

Danish Marine Service ApS

Karetmagervej 1, 9490 Pandrup

Company reg. no. 31 57 82 56

Annual report

1 January - 31 December 2024

The annual report was submitted and approved by the general meeting on the 11 April 2025.

Matthias Tietjen
Chairman of the meeting

Contents

	<u>Page</u>
Reports	
Management's statement	1
The independent practitioner's report	2
Management's review	
Company information	4
Management's review	5
Financial statements 1 January - 31 December 2024	
Income statement	6
Balance sheet	7
Notes	9
Accounting policies	14

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Managing Director has approved the annual report of Danish Marine Service ApS for the financial year 1 January - 31 December 2024.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

I consider the chosen accounting policy to be appropriate, and in my 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.

Further, in my opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Pandrup, 11 April 2025

Managing Director

Matthias Tietjen
Director

The independent practitioner's report

To the Shareholders of Danish Marine Service ApS

Conclusion

We have performed an extended review of the financial statements of Danish Marine Service ApS for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, notes and a summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

Based on the work performed, in our opinion, the financial statements give a true and fair view of the Company's financial position 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.

Basis for conclusion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Practitioner's responsibilities for the extended review 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 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.

Practitioner's responsibilities for the extended review of the Financial Statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the financial statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.

The independent practitioner's report

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the financial statements.

Statement on the Management's Review

Management is responsible for the Management's Review.

Our conclusion on the financial statements does not cover the Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the financial statements, our responsibility is to read the Management's Review and, in doing so, consider whether the Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the extended review, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 the Management's Review.

Aalborg, 11 April 2025

Redmark

Godkendt Revisionspartnerselskab
Company reg. no. 29 44 27 89

Marian Fruergaard
State Authorised Public Accountant
mne24699

Michael Vestergaard Jensen
State Authorised Public Accountant
mne50619

Company information

The company	Danish Marine Service ApS Karetmagervej 1 9490 Pandrup
	Phone +4570271000
	Fax +4570271001
	Web site www.sbs-international.com
	Company reg. no. 31 57 82 56
	Established: 1 June 2008
	Domicile: Pandrup
	Financial year: 1 January - 31 December
Managing Director	Matthias Tietjen, Director
Auditors	Redmark Godkendt Revisionspartnerselskab Hasseris Bymidte 6 9000 Aalborg
Parent company	Saacke Beteiligungs GmbH

Management's review

Description of key activities of the company

The activities of the group are sales, service and repair within the maritime business sector.

Significant changes in the company's activities and financial matters

Year 2024, the global marine industry saw a mixed bag of challenges and opportunities, with global maritime trade growing by 2.4% to 12.3 billion tons, rebounding from a 2022 contraction, but the recovery remains fragile.

Key chokepoints like the Suez and Panama Canals are increasingly vulnerable to geopolitical tensions, conflicts, and climate change. These disruptions are extending shipping routes, straining supply chains and raising costs with profound impacts on food security, energy supplies, and global economy.

Despite these challenges, the Company managed to maintain profitability. The Company Gross Profit was DKK 3.380.000, compared to DKK 3.724.000 last year. The results after tax for the year were profits of DKK 2.159.000, against a loss of DKK 677.000 last year.

The significant improvement in the Company result for the year 2024 was driven by saving in overhead costs, gains from the sales of property and increased income from subsidiaries.

The development

The transfer of business operation in Denmark to various Saacke entities in Croatia was completed in 2024.

Additionally, SBS International Aps and Scandinavian Boiler Service A/S were dissolved and merged with Danish Marine Service ApS.

This merger will continue with SAACKE Beteiligungs GmbH in 2025

With this restructuring, the management believes the group can benefit from savings on common resources and streamline operations by simplifying the business structure.

By restructuring and grouping people together in new ways, we aim to enhance efficiency, collaboration and communication, leading to innovative solutions and new business opportunities.

Hence, management remains optimistic about after-sales service business in the marine sector.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2024</u>	<u>2023</u>
Gross profit	3.379.691	3.723.965
1 Staff costs	-2.219.308	-4.727.271
Depreciation and impairment of property, plant, and equipment	-31.848	-108.951
Profit before net financials	1.128.535	-1.112.257
Income from investments in subsidiaries	2.215.310	1.632.482
Other financial income	176.263	32.615
2 Other financial expenses	-1.162.524	-1.113.289
Pre-tax net profit or loss	2.357.584	-560.449
Tax on ordinary results	-198.941	-116.524
Net profit or loss for the year	2.158.643	-676.973
Proposed distribution of net profit:		
Reserves for net revaluation according to the equity method	1.832.847	0
Transferred to retained earnings	325.796	0
Allocated from retained earnings	0	-676.973
Total allocations and transfers	2.158.643	-676.973

Balance sheet at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2024</u>	<u>2023</u>
Non-current assets		
3 Property	0	1.744.468
4 Plant and machinery	0	38.116
5 Other fixtures and fittings, tools and equipment	7.195	16.496
Total property, plant, and equipment	<u>7.195</u>	<u>1.799.080</u>
6 Investments in group enterprises	38.290.319	35.821.804
Total investments	<u>38.290.319</u>	<u>35.821.804</u>
Total non-current assets	<u>38.297.514</u>	<u>37.620.884</u>
Current assets		
Raw materials and consumables	<u>0</u>	<u>1.236.101</u>
Total inventories	<u>0</u>	<u>1.236.101</u>
Trade debtors	32.325	3.162.232
Receivables from group enterprises	2.907.319	272.780
Other debtors	55.984	436.134
Prepayments	53.517	0
Total receivables	<u>3.049.145</u>	<u>3.871.146</u>
Cash and cash equivalents	<u>3.987.485</u>	<u>1.361.142</u>
Total current assets	<u>7.036.630</u>	<u>6.468.389</u>
Total assets	<u>45.334.144</u>	<u>44.089.273</u>

Balance sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2024</u>	<u>2023</u>
Equity and liabilities		
Equity		
7 Contributed capital	127.000	127.000
Reserve for net revaluation according to the equity method	9.474.986	7.642.112
8 Reserve for foreign currency translation	1.713.351	1.077.678
9 Retained earnings	2.003.096	1.677.300
Total equity	13.318.433	10.524.090
Provisions		
Other provisions	0	382.465
Total provisions	0	382.465
Liabilities other than provisions		
Bank debts	0	1.005.192
10 Payables to subsidiaries	29.491.065	28.432.644
Total long term liabilities other than provisions	29.491.065	29.437.836
Trade creditors	40.341	1.604.674
Payables to subsidiaries	1.531.285	553.743
Other payables	953.020	1.586.465
Total short term liabilities other than provisions	2.524.646	3.744.882
Total liabilities other than provisions	32.015.711	33.182.718
Total equity and liabilities	45.334.144	44.089.273
11 Charges and security		
12 Contingencies		

Notes

All amounts in DKK.

	<u>2024</u>	<u>2023</u>
1. Staff costs		
Salaries and wages	2.047.776	4.078.259
Pension costs	164.635	528.073
Other costs for social security	6.897	120.939
	<u>2.219.308</u>	<u>4.727.271</u>
Average number of employees	<u>3</u>	<u>6</u>
2. Other financial expenses		
Financial costs, group enterprises	1.025.573	965.125
Other financial costs	136.951	148.164
	<u>1.162.524</u>	<u>1.113.289</u>
	<u>31/12 2024</u>	<u>31/12 2023</u>
3. Property		
Cost 1 January 2024	2.213.749	2.213.749
Disposals during the year	-2.213.749	0
Cost 31 December 2024	<u>0</u>	<u>2.213.749</u>
Depreciation and writedown 1 January 2024	-469.281	-391.656
Depreciation and writedown for the year	0	-77.625
Depreciation and writedown, assets disposed of	469.281	0
Depreciation and writedown 31 December 2024	<u>0</u>	<u>-469.281</u>
Carrying amount, 31 December 2024	<u>0</u>	<u>1.744.468</u>

Notes

All amounts in DKK.

	<u>31/12 2024</u>	<u>31/12 2023</u>
4. Plant and machinery		
Cost 1 January 2024	51.669	0
Additions during the year	0	90.542
Disposals during the year	<u>-51.669</u>	<u>-38.873</u>
Cost 31 December 2024	<u>0</u>	<u>51.669</u>
Depreciation and writedown 1 January 2024	-13.553	0
Depreciation and writedown for the year	0	-24.154
Depreciation and writedown, assets disposed of	<u>13.553</u>	<u>10.601</u>
Depreciation and writedown 31 December 2024	<u>0</u>	<u>-13.553</u>
Carrying amount, 31 December 2024	<u>0</u>	<u>38.116</u>
5. Other fixtures and fittings, tools and equipment		
Cost 1 January 2024	146.693	135.736
Additions during the year	<u>0</u>	<u>10.957</u>
Cost 31 December 2024	<u>146.693</u>	<u>146.693</u>
Depreciation and writedown 1 January 2024	-130.197	-123.025
Depreciation and writedown for the year	<u>-9.301</u>	<u>-7.172</u>
Depreciation and writedown 31 December 2024	<u>-139.498</u>	<u>-130.197</u>
Carrying amount, 31 December 2024	<u>7.195</u>	<u>16.496</u>

Notes

All amounts in DKK.

	<u>31/12 2024</u>	<u>31/12 2023</u>
6. Investments in group enterprises		
Acquisition sum, opening balance 1 January 2024	18.871.658	21.282.211
Disposals during the year	<u>-207.860</u>	<u>0</u>
Cost 31 December 2024	<u>18.663.798</u>	<u>21.282.211</u>
Revaluations, opening balance 1 January 2024	13.080.838	21.828.697
Results for the year before goodwill amortisation	4.980.818	1.779.184
Reversal of prior revaluations	10.939.130	0
Dividend	0	-10.003.797
Currency alignment	<u>450.362</u>	<u>-523.246</u>
Revaluations 31 December 2024	<u>29.451.148</u>	<u>13.080.838</u>
Amortisation of goodwill, opening balance 1 January 2024	-9.272.521	-8.691.433
Amortisation of goodwill for the year	<u>-552.106</u>	<u>-581.087</u>
Depreciation on goodwill 31 December 2024	<u>-9.824.627</u>	<u>-9.272.520</u>
Offsetting against debtors	<u>0</u>	<u>10.731.275</u>
Set off against debtors and provisions for liabilities	<u>0</u>	<u>10.731.275</u>
Carrying amount, 31 December 2024	<u>38.290.319</u>	<u>35.821.804</u>
The item includes goodwill with an amount of	<u>0</u>	<u>117.721</u>
Group enterprises:		
	Domicile	Equity interest
Saacke USA, INC	USA	100 %
Saacke Singapore Pte. Ltd.	Singapore	100 %
SBS Europe D.o.o. Rjeka	Croatia	100 %
7. Contributed capital		
Contributed capital 1 January 2024	127.000	125.000
Capital increase	<u>0</u>	<u>2.000</u>
	<u>127.000</u>	<u>127.000</u>

Notes

All amounts in DKK.

	<u>31/12 2024</u>	<u>31/12 2023</u>
8. Reserve for foreign currency translation		
Reserve for foreign currency translation 1 January 2024	1.077.678	1.600.924
Foreign currency translation adjustments	<u>635.673</u>	<u>-523.246</u>
	<u>1.713.351</u>	<u>1.077.678</u>
9. Retained earnings		
Retained earnings 1 January 2024	1.677.300	-5.493.967
Profit or loss for the year brought forward	325.796	-676.973
Acquired Minority	0	-8.648
Capital increase	<u>0</u>	<u>7.856.888</u>
	<u>2.003.096</u>	<u>1.677.300</u>
10. Payables to subsidiaries		
Total payables to subsidiaries	29.491.065	28.432.644
Share of amount due within 1 year	<u>0</u>	<u>0</u>
Total payables to subsidiaries	<u>29.491.065</u>	<u>28.432.644</u>
Share of liabilities due after 5 years	<u>0</u>	<u>0</u>

Notes

All amounts in DKK.

11. Charges and security

There is not any charges and securities.

12. Contingencies

Contingent liabilities

The company has no contingent liabilities.

Accounting policies

The annual report for Danish Marine Service ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

The company has merged with its former subsidiary companies, SBS International ApS and Scandinavian Boiler Service A/S, with effect from January 1, 2024. The equity remains unchanged after the merger.

The financial figures for 2024 include the merged entity. The comparative figures for 2023 have been adjusted so that the financial years are comparable.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Income statement

Gross profit

Gross profit comprises the external costs.

Accounting policies

The enterprise will be applying IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Other external expenses comprise expenses incurred for professional fee, audit fee, and administration costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Results from investments in subsidiaries

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the investment in the individual entities are recognised in the income statement as a proportional share of the entities' post-tax profit or loss.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Accounting policies

Statement of financial position

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Buildings	30 years	20 %
Plant and machinery	5-10 years	0-20 %
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from sub-suppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Investments

Investments in subsidiaries

Investments in subsidiaries are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Accounting policies

Investments in subsidiaries are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterprises with a strong market position and a long-term earnings profile.

In relation to material assets and liabilities recognised in subsidiaries but are not represented in the parent, the following accounting policies have been applied.

Leases:

- At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the group enterprise holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise.

Contract work in progress:

- Contract work in progress is measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion on the reporting date and the total expected income from the individual work in progress.

Investments in subsidiaries with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover a negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in subsidiaries transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in subsidiaries.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in subsidiaries are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

Accounting policies

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Reserve for foreign currency translation

The reserve for foreign currency translation arises when translating accounting items in foreign currency.

The reserve is dissolved once the value adjustments have been applied or reversed.

The reserve is distributable.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Accounting policies

Provisions

Provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the company.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

Guarantee liabilities comprise liabilities for repairs within the guarantee period of 1-5 years. Provisions for warranty commitments are measured on basis of the obtained experience with guarantee work. Provisions with an expected due date later than 1 year from the reporting date are discounted at a rate reflecting risk and maturity of the liability.

On the acquisition of entities, provisions for restructuring within the acquired entity are included in the acquisition cost, and thereby in the goodwill or the consolidated goodwill, to the extent that they have been recognised in the financial statements of the acquired entity in advance of the acquisition. Provisions for restructuring are included to the extent that they have been decided at the date of acquisition at the latest and that the process have been commenced.

When it is likely that the total costs will exceed the total income of contract work in progress, the total expected loss on the contract work in progress will be recognised as provisions for liabilities. The provision is recognised under production costs.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.