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# ***IKM Ocean Team A/S***

Vesterhavsgade 56, DK-6700 Esbjerg

## **Annual Report for 1 October 2021 - 30 September 2022**

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CVR No 32 83 33 73

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
27/02 2023

Vidar Haugland  
Chairman of the General  
Meeting



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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of IKM Ocean Team A/S for the financial year 1 October 2021 - 30 September 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 September 2022 of the Company and the Group and of the results of the Company and Group 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.

Esbjerg, 27 February 2023

## Executive Board

Jens Peder Ravn Thomsen  
Executive Officer

## Board of Directors

Vidar Haugland  
Chairman

Jens Peder Ravn Thomsen

Anders Sloth

Ståle Kyllingstad

Jens Bolme

# Independent Auditor's Report

To the Shareholders of IKM Ocean Team A/S

## Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 September 2022 and of the results of the Group's and the Parent Company's operations for the financial year 1 October 2021 - 30 September 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of IKM Ocean Team A/S for the financial year 1 October 2021 - 30 September 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("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 Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company 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 consolidated financial statements and parent company

# Independent Auditor's Report

financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the 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 Financial Statements unless Management either intends to liquidate the Group or 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 and the Group'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 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 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

# Independent Auditor's Report

may cause the Group and 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance 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.

Esbjerg, 27 February 2023

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Palle H. Jensen

State Authorised Public Accountant

mne32115

## **Company Information**

### **The Company**

IKM Ocean Team A/S  
Vesterhavsgade 56  
DK-6700 Esbjerg

CVR No: 32 83 33 73  
Financial period: 1 October - 30 September  
Municipality of reg. office: Esbjerg

### **Board of Directors**

Vidar Haugland, Chairman  
Jens Peder Ravn Thomsen  
Anders Sloth  
Ståle Kyllingstad  
Jens Bolme

### **Executive Board**

Jens Peder Ravn Thomsen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Esbjerg Brygge 28  
DK-6700 Esbjerg

# Management's Review

## Key activities

Company activities consist of owning shares in subsidiaries and patents for the whole group. Furthermore, it is holding the group management together with some of the administration and internal service departments for the whole group.

## Development in the year

The income statement of the Group for 2021/22 shows a profit of DKK 10,454,808, and at 30 September 2022 the balance sheet of the Group shows equity of DKK 25,867,508.

The profit is considered satisfactory by management.

OTG Ejendomme A/S was sold to the owners, in September 2022.

## Subsequent events

The majority of the company's shares were sold to IKM TESTING AS in Norway per 31 October 2022, this has been done in order to be better prepared for the future competitive situation.

As a result of this the company has change name to IKM Ocean Team A/S

Apart from this, no events have occurred after the balance sheet date that have a significant impact on the assessment of the annual report.



## Income Statement 1 October - 30 September

	Note	Group		Parent Company	
		2021/22	2020/21	2021/22	2020/21
		DKK	DKK	DKK	DKK
<b>Gross profit/loss</b>		<b>36.249.993</b>	<b>28.873.068</b>	<b>2.599.357</b>	<b>4.632.754</b>
Staff expenses	1	-20.293.622	-17.769.988	-2.146.104	-4.124.900
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-2.642.961	-2.705.817	-490.728	-511.413
Other operating expenses		-8.350	0	0	0
<b>Profit/loss before financial income and expenses</b>		<b>13.305.060</b>	<b>8.397.263</b>	<b>-37.475</b>	<b>-3.559</b>
Income from investments in subsidiaries	3	0	0	10.448.972	6.391.192
Financial income	4	28.363	36	57.432	61.625
Financial expenses	5	-141.441	-171.907	-12.381	-24.083
<b>Profit/loss before tax</b>		<b>13.191.982</b>	<b>8.225.392</b>	<b>10.456.548</b>	<b>6.425.175</b>
Tax on profit/loss for the year	6	-2.737.174	-1.807.508	-1.740	-7.291
<b>Net profit/loss for the year</b>		<b>10.454.808</b>	<b>6.417.884</b>	<b>10.454.808</b>	<b>6.417.884</b>

## Distribution of profit

### Proposed distribution of profit

Extraordinary dividend paid	5.500.000	0
Proposed dividend for the year	0	8.000.000
Reserve for net revaluation under the equity method	-1.416.028	6.391.192
Retained earnings	6.370.836	-7.973.308
	<b>10.454.808</b>	<b>6.417.884</b>

# Balance Sheet 30 September

## Assets

	Note	Group		Parent Company	
		2022 DKK	2021 DKK	2022 DKK	2021 DKK
Acquired patents		918.420	1.106.162	918.420	1.106.162
<b>Intangible assets</b>	7	<b>918.420</b>	<b>1.106.162</b>	<b>918.420</b>	<b>1.106.162</b>
Land and buildings		0	9.989.929	0	0
Other fixtures and fittings, tools and equipment		5.970.708	3.373.843	11.959	17.274
Leasehold improvements		0	0	0	0
<b>Property, plant and equipment</b>	8	<b>5.970.708</b>	<b>13.363.772</b>	<b>11.959</b>	<b>17.274</b>
Investments in subsidiaries	9	0	0	21.810.974	23.727.002
<b>Fixed asset investments</b>		<b>0</b>	<b>0</b>	<b>21.810.974</b>	<b>23.727.002</b>
<b>Fixed assets</b>		<b>6.889.128</b>	<b>14.469.934</b>	<b>22.741.353</b>	<b>24.850.438</b>
<b>Inventories</b>	10	<b>2.746.074</b>	<b>2.890.770</b>	<b>0</b>	<b>0</b>
Trade receivables		9.908.630	7.179.357	0	0
Contract work in progress	11	3.082.478	977.923	0	0
Receivables from group enterprises		0	148.781	1.611.803	2.354.157
Other receivables		258.842	5.535.781	26.709	843.538
Deferred tax asset	12	632.000	296.000	25.000	14.000
Prepayments		378.709	417.316	362.006	338.285
<b>Receivables</b>		<b>14.260.659</b>	<b>14.555.158</b>	<b>2.025.518</b>	<b>3.549.980</b>
<b>Cash at bank and in hand</b>		<b>9.807.406</b>	<b>10.283.703</b>	<b>1.639.787</b>	<b>2.240.069</b>
<b>Currents assets</b>		<b>26.814.139</b>	<b>27.729.631</b>	<b>3.665.305</b>	<b>5.790.049</b>
<b>Assets</b>		<b>33.703.267</b>	<b>42.199.565</b>	<b>26.406.658</b>	<b>30.640.487</b>

# Balance Sheet 30 September

## Liabilities and equity

	Note	Group		Parent Company	
		2022 DKK	2021 DKK	2022 DKK	2021 DKK
Share capital		500.000	500.000	500.000	500.000
Reserve for net revaluation under the equity method		0	0	8.197.440	9.613.468
Retained earnings		25.367.508	20.412.699	17.170.068	10.799.231
Proposed dividend for the year		0	8.000.000	0	8.000.000
<b>Equity</b>		<b>25.867.508</b>	<b>28.912.699</b>	<b>25.867.508</b>	<b>28.912.699</b>
Mortgage loans		0	3.064.212	0	0
Deposits		0	30.680	0	0
<b>Long-term debt</b>	13	<b>0</b>	<b>3.094.892</b>	<b>0</b>	<b>0</b>
Mortgage loans	13	0	341.000	0	0
Credit institutions		358	0	0	0
Prepayments received from customers		0	194.883	0	0
Trade payables		1.550.392	1.908.296	117.607	294.221
Contract work in progress, liabilities	11	457.360	0	0	0
Corporation tax		2.504.174	1.694.508	12.740	31.291
Other payables		3.323.475	6.053.287	408.803	1.402.276
<b>Short-term debt</b>		<b>7.835.759</b>	<b>10.191.974</b>	<b>539.150</b>	<b>1.727.788</b>
<b>Debt</b>		<b>7.835.759</b>	<b>13.286.866</b>	<b>539.150</b>	<b>1.727.788</b>
<b>Liabilities and equity</b>		<b>33.703.267</b>	<b>42.199.565</b>	<b>26.406.658</b>	<b>30.640.487</b>
Contingent assets, liabilities and other financial obligations	14				
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## Statement of Changes in Equity

### Group

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 October 2021	500.000	0	20.412.700	8.000.000	28.912.700
Ordinary dividend paid	0	0	0	-8.000.000	-8.000.000
Extraordinary dividend paid	0	0	-5.500.000	0	-5.500.000
Net profit/loss for the year	0	0	10.454.808	0	10.454.808
<b>Equity at 30 September 2022</b>	<b>500.000</b>	<b>0</b>	<b>25.367.508</b>	<b>0</b>	<b>25.867.508</b>

### Parent Company

Equity at 1 October 2021	500.000	9.613.468	10.799.232	8.000.000	28.912.700
Ordinary dividend paid	0	0	0	-8.000.000	-8.000.000
Extraordinary dividend paid	0	0	-5.500.000	0	-5.500.000
Net profit/loss for the year	0	-1.416.028	11.870.836	0	10.454.808
<b>Equity at 30 September 2022</b>	<b>500.000</b>	<b>8.197.440</b>	<b>17.170.068</b>	<b>0</b>	<b>25.867.508</b>

## Notes to the Financial Statements

	Group		Parent Company	
	2021/22 DKK	2020/21 DKK	2021/22 DKK	2020/21 DKK
<b>1 Staff expenses</b>				
Wages and salaries	18.069.957	15.768.679	1.762.735	3.602.839
Pensions	70.543	286.737	70.543	215.507
Other social security expenses	1.573.575	1.199.851	50.604	65.524
Other staff expenses	579.547	514.721	262.222	241.030
	<b>20.293.622</b>	<b>17.769.988</b>	<b>2.146.104</b>	<b>4.124.900</b>
<b>Average number of employees</b>	<b>29</b>	<b>26</b>	<b>3</b>	<b>6</b>
<b>2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment</b>				
Amortisation of intangible assets	485.412	506.097	485.412	506.097
Depreciation of property, plant and equipment	2.159.449	2.251.720	5.316	5.316
Gain and loss on disposal	-1.900	-52.000	0	0
	<b>2.642.961</b>	<b>2.705.817</b>	<b>490.728</b>	<b>511.413</b>
<b>3 Income from investments in subsidiaries</b>				
Share of profits of subsidiaries			10.448.972	6.569.380
Share of losses of subsidiaries			0	-178.188
			<b>10.448.972</b>	<b>6.391.192</b>
<b>4 Financial income</b>				
Interest received from group enterprises	0	0	57.432	61.625
Other financial income	28.363	36	0	0
	<b>28.363</b>	<b>36</b>	<b>57.432</b>	<b>61.625</b>

## Notes to the Financial Statements

	Group		Parent Company	
	2021/22 DKK	2020/21 DKK	2021/22 DKK	2020/21 DKK
<b>5 Financial expenses</b>				
Other financial expenses	124.624	152.425	12.381	24.083
Exchange adjustments, expenses	16.817	19.482	0	0
	<b>141.441</b>	<b>171.907</b>	<b>12.381</b>	<b>24.083</b>
<b>6 Tax on profit/loss for the year</b>				
Current tax for the year	2.504.174	1.694.508	12.740	31.291
Deferred tax for the year	233.000	113.000	-11.000	-24.000
	<b>2.737.174</b>	<b>1.807.508</b>	<b>1.740</b>	<b>7.291</b>
<b>7 Intangible assets</b>				
<b>Group</b>				Acquired pa- tents DKK
Cost at 1 October 2021				2.619.049
Additions for the year				297.671
Cost at 30 September 2022				2.916.720
Impairment losses and amortisation at 1 October 2021				1.512.887
Amortisation for the year				485.413
Impairment losses and amortisation at 30 September 2022				1.998.300
<b>Carrying amount at 30 September 2022</b>				<b>918.420</b>
Amortised over				5 years

# Notes to the Financial Statements

## 8 Property, plant and equipment

### Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK	DKK
Cost at 1 October 2021	12.613.670	32.938.840	3.305.920
Additions for the year	0	4.492.881	0
Disposals for the year	-12.613.670	-209.030	0
Cost at 30 September 2022	<u>0</u>	<u>37.222.691</u>	<u>3.305.920</u>
Impairment losses and depreciation at 1 October 2021	2.623.741	29.564.997	3.305.920
Depreciation for the year	286.332	1.873.266	0
Reversal of impairment and depreciation of sold assets	-2.910.073	-186.280	0
Impairment losses and depreciation at 30 September 2022	<u>0</u>	<u>31.251.983</u>	<u>3.305.920</u>
<b>Carrying amount at 30 September 2022</b>	<b><u>0</u></b>	<b><u>5.970.708</u></b>	<b><u>0</u></b>

### Parent Company

	Other fixtures and fittings, tools and equipment	Total
	DKK	DKK
Cost at 1 October 2021	<u>26.575</u>	<u>26.575</u>
Kostpris at 30 September 2022	<u>26.575</u>	<u>26.575</u>
Impairment losses and depreciation at 1 October 2021	9.301	9.301
Depreciation for the year	5.315	5.315
Impairment losses and depreciation at 30 September 2022	<u>14.616</u>	<u>14.616</u>
<b>Carrying amount at 30 September 2022</b>	<b><u>11.959</u></b>	<b><u>11.959</u></b>

## Notes to the Financial Statements

	<b>Parent Company</b>	
	2022	2021
	DKK	DKK
<b>9 Investments in subsidiaries</b>		
Cost at 1 October 2021	14.113.534	14.113.534
Disposals for the year	-500.000	0
Cost at 30 September 2022	<u>13.613.534</u>	<u>14.113.534</u>
Value adjustments at 1 October 2021	9.613.468	5.722.276
Disposals for the year	-4.865.000	0
Net profit/loss for the year	10.448.972	6.391.192
Dividend to the Parent Company	-7.000.000	-2.500.000
Value adjustments at 30 September 2022	<u>8.197.440</u>	<u>9.613.468</u>
<b>Carrying amount at 30 September 2022</b>	<b><u>21.810.974</u></b>	<b><u>23.727.002</u></b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
IKM Ocean Team Scandinavia A/S	Esbjerg	500.000	100%
IKM Ocean Team Powertech A/S	Esbjerg	400.000	100%
IKM Ocean Team Windcare A/S	Esbjerg	500.000	100%
IKM Ocean Team Fluidcare UK Ltd.	England	0	100%

	<b>Group</b>		<b>Parent Company</b>	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
<b>10 Inventories</b>				
Raw materials and consumables	2.072.599	2.172.970	0	0
Work in progress	673.475	717.800	0	0
	<b><u>2.746.074</u></b>	<b><u>2.890.770</u></b>	<b><u>0</u></b>	<b><u>0</u></b>



## Notes to the Financial Statements

	Group		Parent Company	
	2022 DKK	2021 DKK	2022 DKK	2021 DKK
<b>11 Contract work in progress</b>				
Selling price of work in progress	4.543.214	2.037.180	0	0
Payments received on account	-1.918.096	-1.059.257	0	0
	<b>2.625.118</b>	<b>977.923</b>	<b>0</b>	<b>0</b>
Recognised in the balance sheet as follows:				
Contract work in progress recognised in assets	3.082.478	977.923	0	0
Prepayments received recognised in debt	-457.360	0	0	0
	<b>2.625.118</b>	<b>977.923</b>	<b>0</b>	<b>0</b>

## 12 Deferred tax asset

Intangible assets	-107.000	-92.000	-107.000	-92.000
Property, plant and equipment	-732.000	-309.000	3.000	4.000
Inventories	-15.000	0	0	0
Trade receivables	0	-1.000	0	0
Prepayments	83.000	45.000	79.000	74.000
Contract work in progress	139.000	61.000	0	0
Transferred to deferred tax asset	632.000	296.000	25.000	14.000
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Deferred tax has been provided at 22% corresponding to the expected current tax rate.

### Deferred tax asset

Calculated tax asset	632.000	296.000	25.000	14.000
<b>Carrying amount</b>	<b>632.000</b>	<b>296.000</b>	<b>25.000</b>	<b>14.000</b>

# Notes to the Financial Statements

## 13 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent Company	
	2022 DKK	2021 DKK	2022 DKK	2021 DKK
<b>Mortgage loans</b>				
After 5 years	0	1.697.000	0	0
Between 1 and 5 years	0	1.367.212	0	0
Long-term part	0	3.064.212	0	0
Within 1 year	0	341.000	0	0
	<b>0</b>	<b>3.405.212</b>	<b>0</b>	<b>0</b>
<b>Deposits</b>				
Between 1 and 5 years	0	30.680	0	0
Long-term part	0	30.680	0	0
Within 1 year	0	0	0	0
	<b>0</b>	<b>30.680</b>	<b>0</b>	<b>0</b>

## Notes to the Financial Statements

	Group		Parent Company	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
<b>14 Contingent assets, liabilities and other financial obligations</b>				
<b>Rental and lease obligations</b>				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	1.583.964	685.867	1.583.964	476.532
Between 1 and 5 years	5.139.552	266.532	5.139.552	266.532
After 5 years	5.369.076	0	5.369.076	0
	<b>12.092.592</b>	<b>952.399</b>	<b>12.092.592</b>	<b>743.064</b>

### Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of O. & J. Holding A/S, which at year end is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

# Notes to the Financial Statements

## 15 Accounting Policies

The Annual Report of IKM Ocean Team A/S for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2021/22 are presented in DKK.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions.

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.

### Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, IKM Ocean Team A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

# Notes to the Financial Statements

## 15 Accounting Policies (continued)

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

## Income Statement

### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Expenses for raw materials and consumables

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

### Other external expenses

Other external expenses comprise premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

# Notes to the Financial Statements

## 15 Accounting Policies (continued)

### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

### Staff expenses

Staff 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.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

### Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in 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.

## Balance Sheet

### Intangible assets

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 5 years.

# Notes to the Financial Statements

## 15 Accounting Policies (continued)

### 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:

Buildings	22-25 years
Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5 years

The fixed assets' residual values are determined at nil.

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, the asset is written down to its lower recoverable amount.

### Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

# Notes to the Financial Statements

## 15 Accounting Policies (continued)

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

### **Inventories**

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

### **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.

### **Contract work in progress**

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

### **Prepayments**

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.



# Notes to the Financial Statements

## 15 Accounting Policies (continued)

### ***Dividend***

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

### **Deferred tax assets and liabilities**

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets 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 within the same legal tax entity.

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. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### **Financial debts**

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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