
Carmo Foods A/S

Sofiendalsvej 85, DK-9200 Aalborg SV

Annual Report for 1 July 2023 - 30 June 2024

CVR No. 37 82 01 48

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 26/11 2024

Christian Løth
Mortensen
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 Carmo Foods A/S for the financial year 1 July 2023 - 30 June 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 30 June 2024 of the Company and of the results of the Company operations and cash flows for 2023/24.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Aalborg SV, 26 November 2024

Executive Board

Rowena Salva Andersen
CEO

Board of Directors

Mikael André Kristensen
Chairman

Ejner Sørensen
Vice chairman

Christian Løth Mortensen

Independent Auditor's report

To the shareholders of Carmo Foods A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 June 2024 and of the results of the Company's operations and cash flows for the financial year 1 July 2023 - 30 June 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Carmo Foods A/S for the financial year 1 July 2023 - 30 June 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.

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.

Aalborg, 26 November 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Rasmus Møllergaard Stenskrog

State Authorised Public Accountant

mne34161

Company information

The Company	Carmo Foods A/S Sofiendalsvej 85 DK-9200 Aalborg SV CVR No: 37 82 01 48 Financial period: 1 July 2023 - 30 June 2024 Incorporated: 23 June 2016 Financial year: 9th financial year Municipality of reg. office: Aalborg
Board of Directors	Mikael André Kristensen, chairman Ejner Sørensen, vice chairman Christian Løth Mortensen
Executive Board	Rowena Salva Andersen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Skibsbyggerivej 5, 4. sal DK-9000 Aalborg

Financial Highlights

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

	2023/24	2022/23	2021/22	2020/21	2019/20
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit	9,832	12,362	13,015	6,404	5,451
Profit/loss of primary operations	4,786	8,567	9,742	3,300	1,335
Profit/loss of financial income and expenses	-2,826	-271	-3,028	773	-897
Net profit/loss for the year	1,499	6,399	5,185	3,170	333
Balance sheet					
Balance sheet total	64,573	68,908	72,350	52,268	46,094
Equity	15,945	14,518	8,707	6,146	3,213
Number of employees	9	8	8	7	10
Ratios					
Return on assets	7.4%	12.4%	13.5%	6.3%	2.9%
Solvency ratio	24.7%	21.1%	12.0%	11.8%	7.0%
Return on equity	9.8%	55.1%	69.8%	67.7%	10.7%

Management's review

Key activities

The Company's main activity is international trade with food products.

Development in the year

The income statement of the Company for 2023/24 shows a profit of DKK 1,498,841, and at 30 June 2024 the balance sheet of the Company shows a positive equity of DKK 15,944,939.

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

There is a decline in this year's result compared to last year, and the result is below the expectations whereas a result before tax of DKK 8-9 million was previously announced. The variance is attributed to market saturation in the Asian markets during certain months, which led to reduced pricing demand from clients in general. Furthermore, other external cost, staff expenses and interests have increased during the year. To withstand fierce competition and effectively manage risk, the Company has decided to strategically select, which business transactions to pursue.

Capital resources

It is the Management's assessment that the capital resources are present.

Operating risks

The Company's operating risks are mainly related to debtors. The risky debtors are predominantly insured.

Market risks

The Company's market risks are mainly related to price development and pressure on the supply chains that are expected to be challenging in the coming year. The Management focuses on and navigates the given conditions at all times in order to achieve the best possible conditions.

Foreign exchange risks

A large part of the Company's trade takes place in foreign currency. The Company does, when relevant, hedge this risk on an ongoing basis by entering offsetting agreements, swaps, etc.

Strategy and objectives

Due to the significant growth potential and dynamic economy in the region, the Company has made a strategical decision to enhance its sales in Asian markets. Our future approach, including market selection and sales strategies will therefore bear the stamp of this decision. This strategic decision will enable us to benefit from the growth potential in the region, driving long term success for our organization.

Targets and expectations for the year ahead

It is expected that the profit level for the year will be expanded, and the result is therefore expected to reach around DKK 3-5 million before tax.

Research and development

No special research and development activities were performed in or for the Company.

Management's review

External environment

The environmental and climate impact in the Company is twofold.

Some relate to the Company's own consumption, and some relate to the consumption of customers and suppliers. The Company trades within food, and the Company's trading partners therefore do not leave insignificant environmental and climate footprints. Overall, there is therefore a significant risk that the Company's activities will to some extent affect our surrounding climate and environment, which is a risk that we are aware of and deal with in the manner below.

As far as the consumption in the Company is concerned, the goal is to use environmentally and climate-friendly solutions in the functions where possible, for example when renovating and refurbishing the Company's office, replacing light sources, etc.

As far as the environmental and climate footprints of trading partners are concerned, the Company has not prepared formal policies. The Company acts as an intermediary in commercial transactions and as a result can not directly affect the environment to a significant extent. However, it is crucial that the Company meets the requirements and wishes of stakeholders, including e.g. possibility of ecology, mode of transport or other.

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 30 June 2024 of the Company and the results of the activities and cash flows of the Company for the financial year for 2023/24 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 July 2023 - 30 June 2024

	Note	2023/24	2022/23
		DKK	DKK
Gross profit		9,831,876	12,361,753
Staff expenses	1	-5,046,334	-3,795,242
Profit/loss before financial income and expenses		4,785,542	8,566,511
Financial income	2	149	1,282,246
Financial expenses	3	-2,826,436	-1,553,639
Profit/loss before tax		1,959,255	8,295,118
Tax on profit/loss for the year	4	-460,414	-1,895,806
Net profit/loss for the year	5	1,498,841	6,399,312

Balance sheet 30 June 2024

Assets

	Note	2023/24	2022/23
		DKK	DKK
Finished goods and goods for resale		3,839,893	1,092,586
Inventories		3,839,893	1,092,586
Trade receivables		59,201,727	67,282,943
Other receivables		783,187	155,043
Deferred tax asset	6	40,803	591
Prepayments	7	158,053	0
Receivables		60,183,770	67,438,577
Cash at bank and in hand		549,663	376,560
Current assets		64,573,326	68,907,723
Assets		64,573,326	68,907,723

Balance sheet 30 June 2024

Liabilities and equity

	Note	2023/24	2022/23
		DKK	DKK
Share capital		1,000,000	1,000,000
Reserve for hedging transactions		-73,578	-2,095
Retained earnings		15,018,517	13,519,676
Equity		15,944,939	14,517,581
Subordinate loan capital		10,600,460	10,072,392
Long-term debt	8	10,600,460	10,072,392
Credit institutions		22,643,188	27,130,823
Trade payables		13,598,950	14,082,684
Corporation tax		557,741	1,334,123
Other payables	9	1,228,048	1,770,120
Short-term debt		38,027,927	44,317,750
Debt		48,628,387	54,390,142
Liabilities and equity		64,573,326	68,907,723
Contingent assets, liabilities and other financial obligations	12		
Accounting Policies	13		

Statement of changes in equity

	Share capital	Reserve for hedging transactions	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 July	1,000,000	-2,095	13,519,676	14,517,581
Fair value adjustment of hedging instruments, beginning of year	0	2,686	0	2,686
Fair value adjustment of hedging instruments, end of year	0	-94,331	0	-94,331
Tax on adjustment of hedging instruments for the year	0	20,162	0	20,162
Net profit/loss for the year	0	0	1,498,841	1,498,841
Equity at 30 June	1,000,000	-73,578	15,018,517	15,944,939

Cash flow statement 1 July 2023 - 30 June 2024

	Note	2023/24	2022/23
		DKK	DKK
Result of the year		1,498,841	6,399,312
Adjustments	10	3,286,701	2,167,199
Change in working capital	11	3,430,261	5,127,771
Cash flow from operations before financial items		8,215,803	13,694,282
Financial income		149	1,282,246
Financial expenses		-2,790,968	-1,553,639
Cash flows from ordinary activities		5,424,984	13,422,889
Corporation tax paid		-1,292,314	-1,552,271
Cash flows from operating activities		4,132,670	11,870,618
Repayment of loans from credit institutions		-4,487,635	-13,349,314
Repayment of payables to group enterprises		0	-4,556,076
Repayment of other long-term debt		0	-3,005,028
Raising of other long-term debt		528,068	10,072,392
Dividend paid		0	-1,000,000
Cash flows from financing activities		-3,959,567	-11,838,026
Change in cash and cash equivalents		173,103	32,592
Cash and cash equivalents at 1 July		376,560	343,968
Cash and cash equivalents at 30 June		549,663	376,560
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		549,663	376,560
Cash and cash equivalents at 30 June		549,663	376,560

Notes to the Financial Statements

	2023/24	2022/23
	DKK	DKK
1. Staff Expenses		
Wages and salaries	4,583,754	3,516,755
Pensions	426,768	242,110
Other social security expenses	35,812	30,364
Other staff expenses	0	6,013
	<u>5,046,334</u>	<u>3,795,242</u>
Including remuneration to the Executive Board	<u>0</u>	<u>495,000</u>
Average number of employees	<u>9</u>	<u>8</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act for 2023/24.

	2023/24	2022/23
	DKK	DKK
2. Financial income		
Other financial income	149	166
Exchange adjustments	0	1,282,080
	<u>149</u>	<u>1,282,246</u>

	2023/24	2022/23
	DKK	DKK
3. Financial expenses		
Interest paid to group enterprises	0	66,205
Other financial expenses	2,292,195	1,487,434
Exchange loss	534,241	0
	<u>2,826,436</u>	<u>1,553,639</u>

Notes to the Financial Statements

	2023/24	2022/23
	DKK	DKK
4. Income tax expense		
Current tax for the year	338,810	1,895,806
Deferred tax for the year	-40,212	115,997
Adjustment of tax concerning previous years	141,654	0
	<u>440,252</u>	<u>2,011,803</u>
thus distributed:		
Income tax expense	460,414	1,895,806
Tax on equity movements	-20,162	115,997
	<u>440,252</u>	<u>2,011,803</u>

	2023/24	2022/23
	DKK	DKK
5. Profit allocation		
Extraordinary dividend paid	0	1,000,000
Retained earnings	1,498,841	5,399,312
	<u>1,498,841</u>	<u>6,399,312</u>

	2023/24	2022/23
	DKK	DKK
6. Deferred tax asset		
Deferred tax asset at 1 July	591	116,588
Amounts recognised in the income statement for the year	20,050	0
Amounts recognised in equity for the year	20,162	-115,997
Deferred tax asset at 30 June	<u>40,803</u>	<u>591</u>

7. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well as fair value adjustments of derivative financial instruments with a positive fair value.

Notes to the Financial Statements

	<u>2023/24</u>	<u>2022/23</u>
	DKK	DKK
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	10,600,460	10,072,392
Long-term part	10,600,460	10,072,392
Within 1 year	0	0
	<u>10,600,460</u>	<u>10,072,392</u>

	<u>2023/24</u>	<u>2022/23</u>
	DKK	DKK
9. Derivative financial instruments		
Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:		
Liabilities	636,138	192,195

Forward exchange contracts have been concluded to hedge sale of goods and future expected orders in USD. At the balance sheet date, the fair value of the forward exchange contracts amounts to DKK - 636,138. The forward exchange contracts regarding sale of goods amounts to DKK -541,807. The forward exchange contracts regarding expected orders amounts to DKK -94,331. The forward exchange contracts have a term of 0-6 months.

	<u>2023/24</u>	<u>2022/23</u>
	DKK	DKK
10. Cash flow statement - Adjustments		
Financial income	-149	-1,282,246
Financial expenses	2,826,436	1,553,639
Tax on profit/loss for the year	460,414	1,895,806
	<u>3,286,701</u>	<u>2,167,199</u>

Notes to the Financial Statements

	<u>2023/24</u>	<u>2022/23</u>
	DKK	DKK
11. Cash flow statement - Change in working capital		
Change in inventories	-2,747,307	-165,934
Change in receivables	7,295,019	3,525,274
Change in trade payables, etc	-1,025,806	1,241,172
Fair value adjustments of hedging instruments	-91,645	527,259
	<u>3,430,261</u>	<u>5,127,771</u>

	<u>2023/24</u>	<u>2022/23</u>
	DKK	DKK
12. Contingent assets, liabilities and other financial obligations		
Charges and security		
The following assets have been placed as security with bankers:		
Mortgage deeds registered to the mortgagor totalling DKK 15,000k, providing security in inventory and trade receivables at a total carrying amount of:	63,132,756	68,375,529

Other contingent liabilities

The Company has provided a payment guarantee of DKK 421k of Maersk Line A/S.

Notes to the Financial Statements

13. Accounting policies

The Annual Report of Carmo Foods A/S for 2023/24 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. Minor reclassifications has been made in the comparative figures. The reclassifications has not affected the result or equity.

The Financial Statements for 2023/24 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. 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.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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 transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Notes to the Financial Statements

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in the fair value reserve under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised 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 and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise 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, other operating income, expenses for raw materials and consumables 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.

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.

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 and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Notes to the Financial Statements

Balance sheet

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, raw materials and consumables 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.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

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. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, 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.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

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.

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

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.

Notes to the Financial Statements

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