
Francis Family Fund ApS

Gl Hovedgade 1A, DK-2970 Hørsholm

Annual Report for
1 October 2023 - 30 September 2024

CVR No. 41 64 64 89

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 18/12 2024

Nicholas Peter Francis
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 Francis Family Fund ApS for the financial year 1 October 2023 - 30 September 2024.

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 September 2024 of the Company and of the results of the Company operations for 2023/24.

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.

Hørsholm, 18 December 2024

Executive Board

Nicholas Peter Francis

Board of Directors

Nicholas Peter Francis
Chairman

Tristan Thorvald Francis

Kieran Thorvald Francis

Independent Auditor's report

To the shareholders of Francis Family Fund ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 September 2024 and of the results of the Company's operations for the financial year 1 October 2023 - 30 September 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Francis Family Fund ApS for the financial year 1 October 2023 - 30 September 2024, 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 Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

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

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.

Independent Auditor's report

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 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.

Hellerup, 18 December 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Ulrik Ræbild

State Authorised Public Accountant

mne33262

Company information

The Company	Francis Family Fund ApS Gl Hovedgade 1A DK-2970 Hørsholm CVR No: 41 64 64 89 Financial period: 1 October 2023 - 30 September 2024 Incorporated: 2 September 2020 Financial year: 5th financial year Municipality of reg. office: Hørsholm
Board of Directors	Nicholas Peter Francis, chairman Tristan Thorvald Francis Kieran Thorvald Francis
Executive Board	Nicholas Peter Francis
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2023/24	2022/23	2021/22	2020/21	2019/20
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross loss	-9,909	-9,772	-12,312	-7,076	-104
Profit/loss of primary operations	-20,241	-13,598	-13,847	-7,979	-104
Profit/loss of financial income and expenses	66,849	35,790	-739,807	1,019,996	2,676,521
Net profit/loss for the year	41,647	18,962	-753,654	789,232	2,503,690
Balance sheet					
Balance sheet total	2,276,895	2,377,516	2,393,062	3,410,084	3,442,195
Investment in property, plant and equipment	257	666	7,310	0	0
Equity	2,268,107	2,246,460	2,262,498	3,016,152	2,503,920
Number of employees	8	4	2	2	0
Ratios					
Solvency ratio	99.6%	94.5%	94.5%	88.4%	72.7%
Return on equity	1.8%	0.8%	-28.6%	28.6%	200.0%

For definitions of ratios, see under accounting policies.

Management's review

Key activities

The company's purpose is to hold capital shares and carry out investments and activities which, at the management's discretion, are related to this.

Development in the year

The income statement for the period 1 October 2023 – 30 September 2024 shows a profit of 41,647 TDKK compared to TDKK 18,962 for the period 1 October 2022 – 30 September 2023. The balance sheet shows equity of TDKK 2,268,107.

The management considers the year's result to be satisfactory.

The past year and follow-up on development expectations from last year

The Company results show a profit of TDKK 41,647 mainly due to unrealized gains from investments in listed securities. The Company's result is negatively affected by a write-down in direct investments of DKK 29 million.

The result aligns with the expectations set out in the annual report for 2022/2023, adjusted for the write-down of direct investments.

Market risks

As a consequence of its investments, the Company is generally exposed to financial risks, primarily share price exposure, interest rate risks and currency risks. The Company also uses financial instruments to obtain exposure towards different asset classes.

It is an integral part of the Company's business model to assume financial risks in its investments, and limits for and monitoring of such limits form part of the Company's portfolio and risk models.

Targets and expectations for the year ahead

The outlook for the investment activities remains subject to significant uncertainty as financial markets volatility persists.

On that basis, the Company is expected to generate a profit before tax of DKK 60-120 million depending on developments in financial markets in 2024/25.

External environment

The company's activities solely consist of investments in shares and relating activities, and the company's external impact is therefore limited. The Managing Director will for future investments have focus on investments that are environmentally friendly. Therefore, the company has no policies for environment and climate.

Uncertainty relating to recognition and measurement

The Company's risk primarily relates to the development within the global financial markets as the Company's has a significant exposure to financial assets.

The Company's other investments also consist of investments in unlisted private equity funds. These funds are recognized at cost and measured at fair value end of year. The fair value is calculated based on unobservable inputs, and as a result there is an inherent uncertainty associated with the private equity funds' estimates for fair value.

Unusual events

The financial position at 30 September 2024 of the Company and the results of the activities and cash flows of the Company for the financial year 2023/2024 have not been affected by any unusual events

Management's review

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 October 2023 - 30 September 2024

	Note	2023/24	2022/23
		TDKK	TDKK
Gross loss		-9,909	-9,772
Staff expenses	1	-9,931	-3,545
Depreciation and impairment losses of property, plant and equipment		-401	-281
Profit/loss before financial income and expenses		-20,241	-13,598
Income from investments in subsidiaries		-190	-306
Financial income	2	107,258	107,294
Financial expenses	3	-40,219	-71,198
Profit/loss before tax		46,608	22,192
Tax on profit/loss for the year	4	-4,961	-3,230
Net profit/loss for the year	5	41,647	18,962

Balance sheet 30 September 2024

Assets

	Note	2023/24	2022/23
		TDKK	TDKK
Land and buildings		6,698	6,838
Other fixtures and fittings, tools and equipment		800	804
Property, plant and equipment	6	7,498	7,642
Investments in subsidiaries	7	116	306
Other investments	8	939,051	718,252
Fixed asset investments		939,167	718,558
Fixed assets		946,665	726,200
Receivables from group enterprises		0	87,197
Other receivables		42,020	34,805
Corporation tax		2,248	0
Receivables		44,268	122,002
Current asset investments	9	1,270,015	1,498,783
Cash at bank and in hand		15,947	30,531
Current assets		1,330,230	1,651,316
Assets		2,276,895	2,377,516

Balance sheet 30 September 2024

Liabilities and equity

	Note	2023/24	2022/23
		TDKK	TDKK
Share capital		200	200
Reserve for net revaluation under the equity method		76	266
Retained earnings		2,267,831	2,225,994
Proposed dividend for the year		0	20,000
Equity		2,268,107	2,246,460
Payables to group enterprises relating to corporation tax		4,518	982
Long-term debt	10	4,518	982
Trade payables		1,513	2,170
Payables to group enterprises		2,143	0
Payables to owners and Management		28	127,132
Other payables		586	772
Short-term debt		4,270	130,074
Debt		8,788	131,056
Liabilities and equity		2,276,895	2,377,516
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Statement of changes in equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 October	200	266	2,225,994	20,000	2,246,460
Extraordinary dividend paid	0	0	0	-20,000	-20,000
Net profit/loss for the year	0	-190	41,837	0	41,647
Equity at 30 September	200	76	2,267,831	0	2,268,107

Notes to the Financial Statements

	2023/24	2022/23
	TDKK	TDKK
1. Staff Expenses		
Wages and salaries	9,548	3,514
Other social security expenses	37	31
Other staff expenses	346	0
	<u>9,931</u>	<u>3,545</u>

Remuneration for the Executive Board in the accounting period 1 October 2023 - 30 September 2024 amounts to DKK 5,918k. (2022/23 DKK 2.931k)

Average number of employees	<u>8</u>	<u>4</u>
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	2023/24	2022/23
	TDKK	TDKK
2. Financial income		
Income from securities, which are fixed assets	2,446	0
Interest received from group enterprises	3,246	2,525
Other financial income	44,103	25,389
Exchange adjustments	57,463	79,380
	<u>107,258</u>	<u>107,294</u>

	2023/24	2022/23
	TDKK	TDKK
3. Financial expenses		
Impairment losses on financial assets	28,775	19,966
Other financial expenses	10,352	11,239
Exchange loss	1,092	39,993
	<u>40,219</u>	<u>71,198</u>

Notes to the Financial Statements

	2023/24	2022/23
	TDKK	TDKK
4. Income tax expense		
Current tax for the year	6,215	3,230
Adjustment of tax concerning previous years	-1,254	0
	<u>4,961</u>	<u>3,230</u>
	2023/24	2022/23
	TDKK	TDKK
5. Profit allocation		
Extraordinary dividend paid	0	35,000
Proposed dividend for the year	0	20,000
Reserve for net revaluation under the equity method	-190	-306
Retained earnings	41,837	-35,732
	<u>41,647</u>	<u>18,962</u>
6. Property, plant and equipment		
	Land and buildings	Other fixtures and fittings, tools and equipment
	TDKK	TDKK
Cost at 1 October	7,008	969
Additions for the year	0	257
Cost at 30 September	<u>7,008</u>	<u>1,226</u>
Impairment losses and depreciation at 1 October	170	165
Depreciation for the year	140	261
Impairment losses and depreciation at 30 September	<u>310</u>	<u>426</u>
Carrying amount at 30 September	<u>6,698</u>	<u>800</u>
Amortised over	<u>50 years</u>	<u>3-5 years</u>

Notes to the Financial Statements

	2023/24 TDKK	2022/23 TDKK
7. Investments in subsidiaries		
Cost at 1 October	40	40
Cost at 30 September	40	40
Value adjustments at 1 October	266	572
Net profit/loss for the year	-190	-306
Value adjustments at 30 September	76	266
Carrying amount at 30 September	116	306

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
FFF America SPV ApS	Copenhagen	40	100%

Notes to the Financial Statements

8. Other fixed asset investments

	Other investments
	TDKK
Cost at 1 October	753,049
Exchange adjustment	-32,942
Additions for the year	311,908
Disposals for the year	-107,836
Cost at 30 September	<u>924,179</u>
Revaluations at 1 October	0
Revaluations for the year	14,872
Revaluations at 30 September	<u>14,872</u>
Carrying amount at 30 September	<u>939,051</u>

Unpaid investment commitments to unlisted private equity funds as of 30 September 2024 amounts to DKK 358,884k (2023: 398,823k).

Other investments consist of investment in private equity funds measured at fair value (fair value hierarchy level 3) and other unlisted investments measured at cost. For this type of investment, the fair value is not measured on the basis of observations on an active market, but on the basis of information on the fair value from the private equity funds.

When entering into new investments in private equity funds, the company receives information about the funds' general principles for valuation, and these are accepted at the same time that the company chooses to invest in a private equity fund. The fair value of the company's investments in private equity funds is based on the most recently received quarterly and annual statements.

The valuation of all the investments is based on unobservable inputs. The recognition is based on the formalized process for reporting valuation which has been implemented by the private equity fund. No detailed information is received about the valuation models' data and the underlying assumptions.

	2023/24	2022/23
	TDKK	TDKK
9. Current asset investments		
Carrying amount at 1 October	1,498,783	1,017,585
Additions for the year	1,929,129	1,212,562
Sales during the year	-2,211,067	-803,681
Value adjustments	53,170	72,317
Carrying amount at 30 September	<u>1,270,015</u>	<u>1,498,783</u>

Notes to the Financial Statements

	2023/24	2022/23
	TDKK	TDKK

10. 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:

Payables to group enterprises relating to corporation tax

Between 1 and 5 years	4,518	982
Long-term part	4,518	982
Within 1 year	0	0
	<u>4,518</u>	<u>982</u>

11. Contingent assets, liabilities and other financial obligations

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 NPF Technologies ApS, 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 submitted a letter of support to the affiliated company FFF America SPV ApS with a commitment to financial support until the point in time where the annual report for FFF America SPV ApS for 2024/25 is approved by the general meeting and published, so that the company can settle its obligations as they fall due.

There are no other contingent liabilities per 30 September 2024, in addition to the investment commitments mentioned in note 8.

Notes to the Financial Statements

12. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
Controlling interest	
NPF Technologies ApS, Hørsholm	Controlling interest

Transactions

During the year, the Company has carried out the following transactions with group entities:

Sales to group entities DKK 36k (2023: 24k).

Interest received from group companies DKK 3,246k (2023: 2,525k).

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company NPF Technologies ApS.

<u>Name</u>	<u>Place of registered office</u>
NPF Technologies ApS	Hørsholm

13. Subsequent events

No events materially 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 Francis Family Fund ApS for 2023/24 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

In connection with the preparation of the annual report, a few changes have been made to the presentation of the comparative figures. The changes have no impact on the income statement or total equity, but are purely presentational changes between certain financial statement accounts. In addition, the accounting policies applied are unchanged compared to last year.

The Financial Statements for 2023/24 are presented in TDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2023/24 of NPF Technologies ApS, the Company has not prepared consolidated financial statements.

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 NPF Technologies ApS, the Company has not prepared a cash flow statement.

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.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are considered as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the date 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 transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Notes to the Financial Statements

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Income statement

Revenue

Revenue consists of rental income and is measured at the consideration received.

Other external expenses

Other external expenses comprise expenses for premises, administration as well as office expenses, etc.

Gross loss

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

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

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

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and 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 NPF Technologies ApS. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

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 contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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	50 years
Other fixtures and fittings, tools and equipment	3-5 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 property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation.

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.

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 with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

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.

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.

Fixed asset investments

Other securities and capital shares, recognized under fixed assets, include unlisted private equity funds, which are measured at estimated fair value on the balance sheet date. The fair value is calculated on the basis of statements received from private equity funds, which recognize underlying investments at fair value.

Other investments, also include unlisted equity investments, which are measured at the lower of cost and recoverable amount.

Notes to the Financial Statements

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.

Current Asset Investments

Current Asset Investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend 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 and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

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.

Financial liabilities

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

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

Financial Highlights

Explanation of financial ratios

Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$