

# CP Kelco Japan ApS

Ved Banen 16

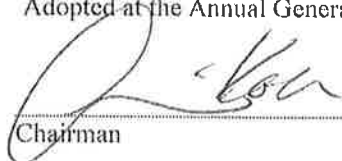
4623 Lille Skensved, Denmark

CVR-No. 25 31 74 67

## Annual Report

for the fiscal year ended December 31, 2017  
18<sup>th</sup> fiscal year

Adopted at the Annual General Meeting of shareholders on May 18, 2018.



Chairman

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## INFORMATION ABOUT THE COMPANY

CP Kelco Japan ApS  
c/o CP Kelco ApS  
Ved Banen 16  
DK 4623 Lille Skensved

Tel: +45 56 15 56 16  
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### **Branch:**

CP Kelco Japan ApS, Japan Branch, Japan

### **Executive Board:**

Klaus Stegler Bjerrum  
Didier Marcel Claude Viala

### **Parent Company:**

CP Kelco ApS  
CVR No. 21 21 02 85

### **Ultimate Parent Company:**

CP Kelco Japan ApS is part of the Annual Report of the J.M. Huber Corporation.  
A copy of the Group's Annual Report can be requested by contacting CP Kelco ApS.

### **Auditors:**

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
DK 2100 Copenhagen

## MANAGEMENT'S REVIEW

### Main activity

The activity of the Company is sale of hydrocolloids in the Far East, where the company has a branch in Japan.

### Business Review

Net sales decreased, from DKK thousand 622,566 in 2016 to DKK thousand 557,698 in 2017.

Profit for the year 2017 shows DKK thousand 3,389 compared to DKK thousand 2,961 in 2016.

The Executive Board considers the profit for the year as satisfactory.

### Subsequent events

No events, which have a significant impact on the assessment of the Annual Report have occurred after the balance sheet date.

### Outlook

The Company expects a result for 2018 at the same level as realised for 2017.

### Interest Rate and Foreign Currency Rate Risk

The interest rates on the company's intra group payables is variable and the company result will therefore be affected by changes in the interest rates.

A significant portion of CP Kelco Japan's activities is carried out in US dollars and Japanese yen and the company's DKK result will be volatile as a result of exchange rate fluctuations. The Company has engaged in derivative financial instrument contracts in order to mitigate exposure to changes in exchange rates. The Company is also exposed to changes in exchange rates on intergroup JPY and USD loans.

CP Kelco Japan's finance department is entering into derivative financial contracts through J.M. Huber Corporate Treasury, a intergroup company under the same control as CP Kelco Japan ApS. All transactions are made in close cooperation with the J.M. Huber Corporate Treasury department and based on the guidelines of the J.M. Huber Treasury policy.

### Branch

CP Kelco Japan ApS has a branch in Tokyo, Japan.

The branch carries out all activities related to administration, sales and marketing and has 10 employees.

**FINANCIAL HIGHLIGHTS**

|                                 | <b>2017</b><br><b>DKK'000</b> | <b>2016</b><br><b>DKK'000</b> | <b>2015</b><br><b>DKK'000</b> | <b>2014</b><br><b>DKK'000</b> | <b>2013</b><br><b>DKK'000</b> |
|---------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Net sales                       | 557,698                       | 622,566                       | 624,989                       | 526,535                       | 525,473                       |
| Gross profit                    | 28,203                        | 28,431                        | 32,874                        | 26,303                        | 28,615                        |
| Operating profit                | 5,454                         | 5,220                         | 6,037                         | 5,847                         | 3,788                         |
| Net financial income/(expenses) | -91                           | -512                          | -1,203                        | -635                          | -1                            |
| Profit for the year             | 3,389                         | 2,961                         | 3,309                         | 2,724                         | 1,762                         |
| Equity end of the year          | 9,071                         | 9,030                         | 9,388                         | 8,431                         | 5,337                         |
| Total assets                    | 59,361                        | 141,625                       | 114,127                       | 71,963                        | 54,938                        |

**STATEMENT BY THE EXECUTIVE BOARD**

The Executive Board have today discussed and approved the annual report of CP Kelco Japan ApS for the financial year January 1 – December 31, 2017.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act. It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at December 31, 2017 and of the results of the Company's operations for the financial year January 1 - December 31, 2017.

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

We recommend that the Annual Report be approved at the annual general meeting.

Lille Skensved, May 18, 2018.

Executive Board:



Klaus Stegler Bjerrum



Didier Marcel Claude Viala

## **Independent auditors' report**

### **To the shareholders of CP Kelco Japan ApS**

#### **Opinion**

We have audited the financial statements of CP Kelco Japan ApS 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.

#### **Emphasis of matter regarding other matters**

The company's accounting records and underlying documentation are partly being kept outside Denmark which does not comply with the Danish Bookkeeping Act.

#### **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.

## Independent auditors' 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 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.
- 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.



## **Independent auditors' 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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 18 May 2018

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98



Niels Vendelbo  
State Authorised  
Public Accountant  
MNE-no. 34532

**INCOME STATEMENT for the year ended December 31.**

|                            | Note | 2017<br>DKK'000 | 2016<br>DKK'000 |
|----------------------------|------|-----------------|-----------------|
| Revenue                    | 1    | 557,698         | 622,566         |
| Cost of sales              |      | <u>529,495</u>  | <u>594,135</u>  |
| <b>Gross profit</b>        |      | 28,203          | 28,431          |
| Other operating costs      |      | 14,026          | 15,412          |
| Staff costs                | 2    | <u>8,723</u>    | <u>7,799</u>    |
| <b>Operating profit</b>    |      | 5,454           | 5,220           |
| Financial income           | 3    | 554             | 382             |
| Financial expenses         | 4    | <u>645</u>      | <u>894</u>      |
| <b>Profit before tax</b>   |      | 5,363           | 4,708           |
| Tax on profit for the year | 5    | <u>1,974</u>    | <u>1,747</u>    |
| <b>Profit for the year</b> | 6    | <u>3,389</u>    | <u>2,961</u>    |

**BALANCE SHEET at December 31**

|  | Note | 2017<br>DKK'000 | 2016<br>DKK'000 |
|--|------|-----------------|-----------------|
| <b>ASSETS</b>                              |      |                 |                 |
| <b>NON-CURRENT ASSETS</b>                  |      |                 |                 |
| <b>Property, plant and equipment</b>       |      |                 |                 |
| Fixtures and fittings, tools and equipment |      | <u>248</u>      | <u>356</u>      |
| <b>Total property, plant and equipment</b> | 7    | <u>248</u>      | <u>356</u>      |
| <b>Financial fixed assets</b>              |      |                 |                 |
| Deferred tax asset                         | 8    | <u>1,176</u>    | <u>951</u>      |
| <b>Total financial fixed assets</b>        |      | <u>1,176</u>    | <u>951</u>      |
| <b>TOTAL NON-CURRENT ASSETS</b>            |      | <u>1,424</u>    | <u>1,307</u>    |
| <b>CURRENT ASSETS</b>                      |      |                 |                 |
| <b>Receivables</b>                         |      |                 |                 |
| Trade receivable                           |      | 0               | 55              |
| Intra-group receivables                    |      | 54,037          | 121,611         |
| Prepayments                                |      | 1,374           | 1,511           |
| Other receivables                          |      | <u>509</u>      | <u>13,073</u>   |
| <b>Total receivables</b>                   |      | <u>55,920</u>   | <u>136,250</u>  |
| <b>Cash at bank and in hand</b>            |      | <u>2,017</u>    | <u>4,068</u>    |
| <b>TOTAL CURRENT ASSETS</b>                |      | <u>57,937</u>   | <u>140,318</u>  |
| <b>TOTAL ASSETS</b>                        |      | <u>59,361</u>   | <u>141,625</u>  |

**BALANCE SHEET at December 31**

|   | Note     | 2017<br>DKK'000 | 2016<br>DKK'000 |
|---|----------|-----------------|-----------------|
| <b>EQUITY AND LIABILITIES</b>   |          |                 |                 |
| <b>EQUITY</b>   |          |                 |                 |
| Capital stock   | 9        | 4,625           | 4,625           |
| Retained earnings   |          | 1,146           | 1,405           |
| Proposed dividend   |          | <u>3,300</u>    | <u>3,000</u>    |
| <b>TOTAL EQUITY</b>   |          | <u>9,071</u>    | <u>9,030</u>    |
| <b>Current Liabilities</b>  |          |                 |                 |
| Trade accounts payable  |          | 586             | 644             |
| Intra-group payables  |          | 38,424          | 125,337         |
| Corporation tax payable   | 10       | 1,738           | 712             |
| Other payables  |          | <u>9,542</u>    | <u>5,902</u>    |
| <b>Total current liabilities</b>                                      |          | <u>50,290</u>   | <u>132,595</u>  |
| <b>TOTAL LONG-TERM AND CURRENT LIABILITIES</b>                        |          | <u>50,290</u>   | <u>132,595</u>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                   |          | <u>59,361</u>   | <u>141,625</u>  |
| Contingent liabilities and contractual obligations<br>Related Parties | 11<br>12 |                 |                 |

## STATEMENT OF CHANGES IN EQUITY

|                                   | 2017<br>DKK'000     | 2016<br>DKK'000     |
|-----------------------------------|---------------------|---------------------|
| <b>Capital stock</b>              |                     |                     |
| Balance at January 1              | <u>4,625</u>        | <u>4,625</u>        |
| Balance at December 31            | <u>4,625</u>        | <u>4,625</u>        |
| <b>Retained earnings</b>          |                     |                     |
| Balance at January 1              | 1,405               | 1,463               |
| Currency translation              | -348                | -19                 |
| Profit for the year               | 3,389               | 2,961               |
| Proposal of dividend for the year | <u>-3,300</u>       | <u>-3,000</u>       |
| Balance at December 31            | <u>1,146</u>        | <u>1,405</u>        |
| <b>Proposed dividend</b>          |                     |                     |
| Balance at January 1              | 3,000               | 3,300               |
| Paid out dividend                 | 3,000               | -3,300              |
| Proposal of dividend for the year | <u>3,300</u>        | <u>3,000</u>        |
| Balance at December 31            | <u>3,300</u>        | <u>3,000</u>        |
| <b>TOTAL EQUITY</b>               | <u><u>9,071</u></u> | <u><u>9,030</u></u> |

## NOTES AND DISCLOSURES

### Note 1. Revenue

The Company operates in one segment consisting of naturally derived hydrocolloids. The operations are managed as one segment or strategic unit, because it offers similar products in same market and the factors determining strategic decisions are comparable for all products.

The Company is exclusively selling its products to the Far East.

|                             | 2017<br>DKK'000 | 2016<br>DKK'000 |
|-----------------------------|-----------------|-----------------|
| <b>Note 2. Staff costs</b>  |                 |                 |
| Wages and salaries          | 7,374           | 7,173           |
| Pensions                    | <u>1,349</u>    | <u>626</u>      |
|                             | <u>8,723</u>    | <u>7,799</u>    |
| Average number of employees | <u>10</u>       | <u>11</u>       |

No remuneration was paid to the Executive Board.

The Company has paid management fees to group entities which also cover remuneration to intra-group members of Board of management.

### Note 3. Financial income

|  |            |            |
|--|------------|------------|
| Interest received from group companies | 550        | 370        |
| Other financial income                 | <u>4</u>   | <u>12</u>  |
|  | <u>554</u> | <u>382</u> |

**N O T E S AND DISCLOSURES**

|   | 2017<br>DKK'000 | 2016<br>DKK'000 |
|---|-----------------|-----------------|
| <b>Note 4. Financial expenses</b>             |                 |                 |
| Interest paid to group companies              | 645             | 889             |
| Other financial expense                       | <u>0</u>        | <u>5</u>        |
|   | <u>645</u>      | <u>894</u>      |
| <br><b>Note 5. Tax on profit for the year</b> |                 |                 |
| Tax on profit for the year                    | 2,287           | 1,414           |
| Change in deferred tax                        | <u>-313</u>     | <u>333</u>      |
| Total   | <u>1,974</u>    | <u>1,747</u>    |
| <br><b>Note 6. Appropriation of income</b>    |                 |                 |
| Profit for the year                           | 3,389           |                 |
| Currency translation                          | -348            |                 |
| Retained earnings, prior year                 | <u>1,405</u>    |                 |
| <b>Available for distribution</b>             | <u>4,446</u>    |                 |
| Proposed distributed as follows:              |                 |                 |
| Proposed dividend                             | 3,300           |                 |
| Retained earnings                             | <u>1,146</u>    |                 |
|   | <u>4,446</u>    |                 |

## NOTES AND DISCLOSURES

### Note 7. Property, plant and equipment

Investments in and depreciation of property, plant and equipment made during the financial year can be specified as follows (in DKK'000):

|   | <b>Property, plant and equipment</b> |
|---|--------------------------------------|
| Cost price January 1                          | 2,114                                |
| Foreign currency adjustment at year-end rates | -197                                 |
| Additions for the year                        | 0                                    |
| Disposals for the year                        | <u>5</u>                             |
| <b>Cost price December 31</b>                 | <u>1,912</u>                         |
| Depreciation January 1                        | 1,758                                |
| Foreign currency adjustment at year-end rates | -164                                 |
| Depreciations of the year                     | 74                                   |
| Reversed depreciation of disposals            | <u>4</u>                             |
| <b>Depreciation December 31</b>               | <u>1,664</u>                         |
| <b>Carrying amount December 31</b>            | <u>248</u>                           |



**NOTES AND DISCLOSURES**

**2017**  
**DKK'000**

**Note 8. Deferred tax asset**

|   |                     |
|---|---------------------|
| Balance at January 1                          | 951                 |
| Foreign currency adjustment at year-end rates | -88                 |
| Adjustment of deferred tax of the year        | <u>313</u>          |
| <b>Balance at December 31</b>                 | <b><u>1,176</u></b> |

Deferred tax asset relates to property, plant and equipment and current liabilities. The deferred tax is calculated at 34.81%.

**Note 9. Share capital**

The Company's share capital, DKK 4,625 thousand is 100% owned by CP Kelco ApS.

The share capital consists of 4,625 A-shares of DKK 1,000 each.

There have been no movements on the share capital during the last 5 years.

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2017  
DKK'000**Note 10. Corporation tax payable**

|   |                     |
|---|---------------------|
| Balance at January 1                          | 712                 |
| Foreign currency adjustment at year-end rates | 202                 |
| Current tax for the year                      | 2,287               |
| Tax paid in the year                          | <u>-1,463</u>       |
| <b>Balance at December 31</b>                 | <b><u>1,738</u></b> |

**Note 11. Contingent liabilities and contractual obligations**

Commitments under a rental agreement amounts to DKK thousand 2,428 (2016: DKK thousand 2,780).

The Company is jointly taxed with other Danish companies in the J.M. Huber group. As a wholly owned subsidiary of J.M. Huber Corporation, the Company is unlimited and solidarity liable with the other companies in the joint taxation regarding Danish withholding taxes on dividends, interest and royalties in the joint taxation. Payable withholding taxes in the joint taxation are as of 31 December 2017 DKK 0 million. Any subsequent corrections of the taxable income in the joint taxation or withholding taxes could lead to the Company's liability being higher.

**Note 12. Related Parties**

The Company's majority shareholder is CP Kelco ApS, Lille Skensved, Denmark, and its ultimate Parent is J.M. Huber Corporation, New Jersey, USA.

The Company's related Parties with considerable influence include registered management and hereto related family members. Related Parties include also companies, in which the persons mentioned have considerable interests.

Related Parties further include affiliated companies in the J.M.Huber Group.

CP Kelco Japan ApS is part of the Annual Report of the J.M. Huber Corporation.  
A copy of the Group's Annual Report can be requested by contacting CP Kelco ApS.

## NOTES AND DISCLOSURES

### Note 13. Accounting Policies

#### General

The Annual Report of the Company has been presented in accordance with the provisions of the Danish Financial Statements Act as regards reporting class C (medium) enterprises.

With reference to the Danish Financial Statements Act, section 86 (4), Cash flow statement has not been prepared.

The accounting policies used in the preparation of the financial statements are consistent with those of the year.

#### Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the value of the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

#### Foreign currency translation

Transactions in foreign currencies during the year are translated at the exchange rate ruling at the transaction date.

In the balance sheet, receivables, payables and other items in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

Realized as well as unrealized exchange rate adjustments are included in the income statement as financial income and expenses.

Realized as well as unrealized exchange rate adjustments are included in the income statement as financial income and expenses.

In connection with the translation of the Financial Statements of foreign branch companies, the income statement and accompanying notes is translated at the exchange rate ruling at the transaction date (periodic average exchange rates), whereas the balance sheet and accompanying notes is translated at the closing rates as the branch is regarded as independent foreign entity. Exchange rate adjustments arising from the translation of the stockholders' equity of the foreign companies at the beginning of the year as well as exchange rate adjustments arising as a result of the translation of the income statements of the foreign companies at periodic exchange rates are entered directly against stockholders' equity.

## NOTES AND DISCLOSURES

### Revenue

Revenue related to sale of goods is recorded in the income statement concurrently with delivery of goods, when risks have been transferred to the customer and the goods invoiced.

### Other operating costs

Other operating costs comprise items secondary to the Company's activities, including loss on the disposal of property, plant and equipment.

### Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and interest expense, payables and transactions in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

### Tax on profit for the year

Tax for the year comprises joint taxation contribution and changes in deferred tax for the year – including change in tax rate. The tax expense relating to the profit/loss for the year is recognized in the income statement.

Current tax liabilities and tax receivables are recognized in the balance sheet as current liabilities to the extent that no payment has been made or as receivables, respectively, to the extent that too much tax has been paid in advance.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets are recognized at the expected value of their utilization; as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallize as current tax. The change in deferred tax as a result of changes in tax rates is recognized in the income statement.

### Property, plant and equipment

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

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

## NOTES AND DISCLOSURES

The depreciable amount, which is calculated as cost less any residual values after the end of the useful life, is depreciated on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

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

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

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

### **Impairment of non-current assets**

The carrying amount of equipment is subject to an annual assessment 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.

### **Receivables**

Receivables are valued at par value less provisions for losses based on an individual assessment.

### **Prepayments**

Prepayments comprise prepayments of costs relating to subsequent financial years.

### **Liabilities**

Trade payables and payables to group entities are recognised at cost and subsequently measured at amortised cost.

Other liabilities are measured at net realisable value.