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# ***Keolis Aarhus Letbane A/S***

Naverland 20, DK-2600 Glostrup

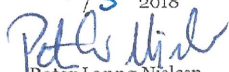
## **Annual Report for 1 January - 31 December 2017**

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CVR No 18 51 80 90

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on

29/5 2018

  
Peter Lann Nielsen  
Chairman

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## Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Keolis Aarhus Letbane A/S for the financial year 1 January - 31 December 2017.

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 31 December 2017 of the Company and of the results of the Company operations for 2017.

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.

Glostrup, 29/5 2018

### Executive Board

Thomas Friis Brændstrup

### Board of Directors

  
Heter Lannig Nielsen  
Chairman

Marc Emile Willy Renouprez

Nicolas Luc Daniel Vandevyver

Gry Miriam Olsen

Régis Deminique Philippe  
Marie Hennion

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Glostrup, 29 / 5 2018

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### Board of Directors

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Chairman

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Glostrup, 29/5 2018

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Thomas Friis Brandstrup

### Board of Directors

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Chairman

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Glostrup, <sup>29</sup> / 5 2018

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Thomas Friis Brændstrup

### Board of Directors

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Chairman

*Gry M. Olsen*  
Gry Miriam Olsen

Marc Emile Willy Renouprez

Régis Deminique Philippe  
Marie Hennion

Nicolas Luc Daniel Vandevyver

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Glostrup, <sup>29</sup>/<sub>5</sub> 2018

### Executive Board

Thomas Friis Brændstrup

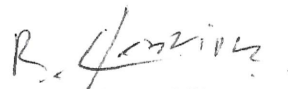
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Peter Lanng Nielsen  
Chairman

Marc Emile Willy Renouprez

Nicolas Luc Daniel Vandevyver

Gry Miriam Olsen

  
Régis Deminique Philippe  
Marie Hennion



# **Independent Auditor's Report**

**To the shareholders of Keolis Aarhus Letbane A/S**

## **Opinion**

We have audited the financial statements of Keolis Aarhus Letbane A/S for the financial year 1 January –31 December 2017, which comprise 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 financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January–31 December 2017in accordance with the Danish Financial Statements Act.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Independence**

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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

## **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 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 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 the financial statements.

## **Independent auditor's report**

As part of an audit conducted in accordance with ISAs and 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 note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

## Independent Auditor's Report

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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, <sup>29</sup> / 5 2018

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Michael Groth Hansen

statsaut. revisor

MNE-nr. mne33228

## **Company Information**

### **The Company**

Keolis Aarhus Letbane A/S  
Naverland 20  
DK-2600 Glostrup

CVR No: 18 51 80 90

Financial period: 1 January - 31 December

Financial year: 22th financial year

Municipality of reg. office: Albertslund

### **Board of Directors**

Peter Lanng Nielsen, Chairman  
Marc Emile Willy Renouprez  
Nicolas Daniel Luc Vandevyver  
Gry Miriam Olsen  
Régis Dominique Philippe Marie Hennion

### **Executive Board**

Thomas Friis Brændstrup

### **Auditors**

Ernst & Young  
Godkendt Revisionspartnerselskab  
Osvald Helmuths Vej 4  
DK-2000 Frederiksberg

# **Management's Review**

## **Main activity**

The Company's main activity is passenger transport with Light Rail under a contract with transport authorities.

## **Development in the year and economic situation**

The income statement of the Company for 2017 shows a profit of DKK 7.307.053 and at 31 December 2017 the balance sheet of the Company shows equity of DKK 24.586.071.

The most significant event in the year was the start of normal operation of the Light Rail in Aarhus in December 2017 marking an important milestone in our Light Rail operations. The operations have been running very well since the start.

## **Expected development**

The Company is well positioned for the expansion of the transport system in the coming year. It is expected that the coming year will bring positive results.

## **Research and development**

The Company has no special research and development activities.

## **Subsequent events**

No events have occurred which are considered to have a material effect on the assessment of the Financial Statements.

## Income Statement 1 January - 31 December

|  | Note | 2017<br>DKK             | 2016<br>DKK             |
|--|------|-------------------------|-------------------------|
| <b>Gross profit</b>  | 1    | <b>34.988.527</b>       | <b>8.136.179</b>        |
| Staff expenses   | 2    | <u>-24.898.288</u>      | <u>-4.159.368</u>       |
| <b>Profit before amortization</b>  |      | <b>10.090.239</b>       | <b>3.976.811</b>        |
| Depreciation, amortization and impairment of intangible assets and property, plant and equipment | 3    | <u>-184.350</u>         | <u>-773.559</u>         |
| <b>Profit before financial income and expenses</b>   |      | <b>9.905.889</b>        | <b>3.203.252</b>        |
| Financial income   | 4    | 264.840                 | 254.120                 |
| Financial expenses   | 5    | <u>-801.446</u>         | <u>-507.250</u>         |
| <b>Profit before tax</b>   |      | <b>9.369.283</b>        | <b>2.950.122</b>        |
| Tax on profit for the year   | 6    | <u>-2.062.230</u>       | <u>-651.031</u>         |
| <b>Net profit for the year</b>   |      | <b><u>7.307.053</u></b> | <b><u>2.299.091</u></b> |

## Distribution of profit

|  | 2017<br>DKK             | 2016<br>DKK             |
|--|-------------------------|-------------------------|
| <b>Proposed distribution of profit</b> |                         |                         |
| Retained earnings                      | <u>7.307.053</u>        | <u>2.299.091</u>        |
|  | <b><u>7.307.053</u></b> | <b><u>2.299.091</u></b> |

## Balance Sheet 31 December

### Assets

|  | <u>Note</u> | <u>2017</u><br>DKK       | <u>2016</u><br>DKK       |
|--|-------------|--------------------------|--------------------------|
| Software licenses                                |             | <u>331.333</u>           | <u>0</u>                 |
| <b>Intangible assets</b>                         | <b>7</b>    | <b><u>331.333</u></b>    | <b><u>0</u></b>          |
| Other fixtures and fittings, tools and equipment |             | <u>682.043</u>           | <u>134.691</u>           |
| <b>Property, plant and equipment</b>             | <b>8</b>    | <b><u>682.043</u></b>    | <b><u>134.691</u></b>    |
| Deposits   |             | <u>0</u>                 | <u>23.808</u>            |
| <b>Financial assets</b>                          |             | <b><u>0</u></b>          | <b><u>158.499</u></b>    |
| <b>Fixed assets</b>                              |             | <b><u>1.013.376</u></b>  | <b><u>158.499</u></b>    |
| Inventories                                      |             | <u>47.221</u>            | <u>0</u>                 |
| <b>Inventories</b>                               |             | <b><u>47.221</u></b>     | <b><u>0</u></b>          |
| Trade receivables                                |             | 4.463.877                | 5.653.325                |
| Receivables from group enterprises               |             | 10.337.561               | 11.955.817               |
| Other receivables                                |             | 274.949                  | 7.780                    |
| Prepayments                                      |             | 178.658                  | 28.713                   |
| Deferred tax asset                               |             | <u>24.719</u>            | <u>120.229</u>           |
| <b>Receivables</b>                               |             | <b><u>15.279.764</u></b> | <b><u>17.765.864</u></b> |
| <b>Cash at bank and in hand</b>                  |             | <b><u>14.081.971</u></b> | <b><u>916.305</u></b>    |
| <b>Currents assets</b>                           |             | <b><u>29.408.956</u></b> | <b><u>18.682.169</u></b> |
| <b>Assets</b>                                    |             | <b><u>30.422.332</u></b> | <b><u>18.840.668</u></b> |

# Balance Sheet 31 December

## Liabilities and equity

|  | Note | 2017<br>DKK              | 2016<br>DKK              |
|--|------|--------------------------|--------------------------|
| Share capital  | 9    | 500.000                  | 500.000                  |
| Retained earnings  |      | <u>24.086.071</u>        | <u>16.779.018</u>        |
| <b>Equity</b>  |      | <b><u>24.586.071</u></b> | <b><u>17.279.018</u></b> |
| Trade payables   |      | 238.738                  | 130.460                  |
| Payables to group enterprises                                  |      | 300.056                  | 0                        |
| Corporation tax  |      | 1.966.720                | 771.260                  |
| Other payables   |      | <u>3.330.747</u>         | <u>659.930</u>           |
| <b>Short-term debt</b>   |      | <b><u>5.836.261</u></b>  | <b><u>1.561.650</u></b>  |
| <b>Debt</b>  |      | <b><u>5.836.261</u></b>  | <b><u>1.561.650</u></b>  |
| <b>Liabilities and equity</b>                                  |      | <b><u>30.422.332</u></b> | <b><u>18.840.668</u></b> |
| Contingent assets, liabilities and other financial obligations | 10   |                          |                          |
| Group information  | 11   |                          |                          |



## Statement of changes in Equity

|                              | <u>Share capital</u><br>DKK | <u>Retained earnings</u><br>DKK | <u>Total</u><br>DKK      |
|------------------------------|-----------------------------|---------------------------------|--------------------------|
| Equity at 1 January          | 500.000                     | 16.779.018                      | 17.279.018               |
| Net profit for the year      | <u>0</u>                    | <u>7.307.053</u>                | <u>7.307.053</u>         |
| <b>Equity at 31 December</b> | <b><u>500.000</u></b>       | <b><u>24.086.071</u></b>        | <b><u>24.586.071</u></b> |

# Notes to the Financial Statements

## 1 Gross profit

The company has chosen to show gross profit as per the Company Act paragraph 32. This means showing revenue, other income and costs plus other external costs in one line.

|                                    | <u>2017</u><br>DKK       | <u>2016</u><br>DKK      |
|------------------------------------|--------------------------|-------------------------|
| <b>2 Staff expenses</b>            |                          |                         |
| Wages and salaries                 | 20.681.043               | 3.587.657               |
| Pensions                           | 1.675.771                | 167.304                 |
| Other social security expenses     | 491.334                  | 48.409                  |
| Other staff expenses               | <u>2.050.140</u>         | <u>355.998</u>          |
|                                    | <b><u>24.898.288</u></b> | <b><u>4.159.368</u></b> |
| <br>                               |                          |                         |
| <b>Average number of employees</b> | <u>33</u>                | <u>4</u>                |

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

## 3 Depreciation, amortization and impairment of intangible assets and property, plant and equipment

|   |                       |                       |
|---|-----------------------|-----------------------|
| Amortization of intangible assets             | 63.627                | 97.416                |
| Write down of property, plant and equipment   | 0                     | 655.075               |
| Amortization of property, plant and equipment | <u>120.723</u>        | <u>21.068</u>         |
|   | <b><u>184.350</u></b> | <b><u>773.559</u></b> |

## 4 Financial income

|  |                       |                       |
|--|-----------------------|-----------------------|
| Interest received from group enterprises | <u>264.840</u>        | <u>254.120</u>        |
|  | <b><u>264.840</u></b> | <b><u>254.120</u></b> |

## Notes to the Financial Statements

|                                       | <u>2017</u><br>DKK                 | <u>2016</u><br>DKK    |
|---------------------------------------|------------------------------------|-----------------------|
| <b>5 Financial expenses</b>           |                                    |                       |
| Bank interest                         | 47.088                             | 0                     |
| Interest financial leasing            | 3.629                              | 0                     |
| Guarantee fee                         | 750.000                            | 500.000               |
| Other financial costs                 | <u>729</u>                         | <u>7.250</u>          |
|                                       | <b><u>801.446</u></b>              | <b><u>507.250</u></b> |
| <b>6 Tax on profit for the year</b>   |                                    |                       |
| Current tax for the year              | 1.966.720                          | 771.260               |
| Deferred tax adjustment               | <u>95.510</u>                      | <u>-120.229</u>       |
|                                       | <b><u>2.062.230</u></b>            | <b><u>651.031</u></b> |
| <b>7 Intangible assets</b>            |                                    |                       |
|                                       | Software<br><u>licenses</u><br>DKK | <u>Total</u><br>DKK   |
| Cost at 1 January                     | 752.490                            | 752.490               |
| Additions for the year                | <u>394.960</u>                     | <u>394.960</u>        |
| Cost at 31 December                   | <u>1.147.450</u>                   | <u>1.147.450</u>      |
| Amortization at 1 January             | 752.490                            | 752.490               |
| Amortization for the year             | <u>63.627</u>                      | <u>63.627</u>         |
| Amortization at 31 December           | <u>816.117</u>                     | <u>816.117</u>        |
| <b>Carrying amount at 31 December</b> | <b><u>331.333</u></b>              | <b><u>331.333</u></b> |
| Depreciated over                      | <u>5 years</u>                     |                       |

## Notes to the Financial Statements

### 8 Property, plant and equipment

|   | Other fixtures<br>and fittings,<br>tools and<br>equipment<br>DKK | <u>Total</u><br>DKK   |
|---|--|-----------------------|
| Cost at 1 January                                     | 155.760  | 155.760               |
| Additions for the year                                | <u>668.075</u>   | <u>668.075</u>        |
| Cost at 31 December                                   | <u>823.835</u>   | <u>823.835</u>        |
| Depreciation at 1 January                             | 21.069   | 21.069                |
| Depreciations for the year                            | <u>120.723</u>   | <u>120.723</u>        |
| Depreciation at 31 December                           | <u>141.792</u>   | <u>141.792</u>        |
| <b>Carrying amount at 31 December</b>                 | <b><u>682.043</u></b>  | <b><u>682.043</u></b> |
| Depreciated over                                      | <u>3-8 years</u>   |                       |
| Including assets under finance leases<br>amounting to | <u>365.945</u>   |                       |

### 9 Equity

The share capital consists of 500,000 shares of a nominal value of DKK 1. No shares carry any special rights.

The share capital has developed as follows:

|   | <u>2017</u><br>DKK    | <u>2016</u><br>DKK    | <u>2015</u><br>DKK    | <u>2014</u><br>DKK    | <u>2013</u><br>DKK    |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Share capital at 1 January              | 500.000               | 500.000               | 300.000               | 300.000               | 300.000               |
| Capital increase                        | <u>0</u>              | <u>0</u>              | <u>200.000</u>        | <u>0</u>              | <u>0</u>              |
| <b>Share capital at 31<br/>December</b> | <b><u>500.000</u></b> | <b><u>500.000</u></b> | <b><u>500.000</u></b> | <b><u>300.000</u></b> | <b><u>300.000</u></b> |

# Notes to the Financial Statements

## 10 Contingent assets, liabilities and other financial obligations

### Security

None

### Contingent liabilities

A guarantee of DKK 100.000.000 has been issued in favour of Aarhus Letbane I/S. The guarantee is made to cover claims that Aarhus Letbane I/S may have against Keolis Aarhus Letbane A/S. The guarantee covers when operations have started.

The Company is jointly and severally liable for Payroll TAX related to the joint registration with the Parent Company.

The Danish group companies are jointly and severally liable for tax related to the joint taxation income.

## 11 Group information

The Group's direct parent is Keolis S.A., France, who prepares Consolidated Financial Statements, into which the Company is incorporated as a subsidiary. The Group's ultimate parent is SNCF, France.

Consolidated Financial Statements for Keolis S.A. and SNCF may be obtained at the following addresses:

Keolis S.A.  
20 rue Le Peletier  
75320 PARIS CEDEX 09  
France

SNCF  
1-7 place aux Etoiles  
93212 LA PLAINE ST DENIS CEDEX  
France

# **Accounting Policies**

## **Basis of Preparation**

The Annual Report of Keolis Aarhus Letbane A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to small enterprises of reporting class B and election of certain provisions applying to reporting class C entities.

Financial Statements for 2017 are presented in DKK.

### **Recognition and measurement**

The Financial Statements have been prepared under the historical cost method.

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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

# **Accounting Policies**

## **Leases**

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

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

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

## **Translation policies**

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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.

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.

## **Income Statement**

### **Revenue**

Revenue comprise passenger transport, which is recognised in the income statement when delivery and transfer of risk have been made before year-end. The sale is considered effected based on the following criteria:

- driving has been made before year-end;
- a binding agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

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

### **Other external expenses**

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

## **Accounting Policies**

### **Driver wages and staff expenses**

The items comprise wages and salaries as well as payroll expenses.

### **Amortisation, depreciation and impairment losses**

The items comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

### **Other operating income and expenses**

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprise.

### **Financial income and expenses**

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments 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 the 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 other Group companies. The tax effect of the joint taxation with these companies is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses). The jointly taxed enterprises have adopted the on-account taxation scheme.

## **Balance Sheet**

### **Intangible assets**

Software licenses are measured at cost less accumulated depreciations and less any accumulated impairment losses. 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 5 years.

### **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



## **Accounting Policies**

when the asset is ready for use.

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:

Other fixtures and fittings,  
tools and equipment                      3-8 years

Residual value are reassessed annually.

Assets costing less than DKK 13.200 are expensed in the year of acquisition.

### **Impairment of fixed assets**

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount.

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.

### **Other financial assets**

Other financial assets, which consist of other investments in unlisted shares etc, are measured at their fair values at the balance sheet date, and deposits measured at amortised cost, which substantially corresponds to nominal value.

### **Inventories**

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

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

### **Receivables**

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

# **Accounting Policies**

## **Prepayments**

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

## **Dividend**

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

## **Deferred tax assets and liabilities**

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

Deferred tax assets, 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 within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

## **Current tax receivables and liabilities**

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