

# **Aqua d'or mineral water a/s**

Solsortevej 15, 7330 Brande

CVR no. 21 52 74 08

## **Annual report for 2023**

Årsrapporten er godkendt på den  
ordinære generalforsamling, d. 19.06.24

Katarina Goulet  
Dirigent

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**The company**

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Aqua d'or mineral water a/s  
Solsortevej 15  
7330 Brande  
Tel.: 96 29 12 00  
Registered office: Herning  
CVR no.: 21 52 74 08  
Financial year: 01.01 - 31.12

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**Executive Board**

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Miki Pekka Tapio Aho

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**Board of Directors**

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Miki Pekka Tapio Aho  
Ignasi Argente Arbos  
Jesper Hjerrild Damkier

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**Auditors**

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Mazars Statsautoriseret Revisionspartnerselskab

## **Statement by the Executive Board and Board of Directors on the annual report**

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We have on this day presented the annual report for the financial year 01.01.23 - 31.12.23 for Aqua d'or mineral water a/s.

The annual report is presented 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 as at 31.12.23 and of the results of the company's activities for the financial year 01.01.23 - 31.12.23.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Brande, June 19, 2024

### **Executive Board**

Miki Pekka Tapio Aho

### **Board of Directors**

Miki Pekka Tapio Aho

Ignasi Argente Arbos

Jesper Hjerrild Damkier

**To the Shareholder of Aqua d'or mineral water a/s**

**Opinion**

We have audited the financial statements of Aqua d'or mineral water a/s for the financial year 01.01.23 - 31.12.23, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including significant 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 financial position at 31.12.23 and of the results of the company's operations for the financial year 01.01.23 - 31.12.23 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Statement on 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, it is our responsibility to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, 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.

**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.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

København Ø, June 19, 2024

**Mazars Statsautoriseret  
Revisionspartnerselskab**

CVR no. 31061741

Nicklas Rasmussen  
State Authorized Public Accountant  
MNE-no. mne43474

**FINANCIAL HIGHLIGHTS****Key figures**

Figures in DKK '000	2023	2022	2021	2020	2019
<i>Profit/loss</i>					
Gross profit	124,343	98,394	84,707	68,523	85,699
Index	145	115	99	80	100
Profit before depreciation, amortisation, write-downs and impairment losses	66,738	47,594	34,093	18,448	33,972
Index	196	140	100	54	100
Operating profit	53,153	34,836	21,469	7,422	23,033
Index	231	151	93	32	100
Total net financials	-321	-285	-142	-136	-309
Index	104	92	46	44	100
Profit for the year	41,035	26,936	16,577	5,438	17,652
Index	232	153	94	31	100
<i>Balance</i>					
Total assets	245,077	217,689	203,021	194,946	202,588
Index	121	107	100	96	100
Investments in property, plant and equipment	4,059	8,905	7,736	10,217	13,021
Index	31	68	59	78	100
Equity	167,856	153,757	126,821	115,682	110,244
Index	152	139	115	105	100



**Ratios**

	2023	2022	2021	2020	2019
<i>Profitability</i>					
Return on equity	26%	19%	14%	5%	17%
<i>Equity ratio</i>					
Solvency ratio	68%	71%	62%	59%	54%
<i>Others</i>					
Number of employees (average)	82	77	74	80	76

*Ratios definitions*

Return on equity:	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$
Solvency ratio:	$\frac{\text{Equity, end of year} \times 100}{\text{Total assets}}$

### **Primary activities**

The company's activities comprise manufacture, distribution, sale and marketing of natural mineral water and related products.

### **Exceptional conditions**

The financial position at 31 December 2023 of the Company and the results of the Company operations for the financial year 2023 have not been affected by any unusual events.

### **Development in activities and financial affairs**

The income statement for the period 01.01.23 - 31.12.23 shows a profit of DKK 41,034,983 against DKK 26,936,129 for the period 01.01.22 - 31.12.22. The balance sheet shows equity of DKK 167,855,743.

The company's result was as expected significantly affected by high Raw Material and Energy prices, however linked to overall volume growth, driven largely by export business, we were able to offset this effect and increase our profit.

The management considers the net profit for the year to be satisfactory.

### **Outlook**

The Company expects profit before tax for the coming year between 50-60 mDKK. Raw Material prices are expected to go up during 2024, energy prices are expected to remain flat. We to see positive development on sales on export market, and expect to improve turnover with 5-10%,

The company's strategy for the coming years remains to sustain profitable growth through:

- New product development
- Geographical expansion
- Category mangement
- Excellent sales execution

### **Financial risks**

#### *Price risks*

The Company is significantly affected by price inflation on PET (plastic), Freight (diesel) and Energy Cost.

*Foreign currency risks*

The foreign exchange risk are not material for the company.

*Interest rate risks*

The interest rate are not material for the company.

*Credit risks*

Credit risks are not material for the company.

**Subsequent events**

No important events have occurred after the end of the financial year.

## Income statement

Note	2023 DKK	2022 DKK
	<b>124,343,310</b>	<b>98,393,531</b>
<b>Gross profit</b>		
1 Staff costs	-57,605,181	-50,799,908
	<b>66,738,129</b>	<b>47,593,623</b>
<b>Profit before depreciation, amortisation, write-downs and impairment losses</b>		
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-13,436,412	-12,712,624
Other operating expenses	-148,712	-44,672
	<b>53,153,005</b>	<b>34,836,327</b>
<b>Operating profit</b>		
2 Financial income	50,176	33,573
3 Financial expenses	-371,533	-318,920
	<b>52,831,648</b>	<b>34,550,980</b>
<b>Profit before tax</b>		
4 Tax on profit for the year	-11,796,665	-7,614,851
	<b>41,034,983</b>	<b>26,936,129</b>
<b>Profit for the year</b>		
5 Proposed appropriation account		

<b>ASSETS</b>		31.12.23	31.12.22
		DKK	DKK
Note			
	Acquired rights	71,671	143,336
6	<b>Total intangible assets</b>	<b>71,671</b>	<b>143,336</b>
	Land and buildings	63,291,134	64,547,109
	Plant and machinery	44,042,993	51,868,898
	Other fixtures and fittings, tools and equipment	2,178,451	3,767,887
	Property, plant and equipment under construction	1,188,446	26,875
7	<b>Total property, plant and equipment</b>	<b>110,701,024</b>	<b>120,210,769</b>
	<b>Total non-current assets</b>	<b>110,772,695</b>	<b>120,354,105</b>
	Raw materials and consumables	14,469,384	18,153,857
	Manufactured goods and goods for resale	7,035,249	6,394,968
	<b>Total inventories</b>	<b>21,504,633</b>	<b>24,548,825</b>
	Trade receivables	71,375,076	55,995,418
	Receivables from group enterprises	39,420,751	11,481,102
	Other receivables	1,060,867	1,235,859
8	Prepayments	107,328	477,978
	<b>Total receivables</b>	<b>111,964,022</b>	<b>69,190,357</b>
	<b>Cash</b>	<b>835,346</b>	<b>3,595,300</b>
	<b>Total current assets</b>	<b>134,304,001</b>	<b>97,334,482</b>
	<b>Total assets</b>	<b>245,076,696</b>	<b>217,688,587</b>

<b>EQUITY AND LIABILITIES</b>		31.12.23	31.12.22
Note		DKK	DKK
9	Share capital	12,245,000	12,245,000
	Retained earnings	97,998,673	114,575,760
	Proposed dividend for the financial year	57,612,070	26,936,129
	<b>Total equity</b>	<b>167,855,743</b>	<b>153,756,889</b>
10	Provisions for deferred tax	11,955,237	13,051,206
	<b>Total provisions</b>	<b>11,955,237</b>	<b>13,051,206</b>
11	Other payables	49,822	229,533
	<b>Total long-term payables</b>	<b>49,822</b>	<b>229,533</b>
	Trade payables	37,625,715	29,948,958
	Income taxes	12,581,726	7,470,317
	Other payables	15,008,453	13,231,684
	<b>Total short-term payables</b>	<b>65,215,894</b>	<b>50,650,959</b>
	<b>Total payables</b>	<b>65,265,716</b>	<b>50,880,492</b>
	<b>Total equity and liabilities</b>	<b>245,076,696</b>	<b>217,688,587</b>
12	Contingent liabilities		
13	Charges and security		
14	Related parties		

## Statement of changes in equity

Figures in DKK	Share capital	Retained earnings	Proposed dividend for the financial year	Total equity
Statement of changes in equity for 01.01.22 - 31.12.22				
Balance as at 01.01.22	12,245,000	114,575,760	0	126,820,760
Net profit/loss for the year	0	0	26,936,129	26,936,129
Balance as at 31.12.22	12,245,000	114,575,760	26,936,129	153,756,889
Statement of changes in equity for 01.01.23 - 31.12.23				
Balance as at 01.01.23	12,245,000	114,575,760	26,936,129	153,756,889
Dividend paid	0	0	-26,936,129	-26,936,129
Net profit/loss for the year	0	-16,577,087	57,612,070	41,034,983
Balance as at 31.12.23	12,245,000	97,998,673	57,612,070	167,855,743

	2023	2022
	DKK	DKK
<b>1. Staff costs</b>		
Wages and salaries	51,379,222	46,162,487
Pensions	4,397,206	3,371,888
Other social security costs	335,648	473,814
Other staff costs	1,493,105	791,719
<b>Total</b>	<b>57,605,181</b>	<b>50,799,908</b>
Average number of employees during the year	82	77

No remuneration is paid to the Board of Directors, and remuneration to the Executive Board is not disclosed, as this only consists of one person.

## 2. Financial income

Foreign exchange gains	50,176	33,573
<b>Total</b>	<b>50,176</b>	<b>33,573</b>



	2023	2022
	DKK	DKK

### 3. Financial expenses

Interest, group enterprises	99,781	60,904
Other interest expenses	0	102,935
Foreign exchange losses	237,919	91,152
Other financial expenses	33,833	63,929
Other financial expenses total	271,752	258,016
Total	371,533	318,920

### 4. Tax on profit for the year

Current tax for the year	12,740,976	8,193,237
Adjustment of deferred tax for the year	-1,095,969	-578,436
Adjustment of tax in respect of previous years	151,658	50
Total	11,796,665	7,614,851

	2023	2022
	DKK	DKK

### 5. Proposed appropriation account

Proposed dividend for the financial year	57,612,070	26,936,129
Retained earnings	-16,577,087	0
Total	41,034,983	26,936,129

### 6. Intangible assets

Figures in DKK	Acquired rights
Cost as at 01.01.23	2,684,011
Additions during the year	0
Cost as at 31.12.23	2,684,011
Amortisation and impairment losses as at 01.01.23	-2,540,675
Amortisation during the year	-71,665
Amortisation and impairment losses as at 31.12.23	-2,612,340
Carrying amount as at 31.12.23	71,671

## 7. Property, plant and equipment

Figures in DKK	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction
Cost as at 01.01.23	101,316,028	170,188,206	20,250,336	26,875
Additions during the year	857,490	1,248,478	790,975	1,161,571
Disposals during the year	-1,065,462	-4,346,865	-12,662,763	0
Transfers during the year to/from other items	420,207	323,842	-744,049	0
Cost as at 31.12.23	101,528,263	167,413,661	7,634,499	1,188,446
Depreciation and impairment losses as at 01.01.23	-36,768,919	-118,319,308	-16,482,449	0
Impairment losses during the year	0	-340,000	0	0
Depreciation during the year	-2,521,329	-9,005,614	-1,497,804	0
Reversal of depreciation of and impairment losses on disposed assets	1,065,461	4,311,848	12,494,269	0
Transfers during the year to/from other items	-12,342	-17,594	29,936	0
Depreciation and impairment losses as at 31.12.23	-38,237,129	-123,370,668	-5,456,048	0
Carrying amount as at 31.12.23	63,291,134	44,042,993	2,178,451	1,188,446

	31.12.23	31.12.22
	DKK	DKK

### 8. Prepayments

Other prepayments	107,328	477,978
Total	107,328	477,978

### 9. Share capital

The share capital consists of:

	Quantity	Total nominal value DKK
Share capital	12,245	12,245,000

The share capital has been fully paid in at the balance sheet date.

### 10. Deferred tax

Deferred tax as at 01.01.23	13,051,206	13,629,642
Deferred tax recognised in the income statement	-1,095,969	-578,436
Deferred tax as at 31.12.23	11,955,237	13,051,206

**11. Long-term payables**

Figures in DKK	Outstanding debt after 5 years	Total payables at 31.12.23	Total payables at 31.12.22
Other payables	0	49,822	229,533
Total	0	49,822	229,533

**12. Contingent liabilities***Lease commitments*

The company has concluded lease obligations under operating leases with a total future payments of TDKK 510. The future payment in 2024 are TDKKK 266 and TDKK 0 after 5 years.

*Other contingent liabilities*

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. Joint tax group is administrated by Danone A/S.

**13. Charges and security**

The company has open overdraft facility in Sydbank for 10 mln DKK with the collateral for 20 mln DKK. The collateral consists of land, buldings, plant and machinery with a booked value of TDKK 107.334.

**14. Related parties**

Controlling influence	Basis of influence
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Danone S.A., France	Hovedaktionær
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Transactions	Relation	2023 DKK
Purchase of services	Parent Company	4,698,000
Purchase of services	Sister Company	3,591,000
Sales of services	Sister Company	501,000
Receivables	Parent Company	39,421,000

The company is included in :

- Smallest consolidation in which the Company is included is Holding Internationale de Boissons, France,
- Largest consolidation in which the Company is included is Danone S.A. France.

## 15. Accounting policies

### GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for medium-sized enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

### Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

### CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

**15. Accounting policies** - continued -**LEASES**

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

**INCOME STATEMENT****Gross profit**

Gross profit comprises revenue, other operating income and raw materials and consumables and other external expenses. § 32 of the Danish Financial Statement Act is used.

**Revenue**

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

**Other operating income**

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income and gains on the sale of intangible assets and property, plant and equipment.

**Costs of raw materials and consumables**

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

**Other external expenses**

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.



**15. Accounting policies** - continued -**Staff costs**

Staff costs comprise wages and salaries as well as other staff-related costs.

**Depreciation, amortisation and impairment losses**

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value DKK
Acquired rights	2-5	0
Buildings	5-30	0
Plant and machinery	3-20	0
Other plant, fixtures and fittings, tools and equipment	2-10	0

Land is not depreciated.

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

**Other operating expenses**

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

**Other net financials**

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

**15. Accounting policies** - continued -**Tax on profit/loss for the year**

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

**BALANCE SHEET****Intangible assets***Acquired rights*

Acquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

**Property, plant and equipment**

Property, plant and equipment comprise land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

The total cost of an asset is decomposed into separate components that are depreciated

**15. Accounting policies** - continued -

separately if the useful lives of the individual components vary.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

*Property, plant and equipment under construction*

Property, plant and equipment under construction are measured at cost. Costs incurred on property, plant and equipment under construction are transferred to the relevant asset category when the asset is ready for use.

*Gains and losses on the disposal of property, plant and equipment*

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

**Impairment losses on fixed assets**

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

**15. Accounting policies** - continued -**Inventories**

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The cost of manufactured finished goods and work in progress is determined as the value of direct material and labour costs and indirect production costs. Interest on loans arranged to finance production is not included in the cost.

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

**Receivables**

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

**Prepayments**

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

**Cash**

Cash includes deposits in bank account.

**Equity**

The proposed dividend for the financial year is recognised as a separate item in equity.

**Current and deferred tax**

Current tax payable and receivable is recognised in the balance sheet as tax computed on

**15. Accounting policies** - continued -

the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

**Payables**

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.

**CASH FLOW STATEMENT**

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared as the enterprise is included in the consolidated cash flow statement. for Danone S.A. France.