
NCT Offshore A/S

Middelfartvej 228, DK-5200 Odense V

Annual Report for 2024

CVR No. 37 47 45 92

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 29/1 2025

Paw Cortes
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of NCT Offshore A/S for the financial year 1 January - 31 December 2024.

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 and cash flows for 2024.

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

Odense V, 29 January 2025

Executive Board

Paw Cortes
Manager

Board of Directors

Poul Henrik Schou
Chairman

Søren Bach Hartvigsen

Paw Cortes

Independent Auditor's report

To the shareholder of NCT Offshore A/S

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 and cash flows for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of NCT Offshore A/S for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement 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.
- Plan and perform the audit to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the Financial Statements. We are responsible for the direction, supervision and review of the audit work performed. We remain solely responsible for our audit opinion.

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.

Independent Auditor's report

Odense, 29 January 2025

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Brian Petersen

State Authorised Public Accountant

mne33722

Company information

The Company	NCT Offshore A/S Middelfartvej 228 DK-5200 Odense V CVR No: 37 47 45 92 Financial period: 1 January - 31 December Municipality of reg. office: Odense
Board of Directors	Poul Henrik Schou, chairman Søren Bach Hartvigsen Paw Cortes
Executive Board	Paw Cortes
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Munkebjergvænget 1, 3. og 4. sal DK-5230 Odense M

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
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit	178,768	135,978	66,307	40,622	42,826
Profit/loss of primary operations	120,584	80,656	30,633	16,632	14,096
Profit/loss of financial income and expenses	-8,968	-5,266	-4,997	-648	-582
Net profit/loss for the year	110,074	76,000	25,636	17,131	17,500
Balance sheet					
Balance sheet total	1,089,627	639,718	331,269	91,230	89,150
Equity	317,865	212,791	141,791	71,922	59,791
Number of employees	64	56	28	5	5
Ratios					
Return on assets	11.1%	12.6%	9.2%	18.2%	15.8%
Solvency ratio	29.2%	33.3%	42.8%	78.8%	67.1%
Return on equity	41.5%	42.9%	24.0%	26.0%	27.5%
Current ratio	58.8%	84.7%	117.7%	417.3%	208.1%

Management's review

Key activities

The Company's key activities include operating a shipping business and providing offshore services to the renewable energy sector, as well as the global maritime and offshore industries.

Development in the year

The income statement of the Company for 2024 shows a profit of TDKK 110,074, and at 31 December 2024 the balance sheet of the Company shows a positive equity of TDKK 317,865.

The company assesses the year's result as satisfactory.

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

The company anticipated continued growth in 2024, with a projected profit of between 90-110 million. Management is pleased to report that these expectations have been successfully met.

At the beginning of the year, the company made a strategic sale of MV FREJA, a vessel that had been part of the fleet since 2016 and had significantly contributed to the company's development. Meanwhile, the other vessel in operation, MV COCO, achieved a satisfactory utilization rate of 82%. Both contribution significantly to the financial result in 2024.

In late 2024, the company took delivery of the innovative cable-laying vessel, CLV FREJA. By the end of the year, the vessel was undergoing final preparations for completion before transiting to Taiwan in mid-January to commence array cable work in the renewable industry.

Foreign exchange risks

The company has minimal currency risks as the majority of foreign trades takes place in EUR.

Interest rate risks

As of the reporting date, 13% of the company's loans carry variable interest rates, exposing the company to potential cost increases if market interest rates rise. The remaining 87% are fixed-rate loans, minimizing overall exposure.

To mitigate this risk, the company monitors market trends and uses hedging instruments where appropriate. A 1% increase in interest rates would have a limited impact on overall financial expenses due to the predominance of fixed-rate debt.

Targets and expectations for the year ahead

The company expects continued growth in 2025 and expects a profit between DKK 100-130 million.

External environment

In recent years the global demand for renewable energy infrastructure has continued to rise, driven by ambitious sustainability targets and government incentives for green energy projects. Recognizing this trend, the company has strategically entered the offshore renewable energy business with the delivery of a new cable-laying vessel, CLV FREJA, specifically designed for this growing market.

The company's activities impact the environment primarily through fuel consumption by its vessels. During the fiscal year, the company took delivery of CLV FREJA which is specifically designed to significantly reduce fuel usage and emissions, reflecting the company's commitment to sustainability and cleaner operations.

Uncertainty relating to recognition and measurement

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

Management's review

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.

Income statement 1 January - 31 December

	Note	2024	2023
		TDKK	TDKK
Gross profit	1	178,768	135,978
Staff expenses	2	-47,983	-35,149
Depreciation and impairment losses of property, plant and equipment		-10,201	-20,173
Profit/loss before financial income and expenses		120,584	80,656
Financial income		554	3,711
Financial expenses	3	-9,522	-8,977
Profit/loss before tax		111,616	75,390
Tax on profit/loss for the year	4	-1,542	610
Net profit/loss for the year	5	110,074	76,000

Balance sheet 31 December

Assets

	Note	2024	2023
		TDKK	TDKK
Other fixtures and fittings, tools and equipment		1,339	224
Vessels		209,565	282,755
Leasehold improvements		2,153	2,330
Property, plant and equipment in progress		782,419	294,334
Property, plant and equipment	6	995,476	579,643
Fixed assets		995,476	579,643
Finished goods and goods for resale		1,802	867
Inventories		1,802	867
Trade receivables		3,793	35,424
Other receivables		843	10,099
Corporation tax receivable from group enterprises		0	610
Prepayments	7	376	0
Receivables		5,012	46,133
Cash at bank and in hand		87,337	13,075
Current assets		94,151	60,075
Assets		1,089,627	639,718

Balance sheet 31 December

Liabilities and equity

	Note	2024	2023
		TDKK	TDKK
Share capital		500	500
Revaluation reserve		25,918	50,486
Retained earnings		286,447	156,805
Proposed dividend for the year		5,000	5,000
Equity		317,865	212,791
Subordinate loan capital		39,000	59,000
Credit institutions		572,628	297,022
Long-term debt	8	611,628	356,022
Credit institutions	8	122,002	24,316
Trade payables		28,636	6,893
Contract work in progress		0	3,780
Payables to group enterprises		413	149
Other payables		8,191	6,825
Deferred income	9	892	28,942
Short-term debt		160,134	70,905
Debt		771,762	426,927
Liabilities and equity		1,089,627	639,718
Contingent assets, liabilities and other financial obligations	12		
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Statement of changes in equity

	Share capital	Revaluation reserve	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	500	50,486	156,805	5,000	212,791
Ordinary dividend paid	0	0	0	-5,000	-5,000
Depreciation, amortisation and impairment for the year	0	-24,568	24,568	0	0
Net profit/loss for the year	0	0	105,074	5,000	110,074
Equity at 31 December	500	25,918	286,447	5,000	317,865

Cash flow statement 1 January - 31 December

	Note	2024	2023
		TDKK	TDKK
Result of the year		110,074	76,000
Adjustments	10	-20,502	24,829
Change in working capital	11	10,356	17,526
Cash flow from operations before financial items		99,928	118,355
Financial income		554	3,711
Financial expenses		-9,522	-8,977
Cash flows from ordinary activities		90,960	113,089
Corporation tax paid		-1,542	0
Cash flows from operating activities		89,418	113,089
Purchase of property, plant and equipment		-489,706	-310,157
Sale of property, plant and equipment		125,384	188
Cash flows from investing activities		-364,322	-309,969
Repayment of loans from credit institutions		-229,645	-14,372
Repayment of payables to group enterprises		-19,126	0
Raising of loans from credit institutions		602,937	207,040
Raising of payables to group enterprises		0	6,380
Dividend paid		-5,000	0
Cash flows from financing activities		349,166	199,048
Change in cash and cash equivalents		74,262	2,168
Cash and cash equivalents at 1 January		13,075	10,907
Cash and cash equivalents at 31 December		87,337	13,075
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		87,337	13,075
Cash and cash equivalents at 31 December		87,337	13,075

Notes to the Financial Statements

	2024	2023
	TDKK	TDKK
1. Special items		
Income, reservation fees	28,867	0
Profit from sale of ship	41,129	0
	<u>69,996</u>	<u>0</u>
	2024	2023
	TDKK	TDKK
2. Staff expenses		
Wages and salaries	41,339	30,566
Pensions	4,542	3,081
Other social security expenses	547	456
Other staff expenses	1,555	1,046
	<u>47,983</u>	<u>35,149</u>
Including remuneration to the Executive Board and Board of Directors	<u>1,953</u>	<u>1,268</u>
Average number of employees	<u>64</u>	<u>56</u>
	2024	2023
	TDKK	TDKK
3. Financial expenses		
Interest paid to group enterprises	4,006	3,645
Other financial expenses	5,516	5,332
	<u>9,522</u>	<u>8,977</u>
	2024	2023
	TDKK	TDKK
4. Income tax expense		
Current tax for the year	1,542	-610
	<u>1,542</u>	<u>-610</u>

Notes to the Financial Statements

	2024	2023		
	TDKK	TDKK		
5. Profit allocation				
Proposed dividend for the year	5,000	5,000		
Retained earnings	105,074	71,000		
	110,074	76,000		
6. Property, plant and equipment				
	Other fixtures and fittings, tools and equipment	Vessels	Leasehold improve- ments	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	770	301,773	2,491	294,334
Additions for the year	1,278	20,499	343	488,085
Disposals for the year	-38	-122,622	0	0
Cost at 31 December	2,010	199,650	2,834	782,419
Revaluations at 1 January	0	54,233	0	0
Reversal for the year of revaluations of assets sold	0	-26,011	0	0
Revaluations at 31 December	0	28,222	0	0
Impairment losses and depreciation at 1 January	546	73,251	161	0
Depreciation for the year	163	9,518	520	0
Reversal of impairment and depreciation of sold assets	-38	-64,462	0	0
Impairment losses and depreciation at 31 December	671	18,307	681	0
Carrying amount at 31 December	1,339	209,565	2,153	782,419
Revaluation less amortisation, depreciation and impairment losses	0	25,918	0	0
Carrying amount at 31 December before revaluations	1,339	183,647	2,153	782,419
Interest expenses recognised as part of cost	0	0	0	16,645

Notes to the Financial Statements

7. Prepayments

Prepayments consists of prepaid expenses in relation to a project.

	<u>2024</u>	<u>2023</u>
	TDKK	TDKK

8. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Subordinate loan capital

After 5 years	0	0
Between 1 and 5 years	39,000	59,000
Long-term part	39,000	59,000
Within 1 year	0	0
	<u>39,000</u>	<u>59,000</u>

Credit institutions

After 5 years	315,931	47,823
Between 1 and 5 years	256,697	249,199
Long-term part	572,628	297,022
Within 1 year	121,241	23,901
Other short-term debt to credit institutions	761	415
	<u>694,630</u>	<u>321,338</u>

9. Deferred income

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

Notes to the Financial Statements

	2024	2023
	TDKK	TDKK
10. Cash flow statement - Adjustments		
Financial income	-554	-3,711
Financial expenses	9,522	8,977
Depreciation, amortisation and impairment losses, including losses and gains on sales	-31,012	20,173
Tax on profit/loss for the year	1,542	-610
	<u>-20,502</u>	<u>24,829</u>
	2024	2023
	TDKK	TDKK
11. Cash flow statement - Change in working capital		
Change in inventories	-935	-389
Change in receivables	20,012	-15,476
Change in trade payables, etc	-8,721	33,391
	<u>10,356</u>	<u>17,526</u>
	2024	2023
	TDKK	TDKK
12. Contingent assets, liabilities and other financial obligations		
Charges and security		
The following assets have been placed as security with bankers:		
Mortgage deeds totalling kDKK 729,828, providing security in the ships FREJA and COCO at a total carrying amount of	991,983	282,755
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	722	446
Between 1 and 5 years	2,998	2,741
After 5 years	834	1,549
	<u>4,554</u>	<u>4,736</u>

Notes to the Financial Statements

2024	2023
TDKK	TDKK

12. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of PC Offshore ApS, which is the management company of the joint taxation purposes. 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.

13. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
Controlling interest	
PC Offshore ApS	Voting majority

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.

No transactions have been made during the year, which have not been on market conditions.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

<u>Name</u>	<u>Place of registered office</u>
PC Offshore ApS	Morud

Notes to the Financial Statements

14. Accounting policies

The Annual Report of NCT Offshore A/S for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2024 are presented in TDKK.

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.

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.

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.

Other external expenses

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

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, work on own account recognised in assets, other operating income and other external expenses.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

Financial income and expenses

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

Notes to the Financial Statements

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred 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 group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

The Company applies the Danish tonnage tax scheme.

Balance sheet

Property, plant and equipment

On acquisition ships are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed assets comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components and suppliers up until the time when the asset is ready for use.

After the initial recognition ships are subject to yearly revaluations.

The estimates applied are based on historical information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material. The assumptions applied are disclosed in the notes.

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

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

Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5-20 years
Ships	10-25 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of 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 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.

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.

Notes to the Financial Statements

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

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.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

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.

Financial liabilities

Loans, such as loans from credit institutions, 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.

Notes to the Financial Statements

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.

Cash Flow Statement

The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand" and "Overdraft facilities".

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

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	$\text{Net profit for the year} \times 100 / \text{Average equity}$
	$\text{Current assets} \times 100 / \text{Short-term debt}$