
Øresundslinjen Helsingør ApS

Færgevej 8, DK-3000 Helsingør

Annual Report for 2024

CVR No. 33 26 00 40

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 23/5 2025

Jens Ole Gravlund
Hansen
Chairman of the
general meeting



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Management's statement

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Øresundslinjen Helsingør ApS for the financial year 1 January - 31 December 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2024 of the Company and of the results of the Company operations for 2024.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Helsingør, 23 May 2025

Executive Board

Jens Ole Gravlund Hansen

Board of Directors

Kristian Durhuus
Chairman

Catharina Helena Cecilia Althini

Søren Dag Sturm
Employee representative

Jesper Skarby Mikkelsen
Employee representative

Independent Auditor's report

To the shareholder of Øresundslinjen Helsingør ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Øresundslinjen Helsingør ApS for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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 (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.

Statement on 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, in our view, Management's Review 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 in Management's Review.

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.

Independent Auditor's report

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 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.

Aarhus C, 23 May 2025

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Thyge Belter

State Authorised Public Accountant

mne30222

Company information

The Company	<p>Øresundslinjen Helsingør ApS Færgevej 8 DK-3000 Helsingør</p> <p>Telephone: + 45 3315 1515 Email: Info@forsea.com Website: www.oresundslinjen.dk</p> <p>CVR No: 33 26 00 40 Financial period: 1 January - 31 December Municipality of reg. office: Helsingør</p>
Board of Directors	<p>Kristian Durhuus, chairman Catharina Helena Cecilia Althini Søren Dag Sturm, employee representative Jesper Skarby Mikkelsen, employee representative</p>
Executive Board	<p>Jens Ole Gravlund Hansen</p>
Auditors	<p>PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1 DK-8000 Aarhus C</p>

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2024	2023	2022	2021	2020
	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK
Key figures					
Profit/loss					
Revenue	486	500	485	380	329
Gross profit	291	279	296	194	178
Profit/loss of financial income and expenses	-10	2	-31	-9	3
Net profit/loss for the year	109	110	106	51	48
Balance sheet					
Balance sheet total	751	735	742	668	740
Investment in property, plant and equipment	73	77	4	29	8
Equity	647	647	637	488	485
Number of employees	276	268	270	199	220
Ratios					
Gross margin	59.9%	55.8%	61.0%	51.1%	54.1%
Profit margin	24.5%	22.8%	29.3%	16.6%	14.9%
Return on assets	15.8%	15.5%	19.1%	9.4%	6.6%
Solvency ratio	86.2%	88.0%	85.8%	73.1%	65.5%
Return on equity	16.8%	17.1%	18.8%	10.5%	9.6%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's review

Key activities

The company's activities are to operate Ro-Ro ferries on the route Helsingør – Helsingborg in cooperation with other Group Companies in Denmark and Sweden, owned by the parent company Forsea AB in Helsingborg. The ferry route is an important part of the Regional and European infrastructure for transportation of goods and people for business and pleasure.

In September 2024 one of the ferries, Mercandia VIII was sold to Greek shipping company. Reducing the total fleet for the route from five ferries to four ferries.

Development in the year

The income statement of the Company for 2024 shows a profit of TDKK 109,209, and at 31 December 2023 the balance sheet of the Company shows a positive equity of TDKK 646,685.

The past year and follow-up on development expectations from last year

During 2024 appr. 6.1 mill. passengers, 1.0 mill. passenger cars and 8.900 buses travelled the route. Compared to 2023 this is a decrease of -1% in numbers of passengers and numbers of cars in line with last year. The number of lorries transported decreased during 2024 by -4% adding up to appr. 394.000 units. The earnings for 2024 in comparison to 2023 is satisfactory and in line with the management's expectations.

Operating risks

Risk and uncertainty in the company's operations

The company's operations depend highly on reliability in the fleet. Damage to the vessels due to accidents or mechanical problems can be costly. The company therefore invests considerable resources in keeping the vessels in very good condition. To minimize costs caused by this type of problem, comprehensive marine insurances are in place.

Risk and uncertainty in the industry

The company's main customers are in the transport sector. The demand for transport depends on the business cycle, the underlying demand for companies' products and competition from other alternatives.

Passenger traffic is sensitive to business cycles and the outside world, but also subject to competition from other travel alternatives.

Market risks

The external factors that have the greatest impact on the company are issues concerning the regulation of trade and import regulations in the EU and other countries in northern Europe and the development of energy prices.

Management evaluates that no particular risks are related to recognition and measurement in connection with the presentation of the annual report.

Targets and expectations for the year ahead

According to the financial statement for 2023 management expected that the result of 2024 would be better than in 2023. The net profit is smaller than expected due to unfavorable net financials compared to 2023 and decrease in revenues than expected due to low volumes in the freight and car segments.

The company will continue its primary activities and expect higher travel volumes in 2024, thus a revenue in the range of DKK 500-510 million and a net result in the range of DKK 120-130 million is expected for 2025.

External environment

Management's review

Statement of corporate social responsibility

Corporate social responsibility is an integral part of the business strategy in Øresundslinjen Helsingør ApS. The company has a desire to act responsibly in relation to customers, employees, business partners and the outside world.

Øresundslinjen Helsingør ApS has not prepared an independent corporate social responsibility statement, as the parent company Nordic Ferry Infrastructure AS (Norway) has prepared a corporate social responsibility statement for the group, which is included in the Nordic Ferry Infrastructure AS Annual Report for 2024. The annual report is available at the following link:
https://cdn.molslinjen.dk/ggwf04jj/nfi_annualreport_2024.pdf

Statement on gender composition

Statement on data ethics

Øresundslinjen Helsingør ApS has a Data ethics policy, that constitute the framework for all work and procedures to ensure compliance with laws on General Data Protection Regulation Services (GDPR). The policy stipulates the responsibilities of Øresundslinjen Helsingør ApS with regards to use and saving of personal information. Personal information is of great importance to Øresundslinjen Helsingør ApS to be able to provide a relevant and high-quality service to our guests, but it is equally important that any customer, employee or other affected person feels safe and secure and that their personal rights are not being infringed. Øresundslinjen Helsingør ApS does not sell or share any personal data to non-relevant third-part. Personal data of employees and customers are secured and protected via support systems and strict procedures that are implemented within the entire organisation.

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Unusual events

The financial position at 31 December 2024 of the Company and the results of the activities and cash flows of the Company for the financial year for 2024 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	2024	2023
		TDKK	TDKK
Revenue	2	485,919	500,351
Other operating income	3	1,122	3,012
Other external expenses		-196,503	-224,160
Gross profit		290,538	279,203
Staff expenses	4	-123,586	-122,112
Depreciation and impairment losses of property, plant and equipment	5	-45,623	-38,994
Other operating expenses		-2,023	-4,478
Profit/loss before financial income and expenses		119,306	113,619
Financial income	6	12,606	2,766
Financial expenses	7	-22,136	-529
Profit/loss before tax		109,776	115,856
Tax on profit/loss for the year	8	-567	-5,398
Net profit/loss for the year	9	109,209	110,458

Balance sheet 31 December

Assets

	Note	2024	2023
		TDKK	TDKK
Acquired licenses		1,818	3,251
Intangible assets	10	1,818	3,251
Land and buildings		35,406	37,738
Other fixtures and fittings, tools and equipment		151,488	129,347
Vessels		121,434	172,039
Property, plant and equipment in progress		63,881	13,358
Property, plant and equipment	11	372,209	352,482
Fixed assets		374,027	355,733
Inventories	12	234	606
Trade receivables		23,918	33,220
Receivables from group enterprises		284,967	292,568
Other receivables		0	84
Prepayments	13	3,261	2,662
Receivables		312,146	328,534
Cash at bank and in hand		64,113	50,570
Current assets		376,493	379,710
Assets		750,520	735,443

Balance sheet 31 December

Liabilities and equity

	Note	2024	2023
		TDKK	TDKK
Share capital		40,100	40,100
Retained earnings		496,585	497,376
Proposed dividend for the year		110,000	110,000
Equity		646,685	647,476
Trade payables		43,294	24,481
Payables to group enterprises		0	4,790
Corporation tax		5,821	9,991
Other payables		21,031	15,004
Deferred income	14	33,689	33,701
Short-term debt		103,835	87,967
Debt		103,835	87,967
Liabilities and equity		750,520	735,443
Subsequent events	1		
Contingent assets, liabilities and other financial obligations	15		
Related parties	16		
Fee to auditors appointed at the general meeting	17		
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Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	40,100	497,376	110,000	647,476
Ordinary dividend paid	0	0	-110,000	-110,000
Net profit/loss for the year	0	-791	110,000	109,209
Equity at 31 December	40,100	496,585	110,000	646,685

The share capital consists of 40,100 shares of a nominal value of TDKK 1,000. No shares carry any special rights.

Notes to the Financial Statements

1. Subsequent events

No significant subsequent events have occurred.

2. Revenue

Geographical segments

Revenue, Denmark

	<u>2024</u>	<u>2023</u>
	TDKK	TDKK
	485,919	500,351
	<u>485,919</u>	<u>500,351</u>

Business segments

Ferry transport

Shops and catering on board

	358,858	357,770
	127,061	142,581
	<u>485,919</u>	<u>500,351</u>

The activity is solely related to the ferry activities till and from Helsingør in Denmark

3. Other operating income

Rental income

Other income

	<u>2024</u>	<u>2023</u>
	TDKK	TDKK
	1,122	1,173
	0	1,839
	<u>1,122</u>	<u>3,012</u>

Notes to the Financial Statements

	2024	2023
	TDKK	TDKK
4. Staff expenses		
Wages and salaries	103,638	103,906
Pensions	14,090	12,499
Other social security expenses	2,127	2,883
Other staff expenses	3,731	2,824
	<u>123,586</u>	<u>122,112</u>
Including remuneration to the Executive Board and Board of Directors		
	<u>4,023</u>	<u>3,426</u>
Average number of employees	<u>276</u>	<u>292</u>
	2024	2023
	TDKK	TDKK
5. Depreciation and impairment losses of property, plant and equipment		
Depreciation of property, plant and equipment	45,623	38,994
	<u>45,623</u>	<u>38,994</u>
	2024	2023
	TDKK	TDKK
6. Financial income		
Interest received from group enterprises	10,610	638
Other financial income	1,964	1,519
Exchange adjustments	32	609
	<u>12,606</u>	<u>2,766</u>
	2024	2023
	TDKK	TDKK
7. Financial expenses		
Other financial expenses	3	2
Exchange adjustments, expenses	22,133	527
	<u>22,136</u>	<u>529</u>

Notes to the Financial Statements

	2024	2023
	TDKK	TDKK
8. Income tax expense		
Current tax for the year	5,821	5,440
Adjustment of tax concerning previous years	-5,254	-42
	<u>567</u>	<u>5,398</u>

The company has elected to participate in the Danish tonnage tax system which covers the major part of the activities performed by the company. Tonnage tax is a fixed amount which is not based on the actual earnings in the company. Certain services related to sale on board do not fall under the Tonnage tax system and are therefore subject to ordinary income tax based on the income derived from these activities.

	2024	2023
	TDKK	TDKK
9. Profit allocation		
Proposed dividend for the year	110,000	110,000
Retained earnings	-791	458
	<u>109,209</u>	<u>110,458</u>

10. Intangible fixed assets

	Acquired licenses
	TDKK
Cost at 1 January	12,407
Additions for the year	396
Cost at 31 December	<u>12,803</u>
Impairment losses and amortisation at 1 January	9,156
Impairment and amortisation of sold assets for the year	1,829
Impairment losses and amortisation at 31 December	<u>10,985</u>
Carrying amount at 31 December	<u>1,818</u>
Amortised over	<u>3-7 years</u>

Notes to the Financial Statements

11. Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment	Vessels	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	125,452	264,744	777,948	13,358
Additions for the year	0	5,957	16,893	50,523
Disposals for the year	0	0	-30,601	0
Transfers for the year	0	28,026	-28,026	0
Cost at 31 December	125,452	298,727	736,214	63,881
Impairment losses and depreciation at 1 January	87,714	139,164	605,909	0
Depreciation for the year	2,332	11,842	35,166	0
Reversal of impairment and depreciation of sold assets	0	0	-22,528	0
Transfers for the year	0	-3,767	-3,767	0
Impairment losses and depreciation at 31 December	90,046	147,239	614,780	0
Carrying amount at 31 December	35,406	151,488	121,434	63,881
Amortised over	5-50 years	4-50 years	2-30 years	-

2024

TDKK

2023

TDKK

12. Inventories

Finished goods and goods for resale	234	606
	234	606

13. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

14. Deferred income

Deferred income consists of grants and payments received in respect of income in subsequent years.

Notes to the Financial Statements

	<u>2024</u>	<u>2023</u>
	TDKK	TDKK
15. Contingent assets, liabilities and other financial obligations		
Charges and security		
The following assets have been placed as security with mortgage credit institutes:		
Vessel	121,434	172,039
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	10,665	22,755
Between 1 and 5 years	42,074	42,687
After 5 years	0	10,051
	<u>52,739</u>	<u>75,493</u>

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

16. Related parties and disclosure of consolidated financial statements

Basis

Related parties

Øresundslinjen Helsingør ApS immediate parent undertaking is Öresundslinjen AB. EQT Infrastructure V Fund, an investment fund managed by Nordic Ferry Infrastructure AS is considered the ultimate parent undertaking.

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Øresundslinjen AB
Bredgatan 5
Helsingborg
Sweden

Consolidated Financial Statements

The Company is included in the consolidated report for the parent company

Name	Place of registered office
Hati Holdco AS	Havnegata 40, Brønnøy, Norway
Nordic Ferry Infrastructure AS	Havnegata 40, Brønnøy, Norway

The Group Annual Report of Hati Holdco AS may be obtained at the following address:
Havnegata 40,
8900 BRØNNØYSUND
Brønnøy, Norway

The Group Annual Report of Nordic Ferry Infrastructure AS may be obtained at the following address:
Havnegata 40,
8900 BRØNNØYSUND
Brønnøy, Norway

2024	2023
TDKK	TDKK

17. Fee to auditors appointed at the general meeting

In accordance with the Danish Financial Statements Act section 96, paragraph 3, fees to statutory auditors is not disclosed as the information is disclosed in the Annual Report for the Nordic Ferry Infrastructure AS, in which the Company is fully consolidated.

Notes to the Financial Statements

18. Accounting policies

The Annual Report of Øresundslinjen Helsingør ApS for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2024 are presented in TDKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Nordic Ferry Infrastructure AS, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

Information on business segments based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income primarily consists of rental income and gain from disposals of assets. Other operating expenses primarily consists of losses from disposals of assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with other Danish group companies. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance sheet

Intangible fixed assets

Software acquired is measured at cost less accumulated amortisation. Software is amortised on a straight-line basis over its useful life, which is assessed at 7 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Notes to the Financial Statements

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Land and buildings	5 - 50 years
Other fixtures and fittings, tools and equipment	4 -50 years
Vessels	2 - 30 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Notes to the Financial Statements

Financial liabilities

Loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Financial Highlights

Explanation of financial ratios

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit/loss of primary operations} \times 100 / \text{Revenue}$
Return on assets	$\text{Profit/loss of primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$