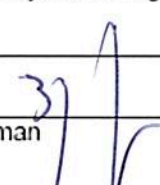


Mercedes-Benz Danmark A/S

CVR no. 14 81 51 98
(27. annual year)

Annual report 2017

The annual report was presented and approved at the Company's annual general meeting on	
on _____	20 _____
 Chairman _____	

CVR No. 14 81 51 98
Digevej 114
DK-2300 Copenhagen

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Statement by the Executive and Supervisory Boards

The Executive and Supervisory Boards have today discussed and approved the annual report of Mercedes-Benz Danmark A/S for the financial year 1 January – 31 December 2017.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2017 and of the result of the Company's operations for the financial year 1 January – 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

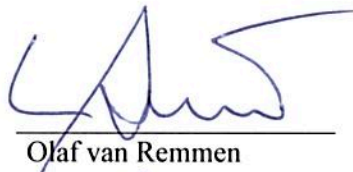
We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 1 June 2018

Executive Board:



Björn Hauber
CEO



Olaf van Remmen

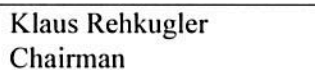


Martin Hink

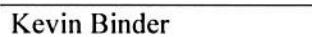


Martin Lindell

Supervisory Board:



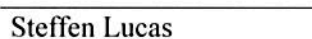
Klaus Rehkugler
Chairman



Kevin Binder



Wolfgang Theissen



Steffen Lucas

Independent auditor's report

To the shareholders of Mercedes-Benz Danmark A/S

Opinion

We have audited the financial statements of Mercedes-Benz Danmark A/S for the financial year 1 January – 31 December 2017 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017 in accordance with the Danish Financial Statements Act.

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' 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 that 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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 company 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.

Independent auditor's report

- 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 1 June 2018

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98



Kenn W. Hansen
State Authorised Public Accountant
(Mne30154)

Management's review

Company details

Mercedes-Benz Danmark A/S
Digevej 114
2300 København S
Denmark

Telephone: +45 33 78 56 56
Fax: +45 33 78 54 65
Home page: www.mercedes-benz.dk
Registration no. 14 81 51 98
Established: 1990
Registered office: Copenhagen
Financial year: 1 January – 31 December

Supervisory Board

Klaus Rehkugler, Chairman
Kevin Binder
Wolfgang Theissen
Steffen Lucas

Executive Board

Björn Hauber, CEO
Olaf van Remmen
Martin Hink
Martin Lindell

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 Copenhagen
Denmark

Management's review

Financial highlights for the Company

DKK'000	2017	2016	2015	2014	2013
Key figures					
Revenue	3 928 137	3 607 316	2 984 168	2 672 847	2 310 530
Gross profit	170 627	264 254	232 213	90 967	35 330
Ordinary operating profit	46 479	143 503	119 183	(8 172)	(56 939)
Result from interest and expense and similar items	254 500	241 244	73,949	45 679	33 098
Profit for the year	292 572	352 636	165 677	39 886	(8 001)
Fixed assets	1 024 771	1 024 896	1 015 020	994 512	994 514
Current assets	1 362 762	1 346 953	988 475	735 218	540 661
Total assets	2 387 533	2 371 848	2 003 496	1 729 730	1 535 174
Share capital	70 000	70 000	70 000	70 000	70 000
Equity	1 591 270	1 618 698	1 436 062	1 200 384	1 160 936
Provisions	3 944	1 692	2 264	53	141
Liabilities other than provisions	792 319	751 458	565 170	459 293	304 097
Investment in property, plant and equipment	0	0	622	0	0
Financial ratios					
Operating margin ratio (%)	1,2	4,0	4,0	(0,3)	(2,5)
Gross margin ratio (%)	4,3	7,3	7,8	3,4	1,5
Current ratio (%)	172,0	179,2	174,9	160,1	177,8
Solvency ratio (%)	66,6	68,2	71,7	73,4	80,2
Return on equity (%)	18,2	23,1	12,2	3,2	(0,6)
Average number of full-time employees	48	42	37	26	20

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on calculation of financial ratios "Recommendations and Ratios". The financial ratios have been calculated as follows:

Gross margin ratio	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Operating margin ratio	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Short-term debt}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit after tax} \times 100}{\text{Average equity}}$

Management's review

Operating review

Principal activities

Mercedes-Benz Danmark A/S is a 100% owned subsidiary of Daimler AG.

Mercedes-Benz Danmark A/S is an import and wholesale company of passenger cars, vans, trucks as well as spare parts in Denmark.

The subsidiaries are retailing as well as supporting services of cars, vans, and trucks and selling spare parts. Moreover, the subsidiaries operate within financing.

The activities of Mercedes-Benz Danmark A/S take place under the trademarks Mercedes-Benz, Smart and Maybach.

Development in activities and financial matters

Profit after taxes amounted to DKK 292,572 thousand (2016: profit DKK 352,636 thousand), which is considered as satisfactory.

Outlook

The Company expects the result for 2018 to be on the same level as in 2017.

Risks

Credit risks

The Company customers consist of the Danish Mercedes Benz dealers, where there is no credit risk outside normal course of business.

Financial risks

The Company is not exposed to any significant financial risks. Daimler AG Group is involved in proactive work to ensure economic development in the Group.

Intellectual capital

Daimler AG focuses on supporting and developing their employees to enhance the professional development of Daimler. The Company retains its employees by offering training and a good work environment that attracts people in a market with high competition.

Management's review

Operating review

Corporate responsibility

The Company's statement on corporate responsibility is part of the Daimler AG's Sustainability Report which is available on the group website:
<http://www.daimler.com/sustainability/>.

Diversity policy

The Company applies equal opportunity treatment, according to the equal opportunities policy of the German Parent Company Daimler AG, which aims to provide both gender - when possible - to be represented in all departments , committees , groups and management.

The board 's consisted only of male gender at 31 December 2017. The goal is that each gender will be represented. The Company has a target to hire one female before the end of 2022. The completion of the target could be hindered, if a female candidate is not found within the defined time frame. When making changes in the board, a careful consideration over competences of the candidates was conducted, however the changes ended up with male replacements, which is primarily the result of the industry conditions related to gender diversity.

As of 31 December 2017, 40 % of executive and functional managers were women.

Environment and working environment policies

Environment

The Company's own operation as distributor in Denmark is not considered to have a significant impact on the environment. However, measures are taken wherever possible within the daily operation to reduce any environmental impact.

Furthermore, Daimler AG is continuously working on improving the environmental impact when producing vehicles and when developing new vehicles.

Management's review

Operating review

Working environment

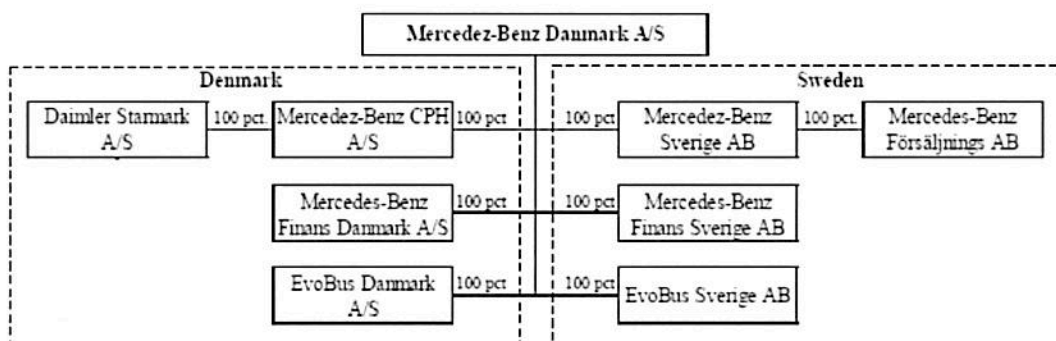
The Company works actively and systematically on the working environmental effects of the daily operations with due consideration to the Company's purpose, activities and available resources.

The individual employee is responsible for the environmental effects of doing his/her job and thus plays an important part in minimising the total environmental effects of the Company's operations.

Committed employees are the other cornerstone to success. The commitment of the employees are measured bi-annually to create the foundation for a good working environment with highly motivated employees.

Moreover, the Group is responsible for its own environmental effects, focusing on environmental friendly vehicles and a comprehensive program of sustainable development is a key success factor in the Daimler AG Group.

Group chart at 31 December 2017



The group is unchanged compared to last year. Mercedes-Benz Denmark A/S is owned by Daimler AG. All companies included in the group chart are consolidated into the Group Financial Statement of Daimler AG.

Financial statements for the year ended 31 December

Income statement

DKK'000	Note	2017	2016
Revenue	1	3 928 137	3 607 316
Cost of goods sold	2, 7	-3 757 510	-3 343 063
Gross margin		170 627	264 254
Distribution costs	2, 7	-83 869	-75 334
Administrative expenses	2, 7	-39 708	-37 433
Other operating expenses		-571	-7 984
Operating profit		46 479	143 503
Interest income and similar items	3	261 031	242 513
Interest expense and similar items	4	-6 531	-1 269
Profit before tax		300 979	384 747
Tax on profit for the year	5	-8 407	-32 111
Profit for the year	6	292 572	352 636

Financial statements for the year ended 31 December

Balance sheet

DKK'000

	Note	2017	2016
ASSETS			
Fixed assets			
Property, plant and equipment	7		
Fixtures and fittings, tools and equipment		259	384
		<u>259</u>	<u>384</u>
Investments			
Investments in subsidiaries	8	1 024 512	1 024 512
		<u>1 024 512</u>	<u>1 024 512</u>
Total fixed assets		<u>1 024 771</u>	<u>1 024 896</u>
Current assets			
Inventories			
Finished goods and goods for resale		230 828	191 694
		<u>230 828</u>	<u>191 694</u>
Receivables			
Trade receivables		225 096	116 879
Amounts owed by group enterprises		861 659	1 015 029
Other receivables		12 137	12 833
Deferred tax asset		716	1 010
Prepayments	9	16 470	9 504
		<u>1 346 907</u>	<u>1 155 255</u>
Cash at bank and in hand		<u>15 855</u>	<u>4</u>
Total current assets		<u>1 362 762</u>	<u>1 346 953</u>
TOTAL ASSETS		<u><u>2 387 533</u></u>	<u><u>2 371 848</u></u>

Financial statements for the year ended 31 December

Balance sheet

DKK'000

	Note	2017	2016
EQUITY AND LIABILITIES			
Equity			
Share capital	10	70 000	70 000
Retained earnings		1 251 270	1 228 698
Dividend proposed		270 000	320 000
Total equity		1 591 270	1 618 698
Provisions			
Other provisions	11	3 944	1 692
Total provisions		3 944	1 692
Liabilities other than provisions			
Short-term liabilities other than provisions			
Trade payables		31 267	9 464
Payables to group enterprises		243 595	265 056
Corporation tax		8 548	30 874
Other payables	12	390 008	344 573
Deferred income		118 901	101 491
		792 319	751 458
Total liabilities other than provisions		792 319	751 458
TOTAL EQUITY AND LIABILITIES		2 387 533	2 371 848
Contingent liabilities and securities	13		
Related parties	14		
Events after the balance sheet date	15		
Accounting policies	16		

Financial statements for the year ended 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Dividend proposed	Total
Equity at 1 January 2016	70 000	1 196 062	170 000	1 436 062
Paid dividend	0	0	-170 000	-170 000
Profit for the year	0	32 636	320 000	352 636
Equity at 1 January 2017	70 000	1 228 698	320 000	1 618 698
Paid dividend	0	0	-320 000	-320 000
Profit for the year	0	22 572	270 000	292 572
Equity at 31 December 2017	70 000	1 251 270	270 000	1 591 270

Financial statements for the year ended 31 December

Notes

1 Revenue

The distribution of revenue on activities and geographical markets have been left out for competitive reasons pursuant to section 96 (1) of the Danish Financial Statement Act.

2 Staff costs

DKK'000	2017	2016
Wages and salaries	34 066	24 393
Pensions	2 727	2 141
Other social security costs	0	0
	<u>36 793</u>	<u>26 533</u>

Staff cost are recognised as follows in the financial statements:

Cost of goods sold	15 637	11 277
Distribution cost	12 105	8 730
Administrative expenses	9 051	6 527
	<u>36 793</u>	<u>26 533</u>

Average number of employees	<u>48</u>	<u>42</u>
------------------------------------	-----------	-----------

Remuneration to the Executive Board is invoiced to Mercedes-Benz Danmark A/S, based on estimated time spent on the Company, as management fee and amounts to DKK 3 857 thousand which is included in administrative costs.

Incentive and bonus schemes

The Company has set up an incentive scheme applying to the Executive Board and management employees with the option to subscribe for new shares. At 31 December 2017, manager from level 3 and up are included with in incentive scheme with the term of stock program over three years.

A bonus scheme for the Executive Management is established. The bonus scheme is based on individual goals and the Company's overall results.

Financial statements for the year ended 31 December

Notes

3	Interest income and similar items		
	DKK'000	2017	2016
	Dividends from subsidiaries	260 891	242 093
	Interest income from group entities	1	20
	Foreign exchange gains	139	400
		<u>261 031</u>	<u>242 513</u>
4	Interest expense and similar items		
	Interest expense to group enterprises	1 301	1 249
	Foreign exchange losses	5 167	0
	Other interest expense and similar items	63	20
		<u>6 531</u>	<u>1 269</u>
5	Tax on profit from ordinary activities		
	Current tax for the year	-8 548	-30 874
	Adjustment of deferred tax	-294	-822
	Adjustment of tax regarding previous years	435	-415
		<u>-8 407</u>	<u>-32 111</u>
6	Proposed profit appropriation		
	Retained earnings	22 572	32 636
	Dividend proposal	270 000	320 000
		<u>292 572</u>	<u>352 636</u>

Financial statements for the year ended 31 December

Notes

7 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment and IT
Cost at 1 January 2017	5 440
Cost at 31 December 2017	5 440
Depreciation at 1 January 2017	-5 056
Depreciation for the year	-125
Depreciation at 31 December 2017	-5 181
Carrying amount at 31 December 2017	259
Depreciated over (years)	3-5

Total depreciation on property, plant and equipment are included in the following items in the income statements:

DKK'000	2017	2016
Cost of goods sold	4	4
Distribution	5	5
Administration	115	115
	125	125

Financial statements for the year ended 31 December

Notes

8 Investments in subsidiaries

DKK'000	2017	2016
Cost at 1 January	1 024 512	1 014 512
Addition for the year	0	10 000
Cost at 31 December	1 024 512	1 024 512
Carrying amount at 31 December	1 024 512	1 024 512

Name	Registered office	Ownership share	Equity	Profit/loss for the year
Mercedes-Benz CPH AS	Hørsholm	100%	20 327	-1 065
Mercedes Benz Finans Danmark A/S	Copenhagen	100%	226 595	55 421
Evobus Danmark A/S	Køge	100%	24 822	2 296
Mercedes Benz Sverige AB	Malmö	100%	478 222	76 986
Mercedes Benz Finans Sverige AB	Malmö	100%	140 979	-351
Evobus Sverige AB	Stockholm	100%	31 780	6 654

9 Prepayments

Prepayments consist of prepaid rent, insurance, etc.

10 Capital and reserves

DKK'000	2017	2016
The share capital consists of:		
1 share of DKK 300 thousand	300	300
1 share of DKK 69,700 thousand	69 700	69 700
	70 000	70 000

No changes have occurred in capital and reserves for the past 5 years.

11 Other provisions

Other provisions consist of provisions for buy-back commitments etc.

Financial statements for the year ended 31 December

Notes

12 Other payables

DKK'000	2017	2016
Tax and duties	96 390	70 309
Accruals for discounts	242 144	225 042
Other	51 474	49 222
	<u>390 008</u>	<u>344 573</u>

13 Contingent liabilities and security

The Company is jointly liable with the other jointly taxed Danish companies for the tax on the joint taxation income until and including the income year 2017.

On behalf of the distributors the Company has provided securities towards the subsidiary Mercedes-Benz Finans Danmark A/S.

The Company is party in a few disputes. The outcome is not estimated to influence the financial position.

As part of a stock-finance agreement, the Company transferred receivables in respect of sale of vehicles to dealers to its sister company, Mercedes-Benz Finans Danmark AS. The Company is partly liable for any loss on the transferred receivables. Financing is secured on the vehicles.

Operational leasing

The Company has signed an operational leasing contract with a average leasing cost at DKK 1 255 thousand. The leasing contract has a duration of 48 months with a total value of DKK 5 022 thousand.

14 Related parties

Mercedes-Benz Danmark AS' related parties comprise the following:

- Own subsidiaries, see group chart
- Other companies in the Daimler AG group, with headquarters in Stuttgart, Germany.

Parties exercising control

Daimler AG, Stuttgart, owns the entire share capital of the Company.

The consolidated financial statements of Daimler AG can be obtained by contacting the company or at the website www.daimler.com.

Financial statements for the year ended 31 December

Notes

14 Related parties (continued)

Other related parties

Related parties exercising significant influence comprise the Company's Executive and Supervisory Boards, executive employees and their family members. Further, related parties comprise companies in which the above persons have substantial interests.

Related party transactions

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

15 Events after the balance sheet date

No significant events subsequent to the balance sheet date, which could materially impact the financial statement occurred.

16 Accounting policies

The annual report of Mercedes-Benz Danmark A/S for 2017 has been prepared in accordance with the provisions applying to large class C entities under the Danish Financial Statements Act.

The accounting policies applied are unchanged from last year.

Omission of cash flow statements

Pursuant to section 86 (4) of the Danish Financial Statements Act, a cash flow statement has not been prepared as the Company's cash flows are included in the cash flow statement of Daimler AG, Stuttgart, Germany.

Omission of consolidated financial statements

Pursuant to section 112 of the Danish Financial Statements Act, consolidated financial statements have not been prepared for Mercedes-Benz Danmark A/S, as the figures are included in the consolidated financial statements of Daimler AG, Stuttgart, Germany.

Omission of fees for auditor elected

Pursuant to section 96(3) of the Danish Financial Statements Act, fees for auditor elected by the general assembly are not published as these are included in the consolidated financial statements of Daimler AG, Stuttgart, Germany.

Financial statements for the year ended 31 December

Notes

16 Accounting policies (continued)

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as interest income or expense and similar items.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as interest income or expense and similar items.

Income statement

Revenue

Income from the sale of goods and finished goods, comprising the sale of cars, vans, trucks and spareparts, is recognised in revenue when delivery and transfer of the risk to the buyer have taken place, and the income may be reliably measured and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms 2010.

Revenue from the sale of goods where delivery has been postponed upon the buyer's request is recognised as revenue when ownership of the goods has been transferred to the buyer.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discount granted are deducted from revenue.

Revenue from sale of services, comprising service on cars, is recognised in the income statement as the services are provided.

Cost of goods sold

Production costs comprise costs, including depreciation and amortisation and salaries, incurred in generating the revenue for the year.

Distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns etc. during the year are recognised as distribution costs. Also, costs relating to sales staff, advertising, exhibitions and depreciation are recognised as distribution costs.

Financial statements for the year ended 31 December

Notes

16 Accounting policies (continued)

Administrative expenses

Administrative expenses comprise expenses incurred during the year for Company management and administration, including expenses for administrative staff, office premises and office expenses, and depreciation.

Other operating expenses

Other operating expenses comprise items secondary to the principal activities of the enterprises, including gains and losses on disposal of property, plant and equipment.

Interest income and expense and similar items

Interest income and expenses comprise interest income and expense, gains and losses on transactions de-nominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Dividends from equity investments in group entities measured at cost are recognised as income in the Company's income statement in the financial year when the dividends are declared.

In case of indication of impairment, an impairment test is conducted. Indication of impairment exists if distributed dividend exceeds profit for the year or if the carrying amount of equity investments exceeds the consolidated carrying amounts of the net assets in the subsidiary.

Tax on profit/loss for the year

The Parent Company is comprised by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Financial statements for the year ended 31 December

Notes

16 Accounting policies (continued)

Balance sheet

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment and IT	3-5 years
---	-----------

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Investments

Equity investments in group entities are measured at cost. In case of indication of impairment, an impairment test is conducted. When the cost exceeds the recoverable amount, write-down is made to this lower value.

Financial statements for the year ended 31 December

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16 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of property, plant and equipment as well as equity investments in group entities is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised write-downs are reversed when the basis for the write-down no longer exists.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses.

Cash pooling agreement

The company's cash pooling agreement is recognised as amounts owed by group enterprises or amounts owed to group enterprises as the overall financial commitment with bank rests with Daimler AG.

Financial statements for the year ended 31 December

Notes

16 Accounting policies (continued)

Prepayments

Prepayments comprise prepayments of cost incurred relating to subsequent financial years.

Equity - dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity. Financial statements for the year ended 31 December

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Provisions

Provisions comprise anticipated costs related to settlement of buy-back provisions. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

Financial statements for the year ended 31 December

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16 Accounting policies (continued)

Payables to group entities

Payables to group entities include the Company's share of the group cash-pool agreements as it is the Parent Company that has the commitment towards the bank.

Liabilities other than provisions

Liabilities are measured net realisable value.