
KPI OceanConnect A/S

Turbinevej 10, DK-5500 Middelfart

Annual Report for 2021/22

(financial year 1/5 - 30/4)

CVR No 31 37 01 83

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
28/6 2022

Casper Pasgaard Dybdal
Chairman of the General
Meeting



pwc

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	5
Financial Highlights	6
Management's Review	7
Financial Statements	
Income Statement 1 May - 30 April	10
Balance Sheet 30 April	11
Statement of Changes in Equity	13
Notes to the Financial Statements	14

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of KPI OceanConnect A/S for the financial year 1 May 2021 - 30 April 2022.

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 April 2022 of the Company and of the results of the Company operations for 2021/22.

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.

Middelfart, 28 June 2022

Executive Board

Patrick Bøgedal Hoé

Board of Directors

Christoffer Berg Lassen

Søren Høll

Patrick Bøgedal Hoé

Independent Auditor's Report

To the Shareholder of KPI OceanConnect 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 2022 and of the results of the Company's operations for the financial year 1 May 2021 - 30 April 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of KPI OceanConnect A/S for the financial year 1 May 2021 - 30 April 2022, which comprise income statement, balance sheet, statement of changes in equity 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 Financials 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 misstate-

Independent Auditor's Report

ment, 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.

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

Independent Auditor's Report

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.

Trekantområdet, 28 June 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Lasse Berg

State Authorised Public Accountant

mne35811

Company Information

The Company

KPI OceanConnect A/S
Turbinevej 10, DK-5500 Middelfart
DK-

Telephone: + 45 76 42 96 96

Facsimile: + 45 76 42 69 90

E-mail: middelfart@kpioceanconnect.com

CVR No: 31 37 01 83

Financial period: 1 May - 30 April

Municipality of reg. office: Middelfart

Supervisory Board

Christoffer Berg Lassen
Søren Høll
Patrick Bøgedal Hoé

Executive Board

Patrick Bøgedal Hoé

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Herredsvej 32
DK-7100 Vejle

Financial Highlights

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

	<u>2021/22</u>	<u>2020/21</u>	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>
	USD '000	USD '000	USD '000	USD '000	USD '000
Key figures					
Profit/loss					
Revenue	504,239	361,172	656,629	545,686	410,037
Gross profit/loss	4,113	3,509	13,207	10,206	6,766
Profit/loss before financial income and expenses	3,318	2,609	7,556	5,088	2,172
Net financials	(42)	412	213	(205)	(28)
Profit before tax	3,328	3,020	7,769	4,883	2,144
Net profit/loss for the year	2,598	2,250	6,081	3,823	1,650
Balance sheet					
Balance sheet total	62,142	35,015	36,409	49,606	44,829
Equity	10,044	9,646	13,397	9,816	7,493
Investment in property, plant and equipment	24	25	0	152	3
Ratios					
Gross margin	0.8 %	1.0 %	2 %	1.9 %	1.7 %
Return on equity	26.4 %	19.5 %	52.4 %	44.2 %	24.7 %
Solvency ratio	16.2 %	27.5 %	36.8 %	19.8 %	16.7 %

For definitions, see accounting policies.

Management's Review

Key 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

The income statement of the Company for 2021/22 shows a profit of USD '000 2,598, and at 30 April 2022 the balance sheet of the Company shows equity of USD '000 10,044.

The result for the year is considered satisfactory by Management.

KPI OceanConnect 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 OceanConnect A/S.

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 cashflows 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.

Management's Review

Statement of 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 Bunker Holding A/S (CVR-no. 75 26 63 16) for 2021/22.

Statement on gender composition

(cf. Section 99 b in the Danish Financial Statements Act)

The Company's Report on Gender Composition in Management is disclosed in the Financial Statement of Bunker Holding A/S (CVR-no. 75 26 63 16) for 2021/22.

Data etichs

(cf. Section 99 d in the Danish Financial Statements Act)

The Company's policies for data etichs are disclosed in the Financial Statement of Bunker Holding A/S (CVR-no. 75 26 63 16) for 2021/22.

Compliance

At KPI OceanConnect 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 characterize 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 OceanConnect 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 OceanConnect A/S complies with all relevant rules and legislation in those countries where the Company operates.

KPI OceanConnect 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.

Management's Review

Compliance Programs

It is KPI OceanConnect 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 OceanConnect A/S acts in full compliance here with. Furthermore, it is our policy that all board members, managers, and employees must demonstrate proper business ethics and code of conduct.

To realize this goal, KPI OceanConnect A/S strengthens the knowledge of competition law and anticorruption 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 anticorruption law matters. Furthermore, each employee is to complete a compliance e-learning once every year.

KPI OceanConnect 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 2022/23, Management expects the level of activity and earnings to be slightly below than those realized in the year just ended.

Income Statement 1 May - 30 April

	Note	2021/22 USD '000	2020/21 USD '000
Revenue	1	504,239	361,172
Expenses for raw materials and consumables		(495,746)	(353,662)
Other external expenses		<u>(4,380)</u>	<u>(4,001)</u>
Gross profit/loss		4,113	3,509
Staff expenses	2	(749)	(863)
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>(46)</u>	<u>(37)</u>
Profit/loss before financial income and expenses		3,318	2,609
Financial income	3	435	624
Financial expenses	4	<u>(477)</u>	<u>(212)</u>
Profit/loss before tax		3,276	3,021
Tax on profit/loss for the year	5	<u>(678)</u>	<u>(771)</u>
Net profit/loss for the year		<u>2,598</u>	<u>2,250</u>

Balance Sheet 30 April

Assets

	Note	2022 USD '000	2021 USD '000
Other fixtures and fittings, tools and equipment		75	93
Property, plant and equipment	6	75	93
Fixed assets		75	93
Trade receivables		26,542	23,427
Receivables from group enterprises		34,979	11,134
Other receivables		473	224
Deferred tax asset	7	3	1
Prepayments	8	34	32
Receivables		62,031	34,818
Cash at bank and in hand		36	104
Currents assets		62,067	34,922
Assets		62,142	35,015

Balance Sheet 30 April

Liabilities and equity

	Note	2022 USD '000	2021 USD '000
Share capital		1,781	1,781
Retained earnings		8,263	7,865
Equity		10,044	9,646
Credit institutions		47	290
Trade payables		16,709	8,093
Payables to group enterprises		34,392	15,952
Corporation tax		676	686
Other payables		274	348
Short-term debt		52,098	25,369
Debt		52,098	25,369
Liabilities and equity		62,142	35,015
Distribution of profit			
Contingent assets, liabilities and other financial obligations	10		
Related parties	11		
Fee to auditors appointed at the general meeting	12		
Accounting Policies	14		
Subsequent events	13		
Distribution of profit	9		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	USD '000	USD '000	USD '000
Equity at 1 May	1,781	7,865	9,646
Extraordinary dividend paid	0	(2,200)	(2,200)
Net profit/loss for the year	0	2,598	2,598
Equity at 30 April	1,781	8,263	10,044

Notes to the Financial Statements

	2021/22	2020/21
	USD '000	USD '000
1 Revenue		
The Company's activities are considered one segment.		
Geographical segments		
Revenue, exports	504,239	361,172
	504,239	361,172
Business segments		
Europe	321,206	195,660
America	30,855	101,822
Asia	114,785	41,707
Other	37,393	21,983
	504,239	361,172
2 Staff expenses		
Wages and salaries	698	816
Pensions	43	40
Other staff expenses	8	7
	749	863
Average number of employees	8	7
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.		
3 Financial income		
Interest received from group enterprises	142	201
Other financial income	293	423
	435	624

Notes to the Financial Statements

	2021/22 USD '000	2020/21 USD '000
4 Financial expenses		
Interest paid to group enterprises	380	90
Other financial expenses	97	122
	<u>477</u>	<u>212</u>
5 Tax on profit/loss for the year		
Current tax for the year	676	686
Deferred tax for the year	(2)	(1)
Adjustment of tax concerning previous years	4	86
	<u>678</u>	<u>771</u>
6 Property, plant and equipment		Other fixtures and fittings, tools and equipment <u>USD '000</u>
Cost at 1 May		286
Additions for the year		24
Disposals for the year		<u>(6)</u>
Cost at 30 April		<u>304</u>
Impairment losses and depreciation at 1 May		192
Depreciation for the year		<u>37</u>
Impairment losses and depreciation at 30 April		<u>229</u>
Carrying amount at 30 April		<u>75</u>

Notes to the Financial Statements

	2022 USD '000	2021 USD '000
7 Deferred tax asset		
Deferred tax asset at 1 May	1	0
Amounts recognised in the income statement for the year	2	1
Deferred tax asset at 30 April	3	1
Deferred tax asset relates to software and equipment.		

8 Prepayments

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

9 Distribution of profit

Extraordinary dividend paid	2,200	0
Retained earnings	398	2,250
	2,598	2,250

Notes to the Financial Statements

	2022 USD '000	2021 USD '000
--	------------------	------------------

10 Contingent assets, liabilities and other financial obligations

KPI OceanConnect A/S is an obligor in respect of the bank loans of the group companies. As at 30 April 2022, these obligations were limited to USD 9,906 K, which is equal to KPI OceanConnect A/S equity and KPI OceanConnect A/S intra-group liability to Bunker Holding A/S as at 30 April 2022.

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 OceanConnect A/S in an amount equaling the part of the obligations which relate to KPI OceanConnect 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 SelfGenerations T 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.

Operating lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	61	71
Between 1 and 5 years	20	86
After 5 years	0	0
	<u>81</u>	<u>157</u>

Guarantee obligations

Payment guarantees, through bank	7	8
----------------------------------	---	---

Notes to the Financial Statements

11 Related parties

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Consolidated Financial Statements of the immediate Parent Company,

<u>Name</u>	<u>Place of registered office</u>
Bunker Holding A/S,	Middelfart, Denmark.

The Company's ultimate Parent Company which prepares Consolidated Financial Statements is SelfGenerations T ApS, in which Torben Østergaard-Nielsen, CEO, exercises control.

12 Fee to auditors appointed at the general meeting

Fee to auditors appointed at the general meeting is stated in the Annual Report of Bunker Holding A/S.

13 Subsequent events

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

Notes to the Financial Statements

14 Accounting Policies

The Annual Report of KPI OceanConnect A/S for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021/22 are presented in USD '000.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Bunker Holding A/S, the Company has not prepared a cash flow statement.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

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 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.

Notes to the Financial Statements

14 Accounting Policies (continued)

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

Translation policies

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

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the 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 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. The distribution of net revenue by business area does not differ significantly from each other.

Notes to the Financial Statements

14 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected 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.

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 and distribution as well as office expenses, etc.

Staff expenses

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

Amortisation, depreciation and impairment losses

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

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.

Notes to the Financial Statements

14 Accounting Policies (continued)

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.

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

The Company is jointly taxed with wholly owned Danish group companies. The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance Sheet

Property, plant and equipment

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

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

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

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

Notes to the Financial Statements

14 Accounting Policies (continued)

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.

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 under assets comprise prepaid expenses.

Dividend

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

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.

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.

Notes to the Financial Statements

14 Accounting Policies (continued)

Financial debts

Loans, such as mortgage loans and 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.

Financial Highlights

Explanation of financial ratios

Gross margin

$$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

Return on equity

$$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$

Solvency ratio

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$