
Trithorn Bulk A/S

Strandvejen 56, DK-2900 Hellerup

Annual Report for 1 January - 31 December 2019

CVR No 37 90 45 89

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
18/3 2020

Ejner Bonderup
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 Trithorn Bulk A/S for the financial year 1 January - 31 December 2019.

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 31 December 2019 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2019.

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.

Hellerup, 18 March 2020

Executive Board

Renè Breyen-Mikkelsen
Executive Officer

Board of Directors

Ejner Kiel Bonderup
Chairman

Jan Egtved Knudsen

Renè Breyen-Mikkelsen

Marc Lyngaae Slinger

Uffe Eckardt Hansen

Ronald Lambertus Maria
Bouwens

Ernesto Walter Schonbrod
Brauhardt

Independent Auditor's Report

To the Shareholder of Trithorn Bulk 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 31 December 2019 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Trithorn Bulk A/S for the financial year 1 January - 31 December 2019, 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, as well as consolidated statement of cash flows ("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' 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 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.

Independent Auditor's Report

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company 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

Independent Auditor's Report

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the 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.

Odense, 18 March 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Line Hedam
statsautoriseret revisor
mne27768

Claus Damhave
statsautoriseret revisor
mne34166

Company Information

The Company

Trithorn Bulk A/S
Strandvejen 56
DK-2900 Hellerup

CVR No: 37 90 45 89
Financial period: 1 January - 31 December
Municipality of reg. office: Gentofte

Board of Directors

Ejner Kiel Bonderup, Chairman
Jan Egtved Knudsen
Renè Breyen-Mikkelsen
Marc Lyngaae Slinger
Uffe Eckardt Hansen
Ronald Lambertus Maria Bouwens
Ernesto Walter Schonbrod Brauhardt

Executive Board

Renè Breyen-Mikkelsen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Rytterkasernen 21
DK-5000 Odense C

Financial Highlights

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

	Group	
	2019	2018
	USD'000	USD'000
Key figures		
Profit/loss		
Revenue	193.255	171.768
Operating profit/loss	4.322	1.903
Profit/loss before financial income and expenses	4.322	1.903
Net financials	-63	-42
Net profit/loss for the year	3.318	1.454
Balance sheet		
Balance sheet total	20.308	10.255
Equity	5.522	2.804
Cash flows		
Cash flows from:		
- operating activities	4.980	-691
- investing activities	-18	-20
- financing activities	32	41
Change in cash and cash equivalents for the year	4.994	-670
Number of employees	11	9
Ratios		
Gross margin	4,4%	2,1%
Profit margin	2,2%	1,1%
Return on assets	21,3%	18,6%
Solvency ratio	27,2%	27,3%
Return on equity	79,7%	103,7%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Key activities

Trithorn Bulk A/S is an international operator of modern/eco dry bulk carriers within Handysize and Supramax segments. Trithorn Bulk A/S is operating world wide but with focus on the Atlantic basin. The company is operating in the spot market as well as the contract market with a preference towards short term contracts

Development in the year

The income statement of the Group for 2019 shows a profit of USD'000 3,318, and at 31 December 2019 the balance sheet of the Group shows equity of USD'000 5,522.

2019 was another profitable year for Trithorn Bulk, since the inception in 2016. New activities were established in the United States with a representative office based in California. During the year the Company also expanded its capacity, in particular by adding legal and lay time specialists to the staff in Athens, Greece.

Outlook

Despite volatile markets at the beginning of 2020, Trithorn Bulk expects continued profitable growth during the year as the business model is adaptable to changing market conditions. Investments in operating systems and risk management measures will continue in 2020.

Management expects no material impact on fiscal year 2020 from Covid-19 assuming global port infrastructure remains accessible.

Foreign branches

The Company has a branch in Norway, subsidiaries in Switzerland and Chile, and business partnerships in Greece and the US.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2019 of the Group and the results of the activities and cash flows of the Group for the financial year for 2019 have not been affected by any unusual events.

Income Statement 1 January - 31 December

	Note	Group		Parent company	
		2019	2018	2019	2018
		USD'000	USD'000	USD'000	USD'000
Revenue		193.255	171.768	193.255	171.768
Other external expenses		-184.785	-168.086	-186.112	-168.547
Gross profit/loss		8.470	3.682	7.143	3.221
Staff expenses	1	-4.148	-1.779	-2.917	-1.371
Profit/loss before financial income and expenses		4.322	1.903	4.226	1.850
Income from investments in subsidiaries		0	0	67	48
Financial income		204	259	203	259
Financial expenses	2	-267	-301	-251	-301
Profit/loss before tax		4.259	1.861	4.245	1.856
Tax on profit/loss for the year	3	-941	-407	-927	-402
Net profit/loss for the year		3.318	1.454	3.318	1.454

Balance Sheet 31 December

Assets

	Note	Group		Parent company	
		2019 USD'000	2018 USD'000	2019 USD'000	2018 USD'000
Investments in subsidiaries	4	0	0	153	68
Fixed asset investments		0	0	153	68
Fixed assets		0	0	153	68
Inventories		2.648	3.069	2.648	3.069
Trade receivables		8.778	4.603	8.778	4.603
Other receivables		727	95	719	77
Prepayments	5	2.509	1.836	2.509	1.836
Receivables		12.014	6.534	12.006	6.516
Cash at bank and in hand		5.646	652	5.618	647
Currents assets		20.308	10.255	20.272	10.232
Assets		20.308	10.255	20.425	10.300

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2019 USD'000	2018 USD'000	2019 USD'000	2018 USD'000
Share capital		75	75	75	75
Reserve for net revaluation under the equity method		0	0	115	48
Retained earnings		5.447	2.129	5.332	2.081
Proposed dividend for the year		0	600	0	600
Equity		5.522	2.804	5.522	2.804
Trade payables		5.674	4.713	5.674	4.713
Payables to group enterprises		1.023	390	1.604	458
Payables to group enterprises relating to corporation tax		927	402	927	402
Other payables		1.867	720	1.403	697
Deferred income	7	5.295	1.226	5.295	1.226
Short-term debt		14.786	7.451	14.903	7.496
Debt		14.786	7.451	14.903	7.496
Liabilities and equity		20.308	10.255	20.425	10.300
Subsequent events	12				
Distribution of profit	6				
Contingent assets, liabilities and other financial obligations	10				
Related parties	11				
Accounting Policies	13				

Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Equity at 1 January	75	0	2.129	600	2.804
Ordinary dividend paid	0	0	0	-600	-600
Net profit/loss for the year	0	0	3.318	0	3.318
Equity at 31 December	75	0	5.447	0	5.522

Parent company

Equity at 1 January	75	48	2.081	600	2.804
Ordinary dividend paid	0	0	0	-600	-600
Net profit/loss for the year	0	67	3.251	0	3.318
Equity at 31 December	75	115	5.332	0	5.522

Cash Flow Statement 1 January - 31 December

	Note	Group	
		2019 USD'000	2018 USD'000
Net profit/loss for the year		3.318	1.454
Adjustments	8	1.004	449
Change in working capital	9	1.138	-2.065
Cash flows from operating activities before financial income and expenses		5.460	-162
Financial income		203	259
Financial expenses		-267	-300
Cash flows from ordinary activities		5.396	-203
Corporation tax paid		-416	-488
Cash flows from operating activities		4.980	-691
Fixed asset investments made etc		-18	-20
Cash flows from investing activities		-18	-20
Raising of loans from group enterprises		632	391
Dividend paid		-600	-350
Cash flows from financing activities		32	41
Change in cash and cash equivalents		4.994	-670
Cash and cash equivalents at 1 January		652	1.322
Cash and cash equivalents at 31 December		5.646	652
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		5.646	652
Cash and cash equivalents at 31 December		5.646	652

Notes to the Financial Statements

	Group		Parent company	
	2019 USD'000	2018 USD'000	2019 USD'000	2018 USD'000
1 Staff expenses				
Wages and salaries	3.938	1.666	2.787	1.302
Pensions	55	47	55	47
Other social security expenses	126	51	47	7
Other staff expenses	29	15	28	15
	4.148	1.779	2.917	1.371
Including remuneration to the Executive Board and Board of Directors	607	368		
Average number of employees	11	9	8	7
2 Financial expenses				
Interest paid to group enterprises	34	0	34	0
Other financial expenses	57	47	57	47
Exchange loss	176	254	160	254
	267	301	251	301
3 Tax on profit/loss for the year				
Current tax for the year	941	407	927	402
	941	407	927	402

Notes to the Financial Statements

	Parent company	
	2019	2018
	USD'000	USD'000
4 Investments in subsidiaries		
Cost at 1 January	20	20
Additions for the year	18	0
Cost at 31 December	<u>38</u>	<u>20</u>
Value adjustments at 1 January	48	0
Net profit/loss for the year	67	48
Value adjustments at 31 December	<u>115</u>	<u>48</u>
Carrying amount at 31 December	<u>153</u>	<u>68</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
TRITHORN Bulk Chile SpA	Santiago, Chile	18.145	100%
Thorco Bulk Switzerland Sàrl	Bulle, Switzerland	20.020	100%

5 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions, time-charter hire and interest.

	Parent company	
	2019	2018
	USD'000	USD'000
6 Distribution of profit		
Proposed dividend for the year	0	600
Reserve for net revaluation under the equity method	67	48
Retained earnings	<u>3.251</u>	<u>806</u>
	<u>3.318</u>	<u>1.454</u>

Notes to the Financial Statements

7 Deferred income

Deferred income consists of ongoing voyages at 31. December.

8 Cash flow statement - adjustments

Financial income
Financial expenses
Tax on profit/loss for the year

Group	
2019	2018
USD'000	USD'000
-204	-259
267	301
941	407
1.004	449

9 Cash flow statement - change in working capital

Change in inventories
Change in receivables
Change in trade payables, etc

422	-2.150
-5.481	-2.352
6.197	2.437
1.138	-2.065

Notes to the Financial Statements

	Group		Parent company	
	2019	2018	2019	2018
	USD'000	USD'000	USD'000	USD'000
10 Contingent assets, liabilities and other financial obligations				

Rental and lease obligations

The company has entered into agreements for chartering ships on Timer Charterbasis to maturity during the year 2020. The aggregate net lease obligation amount to:

16.083	18.950	16.083	18.950
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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 Thonico Holding A/S, which 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 unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

The Company has entered an agreement on lease of premises. The agreement can be terminated with six months' notice but not before 31 Marts 2021. The total liability amounts to USD 56.800, of which USD 45.440 are due within one year.

Notes to the Financial Statements

11 Related parties

	<u>Basis</u>
Controlling interest	
Thornico Holding A/S	Ultimate Parent
Havnegade Capital ApS	Parent

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 group report for the parent company.

<u>Name</u>	<u>Place of registered office</u>
Thornico Holding A/S	Odense
Thornico A/S	Odense

12 Subsequent events

The consequences of Covid-19, where many governments worldwide have taken the decision to "close down the country", will be of great importance to the world economy. Management considers the consequences of Covid-19 as an event that occurred after the balance sheet date (31 December 2019), and therefore constitutes a non-adjusting event for the Company.

Currently, Management expects no material impact on fiscal year 2020 from Covid-19 assuming global port infrastructure remains accessible.

Notes to the Financial Statements

13 Accounting Policies

The Annual Report of Trithorn Bulk A/S for 2019 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 Consolidated and Parent Company Financial Statements for 2019 are presented in USD'000.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Trithorn Bulk 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

13 Accounting Policies (continued)

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

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.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service 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

Notes to the Financial Statements

13 Accounting Policies (continued)

the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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

Other external expenses

Other external expenses comprise indirect production costs and expenses for time charter hire, premises, sales and distribution as well as office expenses, etc.

Staff expenses

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

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.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

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

Notes to the Financial Statements

13 Accounting Policies (continued)

“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.

Subsidiaries with a negative net asset value are recognised at USD 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 raw materials and consumables equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning time charter hire, insurance premiums and subscriptions.

Equity

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

Notes to the Financial Statements

13 Accounting Policies (continued)

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

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Group'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 Group'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 long-term debt as well as payments to and from shareholders.

Notes to the Financial Statements

13 Accounting Policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

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

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$