
CVR no. 20 22 26 70

Jørn Jepsen  
State Authorised Public Accountant  
MNE no. mne24824

Peder Rene Pedersen  
State Authorised Public Accountant  
MNE no. mne23334

## MANAGEMENT COMMENTARY

### **Primary activities**

The company's activities comprise the possession of shares.

### **Description of material changes in activities and finances**

The company's income statement for the financial year 01.01.2023 - 31.12.2023 shows a profit before tax of DKK 86 million, and the company's balance sheet at 31.12.2023 shows a total of DKK 627 million and equity of DKK 358 million.

**INCOME STATEMENT 1 JANUARY - 31 DECEMBER**

	Note	2023 DKK '000	2022 DKK '000
<b>GROSS PROFIT/LOSS</b> .....		<b>-428</b>	<b>-151</b>
Income from investments in group enterprises and associates.....	2	85,893	63,547
Income from financial assets.....		4,906	352
Other financial income.....	3	11,988	4,468
Other financial expenses.....	4	-15,876	-8,997
<b>PROFIT/LOSS BEFORE TAX</b> .....		<b>86,483</b>	<b>59,219</b>
Tax on profit/loss for the year.....	5	572	-872
<b>PROFIT/LOSS FOR THE YEAR</b> .....		<b>87,055</b>	<b>58,347</b>
<b>PROPOSED DISTRIBUTION OF PROFIT</b>			
Allocation to reserve for net revaluation under the equity method.....		88,035	9,567
Retained earnings.....		-980	48,780
<b>TOTAL</b> .....		<b>87,055</b>	<b>58,347</b>



## BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2023 DKK '000	2022 DKK '000
Investments in subsidiaries.....		411,018	270,621
Investments in associates.....		28,687	26,700
Other investments.....		17,046	15,540
<b>Financial non-current assets.....</b>	<b>6</b>	<b>456,751</b>	<b>312,861</b>
<b>NON-CURRENT ASSETS.....</b>		<b>456,751</b>	<b>312,861</b>
Receivables from group enterprises.....		144,289	159,197
Receivables from associates.....		17,450	28,217
Other receivables.....		7,899	510
Corporation tax receivable.....		774	1,000
<b>Receivables.....</b>		<b>170,412</b>	<b>188,924</b>
<b>CURRENT ASSETS.....</b>		<b>170,412</b>	<b>188,924</b>
<b>ASSETS.....</b>		<b>627,163</b>	<b>501,785</b>

**BALANCE SHEET AT 31 DECEMBER**

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>2023</b> DKK '000	<b>2022</b> DKK '000
Contributed Capital.....		25,000	25,000
Reserve for net revaluation under the equity method.....		202,333	116,657
Retained earnings.....		130,988	131,968
<b>EQUITY.....</b>		<b>358,321</b>	<b>273,625</b>
Provisions for investments in group enterprises.....		12,481	8,915
Provisions for investments in associates.....		45	45
<b>PROVISIONS.....</b>		<b>12,526</b>	<b>8,960</b>
Payables to group enterprises.....		252,380	218,997
Corporation tax payable.....		341	0
Other payables.....		3,595	203
<b>Current liabilities.....</b>		<b>256,316</b>	<b>219,200</b>
<b>LIABILITIES.....</b>		<b>256,316</b>	<b>219,200</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>627,163</b>	<b>501,785</b>
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## EQUITY

	Share capital equity method	Reserve for net revaluation under the	Retained earnings	Total
Equity at 1 January 2023.....	25,000	116,657	131,968	273,625
Proposed profit allocation.....		88,035	-980	87,055
<b>Other legal bindings</b>				
Foreign exchange adjustments.....		-2,359		-2,359
<b>Equity at 31 December 2023 .....</b>	<b>25,000</b>	<b>202,333</b>	<b>130,988</b>	<b>358,321</b>

## NOTES

	2023 DKK '000	2022 DKK '000	Note
<b>Staff costs</b>			<b>1</b>
Number of full time employees	0	0	
<p>The Entity has no employees other than the Executive Board. The Executive Officer has not received any remuneration.</p>			
<b>Special items</b>			<b>2</b>
Subsidy from parent company.....	49,730	0	
Subsidy granted to group enterprise.....	-49,730	0	
	<b>0</b>	<b>0</b>	
<b>Other financial income</b>			<b>3</b>
Interest income from group enterprises.....	10,423	4,468	
Other interest income.....	1,565	0	
	<b>11,988</b>	<b>4,468</b>	
<b>Other financial expenses</b>			<b>4</b>
Interest expenses to group enterprises.....	15,067	6,610	
Other interest expenses.....	809	2,387	
	<b>15,876</b>	<b>8,997</b>	
<b>Tax on profit/loss for the year</b>			<b>5</b>
Calculated tax on taxable income of the year.....	-571	848	
Adjustment of tax in previous years.....	-1	24	
	<b>-572</b>	<b>872</b>	

## NOTES

Note

## Financial non-current assets

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	Investments in subsidiaries	Investments in associates	Other investments
Cost at 1 January 2023.....	139,120	3,016	23,655
Exchange rate adjustment.....	-962	0	0
Additions.....	63,464	0	0
Disposals.....	0	-200	794
<b>Cost at 31 December 2023.....</b>	<b>201,622</b>	<b>2,816</b>	<b>24,449</b>
Revaluation at 1 January 2023.....	131,501	23,684	0
Exchange rate adjustment.....	-1,448	52	0
Dividend.....	-1,351	-1,082	0
Profit/loss for the year.....	86,274	3,017	2,712
Revaluation and impairment losses for the year.....	-5,580	0	0
Revaluation disposals.....	0	200	0
<b>Revaluation at 31 December 2023.....</b>	<b>209,396</b>	<b>25,871</b>	<b>2,712</b>
Impairment losses at 1 January 2023.....	0	0	12,115
Impairment losses for the year.....	0	0	-2,000
<b>Impairment losses and amortisation of goodwill at 31 December 2023.....</b>	<b>0</b>	<b>0</b>	<b>10,115</b>
<b>Carrying amount at 31 December 2023.....</b>	<b>411,018</b>	<b>28,687</b>	<b>17,046</b>
Goodwill recognised during the financial year...	9,788	0	

NOTES

Note

**Fixed asset investments (continued)**  
**Investments in subsidiaries**

6

Name and domicil	Ownership
Blue Water Middle East A/S, Esbjerg,Denmark.....	100 %
Blue Water Shipping SARL, Lorient, France.....	100 %
Blue Water Shipping LLC, Moscow, Russia .....	99 %
Blue Water Shipping US Inc., New Jersey, USA.....	100 %
Blue Water Shipping do Brazil Ltda, São Paulo,Brazil.....	100 %
BWCNH ApS, Esbjerg,Denmark.....	100 %
Blue Water Shipping OY, Helsinki,Finland.....	100 %
Blue Water Shipping AS, Oslo, Norway.....	100 %
P/F Blue Water Shipping, Faroe Islands.....	100 %
Blue Water Shipping AB, Göteborg,Sweden.....	100 %
Blue Water Stevedoring A/S, Esbjerg,Denmark.....	100 %
Blue Water Greenland A/S, Sermersooq,Greenland.....	100 %
Blue Water Logistics UK Ltd., Manchester,United Kingdom.....	100 %
Blue Water Shipping B.V., Amsterdam,Netherlands.....	100 %
Blue Water Shipping ehf, Reykjavik,Iceland.....	100 %
Blue Water Transport PTY Ltd., Sydney,Australia.....	100 %
Blue Water Logistics A/S, Aarhus,Denmark.....	100 %
Blue Water Shipping España S.A, Barcelona,Spain.....	75 %
Blue Water Shipping UK Ltd., Manchester,United Kingdom.....	100 %
Blue Water Ireland Ltd., Dublin, Ireland.....	100 %
Blue Water Shipping Poland SP.Z.O.O , Warszawa,Poland.....	100 %
Blue water Shipping Portugal, Unipessoal Lda., Lisbon, Portugal.....	100 %
Blue Water International FZCO, Dubai, UnitedArab Emirates.....	100 %
Blue Water International Ltd. , Ho Chi Minh,Vietnam.....	100 %
Blue Water Shipping Trinidad & Tobago Ltd., Trinidad &Tobago.....	100 %
Blue Water Shipping Inc , Guyana.....	100 %
Blue Water Thyborøn A/S, Thyborøn,Denmark.....	70 %
Freightway International Ltd., Newfoundland,Canada.....	100 %
Blue Ocean Company for Shipping & Marine Services Ltd., Basrah, Iraq.....	100 %
Blue Water Shipping Lojistik A.S., Istanbul, Turkey.....	100 %
Blue Water Brasil SA, Rio de Janeiro,Brazil.....	100 %
Blue Water Shipping Italia S.R.L. , Milano, Italy.....	100 %
Blue Water Shipping Germany GmbH, Hamburg,Germany.....	100 %
Blue Water Shipping Middle East L.L.C, Dubai, UnitedArab Emirates.....	100 %
Blue Water Energy Services A/S, Esbjerg, Denmark.....	100 %
Blue Water Shipping Chile SpA, Chile.....	100 %
Blue Water Shipping (PNG) Limited, Papua New Guinea.....	100 %
Blue Water Energy Services A/S, Esbjerg, Denmark.....	100 %

**NOTES**

<b>Fixed asset investments (continued)</b>	<b>Note 6</b>
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**Investments in associates**

Name and domicil	Ownership
Esbjerg Marine Service K/S, Esbjerg, Denmark.....	31,70 %
Komplementarselskabet Esbjerg Marine Service ApS, Esbjerg, Denmark.....	33,30 %
Team Esbjerg Elite Håndbold A/S, Esbjerg, Denmark.....	33,30 %
Esbjerg Tubular Services ApS, Esbjerg, Denmark.....	50,00 %
Blue Water BREB GmbH, Cuxhaven, Germany.....	50,00 %

<b>Contingencies etc.</b>	<b>7</b>
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**Contingent liabilities**

	2023 DKK '000	2022 DKK '000
Contingent liabilities		
Recourse and non-recourse guarantee commitments.....	84,974	61,594
	<b>84,974</b>	<b>61,594</b>

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

**Charges and securities**

The entity has provided security for bank commitments in group affiliated companies. Bank commitment is DKK 168,1140k as of 31.12.2023.

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## NOTES

	Note
<b>Related parties</b>	<b>9</b>
<b>Controlling interest</b>	
The Company's related parties include: Blue Water Shipping A/S, Esbjerg (parent company) Blue Water Fonden, Esbjerg (ultimate parent)	
<b>Transactions with related parties</b>	
The Company has received a subsidy of DKK 49,730k in the financial year. The subsidy received was granted to cover a loss on receivables from group enterprises of DKK 49,730k.	
The Company has granted a subsidy of DKK 20,000k to group enterprises in the financial year.	
Exept for these transactions the Company did not carry out any material transactions that were not concluded on market conditions.	
<b>Information on significant uncertainties at recognition and measurement</b>	<b>10</b>
A group enterprise has recognised receivables totaling mDKK 26,9 from companies that are or have been owned by a former business partner. As a result of a disagreement with the former business partner, there is a significant uncertainty primarily related to the valuation of the receivables from a foreign company which, after restructuring, has been sold to a third party by the former business partner's group. Hereafter it has not been possible to obtain information on the placement of the funds.	
As a result of the uncertainty, the receivables have been recognised at mDKK 10,2. Information is being collected and it is expected that legal actions will be taken to collect the claim.	
<b>Group relations</b>	<b>11</b>
Name and registered office of the Parent preparing consolidated financial statements for the largest group: Blue Water Holding A/S, Esbjerg.	
Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Blue Water Holding A/S, Esbjerg.	



## ACCOUNTING POLICIES

The Annual Report of Blue Water International A/S for 2023 has been presented in accordance with the provisions of the Financial Statements Act for Danish enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

### Consolidated Financial Statements

Referring to section 112(2) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

## INCOME STATEMENT

### Other external expenses

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

### Income from investments in subsidiaries and associates

#### Income from investments in group enterprises

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

#### Income from investments in associates

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

### 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.

## Financial income and expenses

### 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, 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

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

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

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

## ACCOUNTING POLICIES

### BALANCE SHEET

#### Financial non-current assets

##### Investments in group enterprises

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

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

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

Goodwill is the positive difference between cost of investments and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 5 years. Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

##### Investments in associates

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

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

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

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

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

The combination method is applied when acquiring enterprises within the Group, where the combination is regarded as completed at the date of acquisition, and by using the carrying amounts of the assets and liabilities acquired.

The difference between the acquisition cost and carrying amounts is recognised directly in equity.

##### Receivables

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

##### Joint taxation contributions receivable or payable

## ACCOUNTING POLICIES

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

### Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

### Foreign currency translation

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

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.