



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 993 343 862
Organisasjonsform: Aksjeselskap
Foretaksnavn: PM TOBAKK NORGE AS
Forretningsadresse: Dronningens gate 8A
0152 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Gerjan Hilhorst
Dato for fastsettelse av årsregnskapet: 30.06.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 09.08.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Total operating revenues	8	1 256 198 000	969 916 000
Sum inntekter		1 256 198 000	969 916 000
Kostnader			
Cost of sales		825 248 000	565 396 000
Other operating cost	7	27 155 000	28 521 000
Sum kostnader		852 403 000	593 917 000
Driftsresultat		403 795 000	375 999 000
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern		1 182 000	2 769 000
Other financial income		4 145 000	969 000
Sum finansinntekter		5 327 000	3 738 000
Rentekostnad til foretak i samme konsern		5 000	4 000
Other financial cost		3 762 000	838 000
Sum finanskostnader		3 767 000	842 000
Netto finans		1 560 000	2 896 000
Ordinært resultat før skattekostnad		405 355 000	378 895 000
Tax cost	5	89 174 000	83 358 000
Ordinært resultat etter skattekostnad		316 181 000	295 537 000
Årsresultat		316 181 000	295 537 000



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	5	9 000	13 000
Sum immaterielle eiendeler		9 000	13 000
Sum anleggsmidler		9 000	13 000
Omløpsmidler			
Varer			
Finished Goods	1	12 035 000	895 000
Sum varer		12 035 000	895 000
Fordringer			
Receivables from customers		191 000	1 108 000
Other receivables		192 186 000	195 216 000
Konsernfordringer		1 201 986 000	994 701 000
Sum fordringer	2	1 394 363 000	1 191 025 000
Sum omløpsmidler		1 406 398 000	1 191 920 000
SUM EIENDELER		1 406 407 000	1 191 933 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	4	275 000	275 000
Sum innskutt egenkapital		275 000	275 000
Opptjent egenkapital			
Other equity	3	2 596 000	2 415 000
Sum opptjent egenkapital		2 596 000	2 415 000
Sum egenkapital		2 871 000	2 690 000



Balanse

Beløp i: NOK	Note	2020	2019
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld		2 675 000	2 417 000
Income tax payable	5	89 196 000	76 135 000
Other taxes		929 164 000	773 843 000
Utbytte		316 000 000	296 000 000
Kortsiktig konserngjeld		66 501 000	40 154 000
Other current liabilities		0	694 000
Sum kortsiktig gjeld		1 403 536 000	1 189 243 000
Sum gjeld		1 403 536 000	1 189 243 000
SUM EGENKAPITAL OG GJELD		1 406 407 000	1 191 933 000



Skattedirektoratet

Saksbehandler Rune Tystad	Deres dato 27.08.2015	Vår dato 03.11.2015
Telefon 977 59 464	Deres referanse Peter Grafström	Vår referanse 2015/855631

PM TOBAKK NORGE AS
Stenersgata 2
0184 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for PM Tobakk Norge AS, org.nr. 993 343 862

Vi viser til brev av 27. august 2015 og utfyllende opplysninger i e-post av 28. oktober 2015 der dere søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for PM Tobakk Norge AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering PM Tobakk Norge AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger de regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Fra søknaden gjengis:

PM Tobakk Norge A/S är en del av den internationella Philip Morris koncernen. De flesta befattningshavare i Philip Morris Norway A/S är också utlänningar som inte behärskar norska. Det skulle underlätta vårt arbete avsevärt om vi också kunde lämna in vår årsredovisning på engelska istället för på norska.

I e-posten av 28. oktober 2015 er det opplyst at selskapet er et "bolag i Philip Morris koncernen och bedriver grossistförsäljning av Tobaksprodukter i Norge. Våra kunder är andra grossister och butiker som säljer dessa produkter på den Norska marknaden. #

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Postadresse Postboks 9200 Grønland 0134 Oslo	Besøksadresse: Se www.skatteetaten.no Org.nr: 996250318 E-post: skatteetaten.no/sendepost	Sentralbord 800 80 000 Telefaks 22 17 08 60
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”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *“informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapet eies av et utenlandsk selskap og at de fleste lederne i selskapet er utlendinger som ikke behersker norsk. Det er videre vektlagt at selskapet henvender seg til grossistmarkedet.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Rune Tystad

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



To the General Meeting of PM Tobakk Norge AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PM Tobakk Norge AS, which comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards 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 as required by laws and regulations, 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.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information 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 the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and
authorised accounting firm*



Independent Auditor's Report - PM Tobakk Norge AS



Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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 laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

(2)



Independent Auditor's Report - PM Tobakk Norge AS



Oslo, 30 June 2021
PricewaterhouseCoopers AS

Gøril Hyni
State Authorised Public Accountant

(This document is signed electronically)



 Securely signed with Brevio

Revisjonsberetning

Signers:

Name	Method	Date
Hyni, Gøril	BANKID_MOBILE	2021-06-30 17:44

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PM Tobakk Norge AS

Org number 993 343 862

Annual report 2020



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PM Tobakk Norge AS

Company Information

Board Statement

The company was founded in September 1, 2008, as an entrepreneur and trader of tobacco brands. The company's registered address is in Oslo. From December 1, 2010, the company became responsible for import of tobacco products and for sales to the sister company Philip Morris Norway AS. The company is a fully owned subsidiary of Philip Morris Investments BV, Netherlands.

Disclosure of Financial Statement

The company's operating revenue in 2020 was 1 256 198k NOK against 969 916k NOK in 2019. In 2020 operating profit increased by 7% from 375 999k NOK to 403 795k NOK. In 2020, tax cost increased from 83 358k NOK to 89 174k NOK. Net profit after tax was 316 181k NOK in 2020 against 295 537k NOK in 2019. We observed increased demand on the Norwegian domestic consumption due to Covid-19.

Cash Flow

Cash flow analysis shows a positive cash flow from operating activities in the amount of 296 000k NOK in 2020.

Going Concern Basis

The Financial Statements have been prepared on a going concern basis.

Balance Sheet

The company's total assets were amounted to 1 406 407k NOK as of 31.12.2020 against 1 191 933k NOK as of 31.12.2019 from which the account receivables were amounted to 1 202 177k NOK as of 31.12.2020, compared to 995 809k NOK as of 31.12.2019. The company's duty payables were amounted to 929 164k NOK as of 31.12.2020 against 773 843k NOK as of 31.12.2019 (the amount consists of tobacco tax).

Equity as of 31.12.2020 amounts to 2 871k NOK compared to 2 690k NOK as of 31.12.2019. The equity ratio for 2020 decreased from 0.23% to 0.20%.

External Environment

The company has no emissions that pollute the environment.

Future Developments

The company is expected to continue good performance in the coming year. The Board believes that presented Income Statement and Balance Sheet give a correct picture of the company's financial position and results of operations.

After 2020 year-end there were no other transactions which are not reflected in the Financial Statements and which would have the impact on evaluating the results and the company's financial position.



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Profit Allocation

Profit for the year is proposed to be allocated in the following way:

Profit for the year	316 181k NOK
Accumulated retained earnings	2 415k NOK
Dividend	316 000k NOK

Oslo, 30.06.2021



Anette Carina Rosengren
Chairman



Gerjan Bernhard Hilhorst
Country Manager



Stefan Bauer
Board Member



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PM Tobakk Norge AS

The Company

PM Tobakk Norge AS
Dronningens Gate 8A
0152 Oslo

Telephone +47 (23) 10 03 60

CVR no.: 993 343 862

Financial year: January 1 - December 31, 2020

The municipality of reg. office: Oslo

Executive Board

Gerjan Bernhard Hilhorst

Board of Directors

Anette Carina Rosengren, Chairman
Gerjan Bernhard Hilhorst
Stefan Bauer

Auditors

PricewaterhouseCoopers AS
Dronning Eufemias gate 71
0194 Oslo
Norway



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PM Tobakk Norge AS

Income Statement

(Amounts in thousands NOK)

	<u>Note</u>	<u>2020</u>	<u>2019</u>
Revenues	8	<u>1,256,198</u>	<u>969,916</u>
Total operating revenues		<u>1,256,198</u>	<u>969,916</u>
Cost of Sales		825,248	565,396
Other operating cost	7	<u>27,155</u>	<u>28,521</u>
Total operating cost		<u>852,403</u>	<u>593,917</u>
Operating profit		<u>403,795</u>	<u>375,999</u>
Interest income from group companies		1,182	2,769
Interest expense from group companies		5	4
Other financial income		4,145	969
Other financial cost		<u>3,762</u>	<u>838</u>
Total financial profit		<u>1,560</u>	<u>2,895</u>
Profit before taxes		<u>405,355</u>	<u>378,895</u>
Tax cost	5	<u>89,174</u>	<u>83,358</u>
Profit		<u>316,181</u>	<u>295,537</u>
Profit for the year		<u>316,181</u>	<u>295,537</u>



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PM Tobakk Norge AS

Assets

Balance as at 31.12.2020

(Amounts in thousands NOK)

	<u>Note</u>	<u>2020</u>	<u>2019</u>
FIXED ASSETS			
Intangible assets			
Deferred tax assets	5	<u>9</u>	<u>13</u>
Total intangible assets		<u>9</u>	<u>13</u>
Total fixed assets		<u>9</u>	<u>13</u>
CURRENT ASSETS			
Finished Goods	1	<u>12,035</u>	<u>895</u>
Receivables			
Receivables from customers		1,202,177	995,809
Other receivables		<u>192,186</u>	<u>195,216</u>
Total receivables	2	<u>1,394,363</u>	<u>1,191,025</u>
Cash and bank account		<u>0</u>	<u>0</u>
Total current assets		<u>1,406,398</u>	<u>1,191,920</u>
TOTAL ASSETS		<u>1,406,407</u>	<u>1,191,933</u>



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PM Tobakk Norge AS

Equity and Liabilities

Balance as at 31.12.2020


(Amounts in thousands NOK)

	<u>Note</u>	<u>2020</u>	<u>2019</u>
EQUITY			
Paid-in capital			
Share capital (11 shares at 25k NOK)	3, 4	275	275
Total paid-in capital		275	275
Retained earnings			
Other equity	3	2,596	2,415
Total retained earnings		2,596	2,415
Total equity		2,871	2,690
LIABILITIES			
Accounts payable		69,176	42,571
Income tax payable	5	89,196	76,135
Other taxes		929,164	773,843
Dividend		316,000	296,000
Other current liabilities		0	694
Total current liabilities	2	1,403,536	1,189,243
Total liabilities		1,403,536	1,189,243
TOTAL EQUITY AND LIABILITIES		1,406,407	1,191,933

Oslo, 30.06.2021


Anette Carina Rosengren
Chairman


Gerjan Bernhard Hilhorst
Country Manager


Stefan Bauer
Board Member



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Cash Flow Statement

(Amounts in thousands NOK)

	<u>2020</u>	<u>2019</u>
Cash flow from operating activities		
Profit before tax	405,355	378,895
Net tax paid	-76,109	-80,007
Change in inventories	-11,140	9,966
Change in accounts receivable	-206,368	-70,307
Change in other receivable	3,031	-24,378
Change in accounts payable	26,605	21,841
Change in other accruals	154,626	7,990
Net cash from operating activities	<u>296,000</u>	<u>244,000</u>
Cash flow from investment activities		
Proceeds of the loan receivable Group (LT/ST)	<u>0</u>	<u>0</u>
Net cash from investment activities	<u>0</u>	<u>0</u>
Cash flow from financial activities		
Payment of dividends	<u>-296,000</u>	<u>-244,000</u>
Net cash from financial activities	<u>-296,000</u>	<u>-244,000</u>
Net cash for the period	<u>0</u>	<u>0</u>
Cash and equivalents at the beginning of year	<u>0</u>	<u>0</u>
Cash and equivalents at the end of year	<u>0</u>	<u>0</u>



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Note 1 – Finished Goods

(Amounts in thousands NOK)

	<u>2020</u>	<u>2019</u>
Closing balance at 31.12.2020	12,035	895

Note 2 – Transaction with Group Companies

(Amounts in thousands NOK)

Receivables

	<u>2020</u>	<u>2019</u>
Closing balance at 31.12.2020	1,201,986	994,701

Payables

	<u>2020</u>	<u>2019</u>
Closing balance at 31.12.2020	66,501	40,154

The company is included in a cash pool group account where sister company Philip Morris Finance SA manages the group and is liable to the bank. The amount on the consolidated account is classified as current asset or liability. The amount as of 31.12.2020 represents a receivable in the amount of 191 365k NOK against a receivable in the amount of 195 215k NOK as of 31.12.2019.

Purchases from related parties

	<u>2020</u>	<u>2019</u>
Finished goods (PMIM)	790,650	516,761
Administration fees	21,217	19,154
Net Interest from Cash Pool	-1,176	-2,769



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PM Tobakk Norge AS

Note 3 - Retained Earnings

(Amounts in thousands NOK)

	Share capital	Statutory reserve	Other free equity	Total equity
Equity 01.01.2019	275	-	2,878	3,153
Profit for the year	-	-	295,537	295,537
Dividend to owners	-	-	(296,000)	(296,000)
Equity 31.12.2019	275	-	2,415	2,690
Profit for the year	-	-	316,181	316,181
Dividend to owners	-	-	(316,000)	(316,000)
Total equity 31.12.2020	275	-	2,596	2,871

Note 4 - Shared Capital and Ownership

Shared Capital of 275k NOK consist of 11 shares per 25k NOK. All shares have equal rights.

Overview of shareholders as at 31.12.2020

Name	Amount of shares	Ownership
Philip Morris Investments B.V.	11	100%
Total	11	100%

Philip Morris Investments B.V. is the only parent company which prepares consolidated financial statements in which Philip Morris Tobakk Norge AS is included as a subsidiary.

Philip Morris Investments B.V, Marconilaan 20, BERGEN OP ZOOM 4622 RD, NETHERLANDS



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Note 5 – Tax Calculation

(Amounts in thousands NOK)

	<u>2020</u>	<u>2019</u>
Temporary differences for deferred tax calculation		
Fixed Assets	-40	-58
Provision for inventory loss	<u>0</u>	<u>0</u>
Base for deferred tax asset / liability	<u>-40</u>	<u>-58</u>
Deferred tax asset / liability	22% <u>-9</u>	<u>-13</u>
Base for income tax		
Profit before tax	405,355	378,895
Permanent differences	<u>100</u>	<u>0</u>
Basis for current year's tax	<u>405,456</u>	<u>378,895</u>
Change in differences in the basis for deferred tax / tax	<u>-17</u>	<u>-25</u>
Taxable income (basis for the current tax liability)	<u>405,439</u>	<u>378,870</u>
Tax payable	22% <u>89,196</u>	<u>83,352</u>
Tax cost	<u>89,196</u>	<u>83,352</u>
Change in deferred tax / tax with historic tax rate	4	6
Change in deferred tax / tax with due to changes in tax rate	0	0
Previous year provision adjustment	<u>-26</u>	<u>0</u>
Tax cost in Income Statement	<u>89,174</u>	<u>83,358</u>
Tax payable		
Current income tax liabilities	89,196	83,352
Previous year provision adjustment	<u>0</u>	<u>-7,217</u>
Tax liability on Balance Sheet	<u>89,196</u>	<u>76,135</u>



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Note 6 - Salaries, number of employees, remuneration, loans to employees

Company has no employees.

Note 7 – Audit Fees

(Amounts in thousands NOK)

Cost of audit remuneration is broken down as follows

	<u>2020</u>	<u>2019</u>
Audit	55	55
Total audit fee	55	55

The amounts are exclusive VAT.

Note 8 – Revenues

Sales of tobacco products (cigarettes and roll your own) to Norwegian, Swedish, Finnish and Danish markets.

Note 9 – Events after the Balance Sheet Date

There are no significant legal matters to report for PM Tobakk AS for the financial year of 2020.

Note 10 – Covid-19 impact

We observed increased demand on the Norwegian domestic consumption due to Covid-19.



Note 11 – Accounting Principles

The financial statements have been prepared in accordance with Accounting Act and generally accepted accounting principles in Norway. The accounting principles are unchanged compared to prior year.

Revenue from sales

Revenues are recognized in the income statement as earned based on the following criteria:

- A binding agreement on sale or service income has been made.
- Delivery has taken place before the end of the financial year.
- The sales price has been determined.
- Payment has been received at the time of the sale or may with reasonable certainty be expected to be received.
- Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report, which confirms or invalidates affairs and conditions existing at the balance sheet date.

Norwegian Krone (NOK) is used as the measurement currency. All other currencies are regarded as foreign currencies.

Translation policies

Transactions in foreign currencies are translated during the year at the exchange rates at the dates of the transaction. Receivables, payables and other monetary items in foreign currency are in the balance sheet translated at the exchange rate as at the balance sheet date. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognized in financial income and expenses in the income statement.

Corporation tax and deferred tax

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognized in the income statement, whereas the tax attributable to equity entries is recognized directly in equity. Any share of the tax reported in the income statement arising from profit/loss on extraordinary activities for the year is attributed to such activities, whereas the remaining share is attributed to profit/loss on ordinary activities for the year. Current tax liabilities and current tax receivable are recognized in debt, or in the event of an overpayment of tax on the account, in receivables. Deferred tax is measured under the balance sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. Deferred tax assets are measured at the value at which the asset is expected to be realized, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Other taxes

The amount accrued for excise taxes payable on products sold and net liability for Value Added Tax (VAT).

Classification and valuation of balance sheet items

Assets intended for permanent ownership or use are classified as fixed assets. Assets relating to the business cycle are classified as current assets. Receivables are classified as current if they are repayable within one year after the date of payment. For debt similar criteria have been applied. Current assets are valued at the lower of cost and net realizable value. Current liabilities are recorded at their nominal value at the time. Fixed assets are valued at cost. Fixed assets are depreciated on a straight-line basis over the expected useful life. Fixed assets are written down to fair value if the impairment is not expected to be temporary. Long-term liabilities in Norwegian kroner excluding other provisions recognized at their nominal value at the time.



Fixed assets

Tangible assets are capitalized and amortized over the expected lifetime of assets if these are estimated lifeplan of three years and a production cost exceeding 15 000 NOK. Maintenance costs are expensed as incurred. Additions or improvements are capitalized and depreciated with the asset. The distinction between maintenance and additions/improvement is calculated in relation to the asset capable of purchasing the asset. Leasing of fixed assets is expensed. Prepayments are recognized as prepaid expense distributed over the leasing period. Items in foreign currency converted into Norwegian kroner at the exchange rate at the balance sheet date.

Inventories

Inventories of materials are valued at the lower of cost according to the FIFO principle and fair value. Manufactured finished goods and work in progress are valued at variable production cost. An allowance for obsolescence is calculated and registered.

Receivables

Accounts receivable and other receivables are stated at nominal value less provision for expected losses. Provisions for doubtful accounts based on an individual assessment of each receivable. In addition, for the other receivables, a general provision to cover expected losses.

Equity

The dividend is recognized as a liability at the time of adoption at the Annual General Meeting. Dividend expected to be distributed for the year is disclosed as a separate liability item.

Cash flow statement

The cash flow statement is prepared using the indirect methodology. The reported cash flow comprises only transactions involving cash receipts and cash disbursements. Cash and bank balances are considered liquid funds.