KPI Bridge Oil A/S

Turbinevej 10
5500 Middelfart

CVR No 31 37 01 83

Annual Report for 2017/18

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 29 June 2018

Chairman

Contents

Management's Statement

The Executive and Supervisory Boards have today presented and adopted the Annual Report of KPI Bridge Oil A/S for the financial year 1 May 2017 – 30 April 2018.

The Annual Report was 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 of the Company at 30 April 2018 and of the results of Company operations and cash flows for 2017/18.

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

Middelfart, 29 June 2018

Executive Board

Kenni Goldenbeck

Supervisory Board

Keld Rosenbæk Demant Chairman	Jesper Klokker Hansen	Kenni Goldenbeck

Independent Auditor's Report

To the Shareholders of KPI Bridge Oil A/S

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 April 2018, and of the results of the Company's operations and cash flows for the financial year 1 May 2017 - 30 April 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of KPI Bridge Oil A/S for the financial year 1 May 2017 - 30 April 2018, which comprise income statement, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies.

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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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.

Independent Auditor's Report

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.

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 judgment and maintain professional skepticism 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.

Independent Auditor's Report

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.

Trekantsområdet, 29 June 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jan Bunk Harbo Larsen
State Authorised Public Accountant
mne30224

Management's Review

Company Information

The Company	KPI Bridge Oil A/S Turbinevej 10 DK-5500 Middelfart	
	Telephone:	+45 76 42 96 96
	Facsimile:	+45 76 42 96 90
	E-mail:	Denmark@kpibridgeoil.com
	CVR No:	31 37 01 83
	Financial year:	1 May - 30 April
	Municipality of reg. office:	Middelfart
Supervisory Board	Keld Rosenbæk Demant, Chairman Jesper Klokker Hansen Kenni Goldenbeck	
Executive Board	Kenni Goldenbeck	
Auditors	PricewaterhouseCoopers Statsaut. Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle	

Management's Review

Financial Highlights of the Company

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

	2017/18	2016/17	2015/16	2014/15	2013/14
	USD '000	USD '000	USD '000	USD '000	USD '000
Profit/loss					
Revenue	410,037	267,904	107,205	131,393	107,801
Profit/loss before financial income and expenses	2,172	(317)	426	1,498	436
Net financials	(28)	323	61	124	242
Profit before tax	2,144	6	487	1,622	678
Net profit/loss for the year	1,650	(3)	374	1,136	526
Balance sheet					
Balance sheet total	44,829	31,125	17,779	19,112	22,020
Equity	7,493	5,843	6,346	7,497	11,336
Cash flows					
Cash flows from:					
- operating activities	(2,363)	(4,133)	2,831	(1,239)	3,887
- investing activities	(3)	0	0	0	(25)
- hereof investment in property, plant, and equipment and intangible assets	(3)	0	0	0	(25)
- financing activities	1,765	4,013	(2,552)	2,239	(2,685)
Change in cash and cash equivalents for the year	(602)	(120)	279	1,000	1,177
Ratios (%)					
Gross margin	1.7%	1.6%	3.0%	3.3%	2.5%
Profit margin	0.5%	-0.1%	0.4%	1.1%	0.4%
Return on equity	24.7%	0.0%	5.4%	12.1%	4.6%
Liquidity ratio	1.20	1.21	1.47	1.52	1.84
Solvency ratio	16.7%	18.8%	35.7%	39.2%	51.5%

For definitions, see under accounting policies.

Review

Activities

The main activities of the Company comprise purchase, sale and mediation of bunkers and lubricating oil for ships as well as naturally related services.

Development in the year

KPI Bridge Oil A/S achieved revenue of USD 410,037k and a result after tax of USD 1,650k. At the end of the year the equity amounted to USD 7,494k.

The result for the year are considered satisfactory by Management.

KPI Bridge Oil A/S has over the last couple of years strived to be a well known bunker supplier through a very motivated and dedicated team. A strong focus on constant development of the employees and an alignment with the company strategy to offer second to none service to its partners have been an important element in developing KPI Bridge Oil A/S.

Financial risks

Foreign exchange risks
The Company hedges against commercial foreign exchange exposure on a current basis and moreover assesses the need to hedge against foreign exchange exposure of future cash flows. Hedging mainly takes place by means of forward exchange contracts. Future expected cash flows are hedged for a maximum period of the first succeeding 12 months.

Credit risks
The Company is exposed to a credit risk relating to its customers, and all customers and other business partners are credit rated regularly in accordance with the Company's policy for assuming credit risks.

Interest rate risks
The Company's interest-bearing debts are mainly based on variable interest rates, and therefore earnings are affected by any changes in the level of interest. The Company monitors and assesses on a current basis the financial consequences of the interest rate changes and makes full or partial hedging of the interest rate risk.

Review

Corporate social responsibility
(cf. Section 99 a of the Danish Financial Statements Act)

The Company’s policies for corporate social responsibility are disclosed in the Financial Statement of A/S United Shipping & Trading Company for 2017/18.

Report on Gender Composition in Management
(cf. Section 99 b in the Danish Financial Statements Act)

Currently the Board of Directors in KPI Bridge Oil A/S consists of three members of which zero is female. In 2017/18 all members of the board were re-elected and therefore no increase in female members of the board was achieved. It is our ambition to have one female member among the members of the Board of Directors elected on the general assembly no later than 2020.

Policy for the underrepresented gender at other management levels
The Company's policies for the underrepresented gender at other management levels are disclosed in the Financial Statement of A/S United Shipping & Trading.

Compliance

At KPI Bridge Oil A/S, we know that every lasting business relationship is based on mutual trust and respect. We also know that trust is earned and should not be taken for granted. Keeping promises and meeting expectations are keys to building a trustful relation where two parties can rely on each other.

Quality, proactivity and attention to detail must characterise everything we do. This means that we always strive to create value for our customers and suppliers in any way that we can, and that we aim to avoid unnecessary bureaucracy and obsolete routines. We set high standards for our employees and expect initiative from all, while at the same time displaying a high degree of humanity and compassion.

Competition & Anti-corruption
It is a fundamental principle that KPI Bridge Oil A/S must act in full compliance with applicable competition laws and anti-corruption laws. Due to the global nature of our activities, it is imperative that KPI Bridge Oil A/S complies with all relevant rules and legislation in those countries where the Company operates.

KPI Bridge Oil A/S’ activities are subject to a number of anti-corruption laws, i.a. the Danish Criminal Code, the UK law against corruption (the UK Bribery Act) and the American anti-corruption law (the U.S. Foreign Corrupt Practices Act).

The Company has introduced a compliance program to ensure that the Company has adequate procedures to prevent fraudulent behavior among individuals within the Company or persons associated with the Company.

Review

Compliance Programs
It is KPI Bridge Oil A/S' policy that all board members, managers and employees must have a general understanding of competition and anti-corruption laws and possesses the tools and knowledge necessary to ensure that KPI Bridge Oil A/S acts in full compliance herewith. Furthermore, it is our policy that all board members, managers and employees must demonstrate proper business ethics and code of conduct.

To realise this goal, KPI Bridge Oil A/S strengthens the knowledge of competition law and anti-corruption law by having a so-called 'competition law compliance program' and an 'anti-corruption law compliance program'. The programs each consist of a compliance manual (available on the company intranet) and recurring training of relevant managers and employees in competition-law and anti-corruption law matters. Furthermore, each employee is to complete a compliance e-learning once every year.

KPI Bridge Oil A/S' management assists in ensuring that we act in compliance with competition law and anti-corruption law. Employees must always report to management both in clear-cut cases and cases of doubt. Employees are encouraged to consult management with any questions or grey-zone matters.

Expectations for the year ahead

For the financial year 2018/19, Management expects the level of activity and earnings to be higher than those realised in the year just ended.

Income Statement 1 May - 30 April

	Note	2017/18	2016/17
		USD ´000	USD ´000
Revenue	1	410,037	267,904
Direct expenses		(403,271)	(263,724)
Gross profit		**6,766**	**4,180**
Other external expenses		(3,057)	(2,468)
Staff expenses	2	(1,146)	(2,106)
Other income		155	895
Profit before depreciation		**2,718**	**501**
Depreciation		(546)	(818)
Profit before financial income and expenses		**2,172**	**(317)**
Financial income	3	687	521
Financial expenses	4	(715)	(198)
Profit before tax		**2,144**	**6**
Corporation tax	5	(494)	(9)
Net profit for the year		**1,650**	**(3)**

Balance Sheet at 30 April

Assets

	Note	2018	2017
		USD ´000	USD ´000
Goodwill		0	542
Intangible assets	7	**0**	**542**
Other fixtures and fittings, tools and equipment		10	10
Property, plant and equipment	8	**10**	**10**
Fixed assets		**10**	**552**
Inventory		**206**	**26**
Trade receivables		36,297	25,956
Receivables from group enterprises		7,276	3,301
Other receivables		941	1,243
Prepayments	9	13	24
Deferred tax asset	10	6	0
Receivables		**44,533**	**30,524**
Cash at bank and in hand		**80**	**23**
Current assets		**44,819**	**30,573**
Total assets		**44,829**	**31,125**

Balance Sheet at 30 April

Liabilities and equity

	Note	2018	2017
		USD ´000	USD ´000
Share capital		1,781	1,781
Retained earnings		4,212	4,062
Proposed dividend for the year		1,500	0
Equity	11	**7,493**	**5,843**
Deferred income tax liability		0	111
Provisions for liabilities	10	**0**	**111**
Credit institutions		711	52
Trade payables		12,791	9,072
Payables to group enterprises		19,015	12,967
Payables to group enterprises, special-term loans		3,886	2,121
Corporation tax		611	185
Other payables		322	774
Short-term debt		**37,336**	**25,171**
Total liabilities and equity		**44,829**	**31,125**

Distribution of profit	6
Contingent liabilities	12
Related parties	13
Subsequent events	14

Statement of Changes in Equity

2017/18:	Share capital	Retained earnings	Proposed dividend	Total
	USD ´000	USD ´000	USD ´000	USD ´000
Equity at 1 May	1,781	4,062	0	5,843
Net profit for the year	0	1,650	0	1,650
Proposed dividend	0	(1,500)	1,500	0
Equity at 30 April	**1,781**	**4,212**	**1,500**	**7,493**

2016/17:	Share capital	Retained earnings	Proposed dividend	Total
	USD ´000	USD ´000	USD ´000	USD ´000
Equity at 1 May	1,781	4,065	500	6,346
Net profit for the year	0	(3)	(500)	(503)
Equity at 30 April	**1,781**	**4,062**	**0**	**5,843**

Cash Flow Statement 1 May - 30 April

	2017/18	2016/17
	USD ´000	USD ´000
Profit for the year before tax	2,144	6
Depreciation for the year	546	818
Changes in inventory	(180)	93
Changes in receivables	(14,003)	(16,740)
Changes in trade payables, other payables, etc	9,315	12,303
Cash flows from ordinary activities	(2,178)	(3,520)
Corporation tax paid	(185)	(613)
Cash flows from operating activities	**(2,363)**	**(4,133)**
Purchase of property, plant and equipment	(3)	0
Cash flows from investing activities	**(3)**	**0**
Changes in special-term loans	1,765	4,513
Dividend paid	0	(500)
Cash flows from financing activities	**1,765**	**4,013**
Change in cash and cash equivalents	**(602)**	**(120)**
Cash and cash equivalents at 1 May	(29)	91
Cash and cash equivalents at 30 April	**(631)**	**(29)**

Notes to the Annual Report

1 Segment information

The Company's activities are considered one segment.

2 Staff expenses	2017/18	2016/17
	USD ´000	USD ´000
Wages and salaries	1,090	2,031
Pensions	44	66
Other social security expenses	12	9
	1,146	**2,106**

With reference to section 98 B(3) of the Danish Financial Statements Act, remuneration to the Supervisory and Executive Boards has not been disclosed.

Average number of employees	**17**	**11**

3 Financial income

Hereof intercompany interest income	**70**	**39**

4 Financial expenses

Hereof intercompany interest expenses	**369**	**58**

Notes to the Annual Report

5 Corporation tax

	2017/18	2016/17
	USD ´000	USD ´000
Current tax for the year	611	185
Change of deferred tax	(117)	(176)
	494	**9**
which is broken down as follows:		
Tax on the profit for the year	611	185
Change of deferred tax	(117)	(176)
	494	**9**

6 Distribution of profit

Proposed dividend	1,500	0
Retained earnings	150	(3)
	1,650	**(3)**

Notes to the Annual Report

		Goodwill
7	**Intangible assets**	USD ´000
	Cost at 1 May	7,473
	Cost at 30 April	7,473
	Depreciation at 1 May	6,931
	Depreciation for the year	542
	Depreciation at 30 April	7,473
	Carrying amount at 30 April	**0**

		Other fixtures and fittings, tools and equipment
8	**Property, plant and equipment**	USD ´000
	Cost at 1 May	317
	Additions for the year	3
	Disposals for the year	(211)
	Cost at 30 April	109
	Depreciation at 1 May	307
	Depreciation for the year	3
	Reversed depreciation on disposals for the year	(211)
	Depreciation at 30 April	99
	Carrying amount at 30 April	**10**

9 Prepayments

Prepayments comprise prepaid expenses relating to rent, fees, subscriptions, etc.

Notes to the Annual Report

10 Deferred tax

	USD ´000	USD ´000
Deferred tax at 1 May	111	288
Change for the year	(117)	(177)
Deferred tax at 30 April	**(6)**	**111**

Deferred tax relates to goodwill, software and equipment.

11 Equity

The share capital consists of 100,000 shares of DKK 100 (equivalent to USD 17.8) at the historical exchange rate of 5.6141 to USD 1,781k.

12 Contingent liabilities

KPI Bridge Oil A/S is an obligor in respect of the bank loans of the group companies. As at 30 April 2018, these obligations were limited to USD 11,379K, which is equal to KPI Bridge Oil A/S equity and KPI Bridge Oil A/S intra-group liability to Bunker Holding A/S as at 30 April 2018.

In the event that these obligations in respect of the bank loans of the group companies materialize, Bunker Holding A/S will cancel any claim it may have against KPI Bridge Oil A/S in an amount equaling the part of the obligations which relate to KPI Bridge Oil A/S intra-group liability to Bunker Holding A/S

The Danish group enterprises are jointly and severally liable for tax on the consolidated jointly taxed income etc. The total corporation tax payable is shown in the Annual Report of Selfinvest ApS, which is the management company of the joint taxation. The Danish group enterprises are moreover jointly and severally liable for Danish withholding taxes. Any subsequent adjustments of corporation tax and withholding taxes may imply that the Company is liable for a higher amount.

Notes to the Annual Report

12 Contingent liabilities (continued)

	2018	2017
	USD ´000	USD ´000
Operating lease obligations		
Within one year	547	133
Between one and five years	280	136
After five years	53	102
Total lease	**880**	**371**
Hereof group enterprises	374	283
Guarantees		
Payment guarantees, through bank	8	8
Total Guarantees	**8**	**8**

13 Related parties

Related parties comprise the Supervisory Board, the Executive Board and senior executives in the group enterprises as well as companies in which these persons have significant interests.

With reference to section 98 C(7) of the Danish Financial Statements Act, related party transactions details are not disclosed.

The Company is included in the Consolidated Financial Statements of the immediate Parent Company, Bunker Holding A/S, Middelfart, Denmark.

Controlling interest is exercised through the Company's immediate Parent Company, Bunker Holding A/S. The Company's ultimate Parent Company which prepares Consolidated Financial Statements is Selfinvest ApS, in which Torben Østergaard-Nielsen, Gl. Strandvej 171, 5500 Middelfart, CEO, exercises control.

14 Subsequent events

No significant events affecting the assessment of the Annual report have occured after the balance sheet date.

Accounting Policies

Basis of Preparation

The Annual Report of KPI Bridge Oil A/S for 2017/18 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class C.

The Annual Report for 2017/18 is presented in USD 1,000.

The accounting policies applied remain unchanged from the previous years.

Recognition and measurement
The Financial Statements have been prepared based on the historic cost principle.

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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account profits, losses and risks occurring before the presentation of the Annual Report which relate to affairs and conditions existing at the balance sheet date.

US dollar is used as the measurement currency. All other currencies are regarded as foreign currencies.

Accounting Policies

Presentation currency
The Financial Statements for 2017/18 have been presented in USD. At 30 April 2018 the year-end exchange rate for USD/DKK was 6.17. The comparative figures are translated at the historical year-end exchange rate which as of 30 April 2017 was USD/DKK 6.81.

Translation policies
Transactions in foreign currencies are translated during the year at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

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 recognised in "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, see below.

Hedge accounting
Changes in the fair values of derivative 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.

Changes in the fair values of financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings 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.

Segment information
Segment information on activities is presented.

Accounting Policies

Income Statement

Revenue
Revenue comprises the sale of goods and services and is recognised based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Revenue also includes income from the sale of financial derivatives in respect of crude oil and oil-related products at the time when the contract is concluded.

Direct expenses
Direct expenses include expenses for the purchase of goods for resale.

Other external expenses
Other external expenses include expenses for sales, administration as well as the running of office facilities, etc.

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

Financial income and expenses
Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year
Tax for the year consists of current tax for the year and adjustment of deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses). The jointly taxed enterprises have adopted the on-account taxation scheme.

Accounting Policies

Balance Sheet

Intangible assets
Intangible assets are measured at cost less accumulated amortisation calculated on a straight-line basis over the expected useful lives of the assets.

The period of amortisation of goodwill is longest for enterprises acquired for strategic purposes with a strong market position and a long earnings profile.

Amortisation based on cost is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Goodwill	10 years
Software	max. 3 years

Property, plant and equipment
Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest paid on loans raised for indirect or direct financing or production of property, plant and equipment is recognised in the income statement.

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

Other fixtures and fittings, tools and equipment 3-6 years.

Gains and losses on sale of property, plant and equipment are recognised in the income statement under Other operating income and Other external expenses, respectively.

Impairment of fixed assets
The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Accounting Policies

Inventory
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 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 sales sum.

The cost price of inventories whose fair value is effectively hedged from derivative financial instruments is adjusted for the change in fair value attributable to the hedged risk.

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. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Prepayments
Prepayments under assets comprise prepaid expenses.

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

Provisions
Provisions are recognised when – in consequence of an event occurred before or on the balance sheet date – the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

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.

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.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Accounting Policies

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

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.

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 short- and long-term debt as well as payments to and from shareholders.

Cash and cash equivalents
Cash and cash equivalents comprise the items "Cash at bank and in hand" and "Securities" under current assets as well as "Credit institutions" under short-term debt.

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

Accounting Policies

Definition of financial ratios

Gross margin	=	Gross profit x 100 / Revenue
Profit margin	=	Profit before financials x 100 / Revenue
Return on equity	=	Net profit for the year x 100 / Average equity
Liquidity ratio	=	Current assets / Short-term debt
Solvency ratio	=	Equity at year end x 100 / Total assets