BEIERHOLM
VI SKABER BALANCE

Kontrapunkt Group A/S

Nikolaj Plads 2, 4 sal, 1067 København K

CVR no. 10 17 92 38

Annual report for 2024

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 28.05.25

Flemming Mortensen
Dirigent

Table of contents

Group information etc.

The company

Kontrapunkt Group A/S
Nikolaj Plads 2, 4 sal
1067 København K
Tel.: 33 93 18 83
Registered office: København
CVR no.: 10 17 92 38
Financial year: 01.01 - 31.12

Executive Board

Johan Lawaetz

Board of Directors

Simon Gareth Bolton
Bo Jul Linnemann
Philip Linnemann
Rafael Adrian Müllener Cifuentes
Mari Lea Louekari Randsborg
Nanna Knudsen
Rasmus Michaelis Christensen

Auditors

Beierholm
Godkendt Revisionspartnerselskab

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.24 - 31.12.24 for Kontrapunkt Group A/S.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 31.12.24 and of the results of the group’s and parent’s activities for the financial year 01.01.24 - 31.12.24.

The annual report is submitted for adoption by the general meeting.

Copenhagen, May 28, 2025

Executive Board

Johan Lawaetz

Board of Directors

Simon Gareth Bolton Chairman	Bo Jul Linnemann	Philip Linnemann
Rafael Adrian Müllener Cifuentes	Mari Lea Louekari Randsborg	Nanna Knudsen
Rasmus Michaelis Christensen		

Independent auditor's report

To the Shareholder of Kontrapunkt Group A/S

Opinion

We have audited the consolidated financial statements and financial statements of Kontrapunkt Group A/S for the financial year 01.01.24 - 31.12.24, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including material accounting policy information for the group as well as for the parent company. The consolidated financial statements and financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion the consolidated financial statements and financial statements give a true and fair view of the group's and the company's financial position at 31.12.24 and of the results of the group's and the company's operations for the financial year 01.01.24 - 31.12.24 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and financial statements" section of our report. We are independent of the group and 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.

Management's responsibilities for the consolidated financial statements and financial statements

Management is responsible for the preparation of consolidated financial statements and 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 consolidated financial statements and financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and financial statements, management is responsible for assessing the group's and 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 consolidated financial statements and financial statements unless management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the consolidated financial statements and financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and 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 consolidated financial statements and financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and 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 group's and 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 consolidated financial statements and 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 group's and 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 consolidated financial statements and 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 group and the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and financial statements, including the disclosures, and whether the consolidated financial statements and financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for expressing an opinion on the consolidated financial statements and financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. 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.

Køge, May 28, 2025

Beierholm

Godkendt Revisionspartnerselskab
CVR no. 32 89 54 68

Simon Boye Andersen

State Authorised Public Accountant
MNE-no. mne45864

Income statement

Note		Group		Parent	
		2024 DKK	2023 t.DKK '000	2024 DKK	2023 t.DKK '000
	Gross profit	**39,572,499**	**38,097**	**37,869,307**	**34,485**
2	Staff costs	-36,196,012	-33,334	-34,906,004	-31,990
	Profit before depreciation, amortisation, write-downs and impairment losses	**3,376,487**	**4,763**	**2,963,303**	**2,495**
3	Depreciation and impairments losses of property, plant and equipment	-686,113	-567	-661,759	-538
	Operating profit	**2,690,374**	**4,196**	**2,301,544**	**1,957**
4	Income from equity investments in group enterprises	0	0	385,830	1,510
	Financial income	10,184	50	10,184	49
	Financial expenses	-261,827	-498	-262,017	-498
	Profit before tax	**2,438,731**	**3,748**	**2,435,541**	**3,018**
5	Tax on profit for the year	-477,002	-1,079	-473,812	-349
	Profit for the year	**1,961,729**	**2,669**	**1,961,729**	**2,669**

Proposed appropriation account

Reserve for net revaluation according to the equity method	0	0	385,830	1,510
Proposed dividend for the financial year	2,000,000	2,000,000	2,000,000	2,000
Retained earnings	-38,271	669	-424,101	-841
Total	**1,961,729**	**2,669**	**1,961,729**	**2,669**

Balance sheet

ASSETS

Note		Group		Parent	
		31.12.24 DKK	31.12.23 t.DKK '000	31.12.24 DKK	31.12.23 t.DKK '000
	Leasehold improvements	629,981	232	629,981	232
	Other fixtures and fittings, tools and equipment	726,236	1,009	565,081	823
	Total property, plant and equipment	**1,356,217**	**1,241**	**1,195,062**	**1,055**
6	Equity investments in group enterprises	0	0	2,629,602	2,364
	Deposits	1,072,925	1,004	792,291	765
	Total investments	**1,072,925**	**1,004**	**3,421,893**	**3,129**
	Total non-current assets	**2,429,142**	**2,245**	**4,616,955**	**4,184**
7	Work in progress for third parties	7,080,362	4,388	3,370,938	3,068
	Trade receivables	11,484,254	13,549	10,976,985	13,515
	Receivables from group enterprises	0	0	3,647,899	2,324
	Income tax receivable	333,292	282	0	282
	Other receivables	196,198	200	170,918	161
	Prepayments	1,039,502	862	930,216	792
	Total receivables	**20,133,608**	**19,281**	**19,096,956**	**20,142**
	Cash	**1,458,011**	**4,036**	**7,815**	**5**
	Total current assets	**21,591,619**	**23,317**	**19,104,771**	**20,147**
	Total assets	**24,020,761**	**25,562**	**23,721,726**	**24,331**

Balance sheet

EQUITY AND LIABILITIES

Note		Group		Parent	
		31.12.24 DKK	31.12.23 t.DKK '000	31.12.24 DKK	31.12.23 t.DKK '000
	Share capital	1,025,775	1,026	1,025,775	1,026
	Reserve for net revaluation according to the equity method	0	0	2,335,263	2,069
	Foreign currency translation reserve	-362,688	-243	0	0
	Retained earnings	6,800,204	6,838	4,102,253	4,526
	Proposed dividend for the financial year	2,000,000	2,000	2,000,000	2,000
	Total equity	**9,463,291**	**9,621**	**9,463,291**	**9,621**
	Provisions for deferred tax	1,891,997	1,690	1,891,997	1,690
	Total provisions	**1,891,997**	**1,690**	**1,891,997**	**1,690**
8	Other payables	771,746	1,175	771,746	1,175
	Total long-term payables	**771,746**	**1,175**	**771,746**	**1,175**
	Payables to other credit institutions	1,589,397	228	1,589,397	228
7	Prepayments received from work in progress for third parties	4,405,650	5,784	4,341,468	5,784
	Trade payables	697,199	1,440	666,588	1,417
	Income taxes	272,022	661	272,022	0
	Other payables	4,929,459	4,963	4,725,217	4,416
	Total short-term payables	**11,893,727**	**13,076**	**11,594,692**	**11,845**
	Total payables	**12,665,473**	**14,251**	**12,366,438**	**13,020**
	Total equity and liabilities	**24,020,761**	**25,562**	**23,721,726**	**24,331**

9 Contingent liabilities
10 Charges and security

Statement of changes in equity

Figures in t.DKK	Share capital	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Retained earnings	Proposed dividend for the financial year
Group:					
Statement of changes in equity for 01.01.23 - 31.12.23					
Balance as at 01.01.23	1,025,775	0	-101,505	6,169,413	2,000,000
Foreign currency translation adjustment of foreign enterprises	0	0	-141,171	0	0
Dividend paid	0	0	0	0	-2,000,000
Net profit/loss for the year	0	0	0	669,062	2,000,000
Balance as at 31.12.23	1,025,775	0	-242,676	6,838,475	2,000,000
Statement of changes in equity for 01.01.24 - 31.12.24					
Balance as at 01.01.24	1,025,775	0	-242,676	6,838,475	2,000,000
Foreign currency translation adjustment of foreign enterprises	0	0	-120,012	0	0
Dividend paid	0	0	0	0	-2,000,000
Net profit/loss for the year	0	0	0	-38,271	2,000,000
Balance as at 31.12.24	1,025,775	0	-362,688	6,800,204	2,000,000

Statement of changes in equity

Figures in t.DKK	Share capital	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Retained earnings	Proposed dividend for the financial year
Parent:					
Statement of changes in equity for 01.01.23 - 31.12.23					
Balance as at 01.01.23	1,025,775	701,556	0	5,367,566	2,000,000
Foreign currency translation adjustment of foreign enterprises	0	-142,384	0	0	0
Dividend paid	0	0	0	0	-2,000,000
Net profit/loss for the year	0	1,510,273	0	-841,211	2,000,000
Balance as at 31.12.23	1,025,775	2,069,445	0	4,526,355	2,000,000
Statement of changes in equity for 01.01.24 - 31.12.24					
Balance as at 01.01.24	1,025,775	2,069,445	0	4,526,355	2,000,000
Foreign currency translation adjustment of foreign enterprises	0	-120,012	0	0	0
Dividend paid	0	0	0	0	-2,000,000
Net profit/loss for the year	0	385,830	0	-424,102	2,000,000
Balance as at 31.12.24	1,025,775	2,335,263	0	4,102,253	2,000,000

1. Primary activities

Kontrapunkt Group A/S is a creative lead agency working across strategy, design, storytelling, and technology to create movements. We work globally from offices in Copenhagen and Tokyo.

	Group		Parent	
	2024 DKK	2023 t.DKK '000	2024 DKK	2023 t.DKK '000
2. Staff costs				
Wages and salaries	31,073,054	28,992	29,875,630	27,730
Pensions	3,049,777	2,628	2,957,194	2,546
Other social security costs	192,402	160	192,402	160
Other staff costs	1,880,779	1,554	1,880,778	1,554
Total	36,196,012	33,334	34,906,004	31,990
Average number of employees during the year	51	49	49	47

3. Depreciation and impairments losses of property, plant and equipment

Depreciation of property, plant and equipment	686,113	567	661,759	538
Total	686,113	567	661,759	538

4. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	0	0	385,830	1,510
Total	0	0	385,830	1,510

	Group		Parent	
	2024 DKK	2023 t.DKK '000	2024 DKK	2023 t.DKK '000

5. Tax on profit for the year

Current tax for the year	275,212	730	272,022	0
Adjustment of deferred tax for the year	201,790	349	201,790	349
Total	477,002	1,079	473,812	349

6. Equity investments in group enterprises

Name and registered office:	Ownership interest
Subsidiaries:	
Kabushiki Kaisha Kontrapunkt Japan, Aoyama, Tokyo	100%

	Group		Parent	
	31.12.24 DKK	31.12.23 t.DKK '000	31.12.24 DKK	31.12.23 t.DKK '000

7. Work in progress for third parties

Work in progress for third parties	23,915,818	19,689	14,899,404	18,369
On-account invoicing	-17,595,864	-21,085	-15,869,934	-21,085
Total work in progress for third parties	6,319,954	-1,396	-970,530	-2,716
Work in progress for third parties	7,080,362	4,388	3,370,938	3,068
Prepayments received from work in progress for third parties, short-term payables	-4,405,650	-5,784	-4,341,468	-5,784
Total	2,674,712	-1,396	-970,530	-2,716

8. Long-term payables

	Outstanding debt after 5 years DKK	Total payables at 31.12.24 DKK	Total payables at 31.12.23 t.DKK '000
Group:			
Other payables	771,746	771,746	1,175
Total	771,746	771,746	1,175
Parent:			
Other payables	771,746	771,746	1,175
Total	771,746	771,746	1,175

9. Contingent liabilities

Group:

Lease commitments

The group has concluded lease agreements with terms to maturity of 6 months and total lease payments of t.DKK 1.197.

Parent:

Lease commitments

The company has concluded lease agreements with terms to maturity of 6 months and total lease payments of t.DKK 984.

9. Contingent liabilities - continued -

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes for the jointly taxed companies. The total tax liability for the jointly taxed companies at the balance sheet date has not yet been determined. For further information, please see the financial statements of the management company BJL ApS.

10. Charges and security

Group:

As security for the rent the parent company submitted bank guarantee nom. DKK 500.000.

For credit facility of max DKK 3.000.000 in the bank the parent company has made a companymortgage amounts DKK 6.000.000. The carrying amount of the mortgaged assets totals t.DKK 11.542.

Parent:

As security for the rent were submitted by bank guarantee nom. DKK 500.000

For credit facility of max DKK 3.000.000 in the bank the parent company has made a company mortgage amounts DKK 6.000.000. The carrying amount of the mortgaged assets totals t.DKK 14.339.

11. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for groups and enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

11. Accounting policies - continued -

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

On recognition of independent foreign entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the reserve for net revaluation according to the equity method in respect of investments measured according to the equity method, and otherwise under the foreign currency translation reserve.

Translation adjustments of intercompany balances with independent foreign entities, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

LEASES

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

INCOME STATEMENT

Gross profit

Gross profit comprises revenue, other operating income and cost of sales and other external expenses.

11. Accounting policies - continued -

Revenue

Income from the sale of services is recognised in the income statement in line with completion of services, which means that revenue corresponds to the selling price of the work performed for the year stated on the basis of the stage of completion at the balance sheet date (percentage of completion method).

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Cost of sales

Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation and impairment losses

The depreciation of property, plant and equipment aim at systematic depreciation over the expected useful lives of the assets. Assets are depreciated according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value t.DKK '000
Goodwill	5	0
Leasehold improvements	5-7,5	0
Other plant, fixtures and fittings, tools and equipment	3-5	0

The basis of depreciation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation is reduced by any impairment losses. The useful life

11. Accounting policies - continued -

and residual value are determined when the asset is ready for use and reassessed annually.

Property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other operating expenses

Income from equity investments in group entreprises

For equity investments in subsidiaries that in the parent are measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

11. Accounting policies - continued -

BALANCE SHEET

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group entreprises

Equity investments in subsidiaries are recognised and measured according to the equity method in the balance sheet of the parent. For equity investments in subsidiaries, the equity method is considered a measurement method.

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments. However, transaction costs on the acquisition of subsidiaries are recognised in the income statement in the consolidated financial statements at the date incurred.

On subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

11. Accounting policies - continued -

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Work in progress for third parties

Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

11. Accounting policies - continued -

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some work in progress where the resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual piece of work in progress is used instead.

When the selling price of a piece of work in progress cannot be determined reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.

When it is likely that the total costs of the individual piece of work in progress will exceed total sales income, the total expected loss is recognised as a provision.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

The proposed dividend for the financial year is recognised as a separate item in equity.

The net revaluation of equity investments measured according to the equity method is recognized in the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Unrealised foreign currency gains and losses from the translation of the net investment in independent foreign entities are recognised in equity under the foreign currency translation reserve. The reserve is dissolved when the independent foreign entities are disposed of.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of

11. Accounting policies - continued -

the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. However, deferred tax is recognised on goodwill resulting from the formation of the company in case of a tax-exempt conversion of an enterprise. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities within the same tax jurisdiction or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates in the respective countries which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.