

DK Trading Esbjerg ApS

Rolfsgade 123

6700 Esbjerg

CVR-nummer 26 12 26 35

Group Report and Annual Report 2016/2017

The Group Report and Annual Report have been submitted and presented to the company's Annual General Meeting on 25 August 2017

Jens C. Jespersen
Chairman



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Company information

Company

DK Trading Esbjerg ApS
Rolfsgade 123
6700 Esbjerg

Domicile: Esbjerg
CVR-nummer: 26 12 26 35
Fiscal year: 1 July 2016 - 30 June 2017

Board

Jens C. Jespersen
Jesper C. H. Jespersen
Casper T. Ottesen

Senior Management

Jesper C. H. Jespersen
Casper T. Ottesen

Group

DK Trading Esbjerg ApS, CVR-nr. 26 12 26 35 (Parent company)
DK Trading Ejendomme ApS, CVR-nr. 35 41 19 25 (100% owned subsidiary)

Auditor

Dansk Revision Esbjerg
Registered Auditing Limite Liability Company
Smedevej 33
6710 Esbjerg V

Management

The Board and the senior management have on the present date reviewed and approved the Group Report and Annual Report for 1 July 2016 - 30 June 2017 for DK Trading ApS.

The Group Report and the Annual Report are being submitted in accordance with the Danish Annual Accounts Act.


It is our perception that the Group Report and the Annual Report provide a fair and true picture of the company's assets liabilities and financial position as at 30 June 2017 and of the results of the activities of the group and the company as well as the cash flows for the fiscal year of 1 June 2016 — 30 June 2017.

The management report contains in our perception a fair and true explanation of those conditions that the report addresses.

The group report and the annual report are being submitted to the Annual General Meeting for approval.

Esbjerg, 25 August 2017

Senior Management:



Jesper C. H. Jespersen



Casper T. Ottesen

Board:

Jens C. Jespersen
Chairman



Jesper C. H. Jespersen



Casper T. Ottesen

Independent auditor's opinion

To equity capital owner of DK Trading Esbjerg ApS

Conclusion

We have audited the group annual accounts and the annual accounts for DK Trading Esbjerg ApS for the fiscal year of 1 July 2016 - 30 June 2017, which encompasses the income statement, balance sheet and notes, including the accounting practices used. The group annual accounts and the annual accounts have been prepared pursuant to the Danish Annual Accounts Act.

It is our perception that the group accounts and annual accounts provide a fair and true picture of the assets, liabilities and financial position of the group and the company as at 30 June 2017 as well as of the results of the activities of the group and the company for the fiscal year of 1 July 2016 — 30 June 2017 in accordance with the Annual Accounts Act.

Basis for conclusion

We have conducted our audit in accordance with international standards for auditing and those additional requirements that are applicable in Denmark. Our responsibility pursuant to these standards and requirements is described in further detail in the section in the auditor's opinion entitled "Auditor's responsibility for the auditing of the annual accounts". We are independent of the group and the company in accordance with international ethics rules for auditors (IESBA Ethics Rules) and those additional requirements that are applicable in Denmark, and we have also fulfilled our other ethics obligations with respect to these rules and requirements. It is our perception that the auditing evidence obtained is sufficient and suitable as a basis for our conclusion.

Management's responsibility for the annual accounts

The management bears the responsibility for the preparation of group annual accounts and annual accounts that provide a fair and true picture in accordance with the Danish Annual Accounts Act. The management moreover bears the responsibility for the internal controls that the management deem to be necessary in order to prepare the group annual accounts and annual accounts without significant erroneous information, regardless of whether such is due to fraud or errors.

In the preparation of the group annual accounts and the annual accounts, the management is responsible for evaluating the capability of the group and the company to continue operating, providing information on conditions concerning continued operation, where such is relevant and for preparing the group accounts and annual accounts on the basis of the accounting principle of continued operation, unless the management either has the intent to liquidate the group and the company, halt operations or has no other realistic alternative than to do so.

Auditor's responsibility for the auditing of the annual accounts

Our goal is to obtain a high degree of certainty that group annual accounts and annual accounts as a whole are without significant erroneous information, regardless of whether this is due to fraud or error, and to issue an auditor's opinion with a conclusion. A high degree of certainty is a high level of certainty, but is no guarantee that an audit that is conducted in accordance with international standards for auditing and those additional requirements that are applicable in Denmark will always detect significant erroneous information when such exists.

Independent auditor's opinion

Erroneous information may arise due to fraud or to errors and can be regarded as being significant if it can reasonably be expected that they individually or collectively have an effect on the financial decisions that the users of accounting information make on the basis of the group annual accounts and the annual accounts.

As an element of an audit that is conducted in accordance with international standards concerning auditing and those further requirements that are applicable in Denmark, we perform technical assessments and maintain professional scepticism during the audit. This includes:

- Identification and evaluation by us of the risk of significant erroneous information in the group annual accounts and the annual accounts regardless of whether such is due to fraud or errors, formulating and performing auditing activities as a reaction to these risks and obtaining auditing evidence that is sufficient and suitable to form a basis for our conclusion. The risk of not detecting significant erroneous information caused by fraud is higher than for significant erroneous information caused by errors in that fraud can encompass conspiracies, document falsification, conscious omissions, misrepresentations or neglect of internal controls.
- We obtain an understanding of the internal controls that are relevant to the auditing in order to be able to formulate auditing activities that are suitable for the circumstances, but not in order to be able to express a conclusion concerning the effectiveness of the internal controls of the group and the company.
- We take a position on whether the accounting practices that have been used by the management are suitable, as well as whether the accounting-related estimates and associated information that the management has prepared are reasonable.
- We draw a conclusion on whether the management's preparation of the group annual accounts and the annual accounts on the basis of the accounting principle of continued operation is appropriate, and whether on the basis of the auditing evidence obtained whether there is significant uncertainty associated with events or conditions that can create significant doubts as to the ability of the group and the company to continue operating. If we conclude that there is significant uncertainty, we must in our auditor's opinion draw attention to the information concerning such in the group annual accounts and the annual accounts or, if such information is not sufficient, modify our conclusion. Our conclusions are based upon the auditing evidence that has been obtained up to the date of our auditor's opinion. Future events or conditions can however involve that the group and the company are no longer able to continue operating.
- We take a position on the overall presentation, structure and content of the group annual accounts and the annual accounts, including the information in the notes, as well as whether the group annual accounts and annual accounts reflect the underlying transactions and events in a manner such that a fair and true picture of such is provided.

Independent auditor's opinion

We communicate with the upper management concerning among other things that planned scope and the scheduling of the audit as well as significant auditing-related observations, including any possible significant deficiencies in internal controls that we identify during the audit.

Statement on the management report

The management is responsible for the management report. Our conclusion on the group annual accounts and the annual accounts does not encompass the management report and we are expressing no form of conclusion concerning the reliability of the management report.

In connection with our audit of the group annual accounts and the annual accounts, it is our responsibility to read the management report and in this connection consider whether the management report has significant inconsistencies with the group annual accounts and the annual accounts or with our knowledge obtained from the audit or in some other manner seems to contain significant erroneous information.

Our responsibility is in addition to consider whether the management report contains the required information with respect to the Danish Annual Accounts Act.

Based on the work performed, it is our perception that the management report is in accordance with the group annual accounts and the annual accounts and has been prepared in accordance with the requirements of the Danish Annual Accounts Act. We have not found significant erroneous information in the management report.

Esbjerg V, 25 August 2017

Dansk Revision Esbjerg

Registered Auditing Limited Liability Company, CVR No. 26993695



Kent Olesen

Registered Public Accountant

Management report

Main activity

The group's main activity has as in previous years been to conduct trading, including importing and exporting.

Trend in activities and financial situation

The group and the parent company have continued their normal operating activities. There have not been individual events during the fiscal year that are of such a significant nature that they require mention in the management report.

The trend for the year and results are deemed to be satisfactory.

Events after the end of the fiscal year

No events have occurred after the end of the fiscal year that will significantly affect the evaluation of the conditions of the group and the parent company.

Expected trend

During the 2017/18 fiscal year the group's management expects a slightly rising turnover and from which a greater results.

Risk profile and risk management

There are no special risks beyond the normally occurring risks in the industry of the group and parent company, which include business-related and financial risks that the enterprise can be affected by.

External environment effects

The group does not affect the external environment.

Research and development activities

No special research or development activities exist in or for the group.

The results in comparison with prior expectations

The year's results correspond to the expectations.

Main and key figures

	2016/17	2015/16	2014/15	2013/14	2012/13
Income statement	1.000 DKK	1.000 DKK	1.000 DKK	1.000 DKK	1.000 DKK
Gross income	18.449	16.594	12.313	13.292	12.897
Results from primary operations	7.182	6.013	3.650	4.395	4.078
Results from financial items	-14	-84	-171	-162	-46
Results for the year	5.583	4.619	2.651	3.170	3.018
Balance sheet					
Fixed assets	6.602	6.814	7.062	6.704	280
Current assets	46.190	42.190	41.359	41.549	40.753
Total assets - balance sheet total	52.792	49.003	48.421	48.253	41.033
Equity	23.935	18.352	18.333	17.682	16.712
Provisions for obligations	31	40	59	0	42
Long-term liabilities	1.664	1.769	3.381	3.569	0
Short-term liabilities	27.162	28.843	26.648	27.002	24.279
Key figure in %					
Return on assets	13,6	12,3	7,5	9,1	9,9
<i>Results before financial items in percent of all assets</i>					
Current ratio	170,1	146,3	155,2	153,9	167,9
<i>Current assets in percent of short-term</i>					
Solvency ratio	45,3	37,5	37,9	36,6	40,7
<i>Ending equity in percent of total</i>					
Return on equity	26,4	25,2	14,7	18,4	19,7
<i>Ordinary results after taxes in percent of average equity capital</i>					
Employees	9,7	9,8	8,3	8,3	8,2

Notes	Income statement	Group		Parent	
		2016/17 DKK	2015/16 1.000 DKK	2016/17 DKK	2015/16 1.000 DKK
Period of 1. januar - 31. december					
	Gross income	18.448.948	16.593	18.171.707	16.350
1	Personnel costs	-10.974.527	-10.293	-10.974.527	-10.293
	Depreciation and writedowns	-292.314	-287	-173.304	-168
	Results from primary operations	7.182.107	6.013	7.023.877	5.889
	Income from participating interests in affiliated enterprises	0	0	72.950	31
2	Other financial income	31.503	18	68.941	49
3	Other financial expenses	-45.641	-102	-18.364	-51
	Results before taxes	7.167.969	5.929	7.147.405	5.918
4	Tax on the year's results	-1.584.789	-1.310	-1.564.223	-1.299
	Results for the year	5.583.180	4.619	5.583.180	4.619
5	Proposal for allocation of results:				
	Proposed dividend	3.900.000	4.600		
	Retained earnings	1.683.180	19		
	Total results allocation	5.583.180	4.619		

Notes	Balance sheet	Group		Parent	
		2016/17 DKK	2015/16 1.000 DKK	2016/17 DKK	2015/16 1.000 DKK
	Assets as at 31. December				
	Goodwill	0	0	0	0
	Intangible fixed assets	0	0	0	0
	Land and buildings	6.189.020	6.292	0	0
	Other plant, operating equipment, fixtures and fittings	293.395	389	179.830	259
	Interior decorating of leased premises	119.627	133	119.627	133
6	Tangible fixed assets	6.602.042	6.814	299.457	392
7	Participating interests in affiliated enterprises	0	0	206.079	133
	Financial fixed assets	0	0	206.079	133
	Total fixed assets	6.602.042	6.814	505.536	525
	Stock in trade	12.622.075	8.287	12.622.075	8.287
	Prepaid goods	0	1.113	0	1.113
	Stock in trade	12.622.075	9.400	12.622.075	9.400
	Receivables from sales and services provided	29.378.512	25.956	29.378.512	25.956
	Receivables from affiliated enterprises	0	0	4.110.834	4.922
	Other receivables	2.330.626	177	2.330.626	177
	Receivable taxes from affiliated enterprises	0	0	67.329	52
8	Accrued income and deferred expenses	477.250	357	634.450	510
	Receivables	32.186.388	26.490	36.521.751	31.617
	Cash	1.381.713	6.300	1.347.534	5.559
	Total current assets	46.190.175	42.190	50.491.360	46.576
	Total assets	52.792.217	49.003	50.996.896	47.101

Notes	Balance sheet	Group		Parent	
		2016/17 DKK	2015/16 1.000 DKK	2016/17 DKK	2015/16 1.000 DKK
	Liabilities as at 31. December				
	Company capital	200.000	200	200.000	200
	Reserve for net revaluations pursuant to inner value	0	0	126.079	53
	Transferred from the results for the Proposed dividends for the fiscal year	19.835.003	18.152	19.708.924	18.099
		<u>3.900.000</u>	<u>0</u>	<u>3.900.000</u>	<u>0</u>
	Equity	<u>23.935.003</u>	<u>18.352</u>	<u>23.935.003</u>	<u>18.352</u>
9	Reserves deferred tax	<u>31.449</u>	<u>40</u>	<u>106.397</u>	<u>95</u>
	Reserves	<u>31.449</u>	<u>40</u>	<u>106.397</u>	<u>95</u>
	Credit institutions	<u>1.663.770</u>	<u>1.769</u>	<u>0</u>	<u>0</u>
10	Long-terms liabilities	<u>1.663.770</u>	<u>1.769</u>	<u>0</u>	<u>0</u>
	Credit institutions	107.100	2.059	0	1.951
	Company tax	1.355.910	1.097	1.355.910	1.097
	Suppliers of goods and services	18.428.403	15.057	18.419.403	15.048
	Proposed dividends for the fiscal year	0	4.600	0	4.600
	Other debt	<u>7.270.583</u>	<u>6.029</u>	<u>7.180.183</u>	<u>5.958</u>
	Short-term liabilities	<u>27.161.996</u>	<u>28.842</u>	<u>26.955.496</u>	<u>28.654</u>
	Debts and deferred obligations in total	<u>28.857.215</u>	<u>30.651</u>	<u>27.061.893</u>	<u>28.749</u>
	Total liabilities	<u>52.792.217</u>	<u>49.003</u>	<u>50.996.896</u>	<u>47.101</u>
11	Contingent liabilities				
12	Mortgages and security posted				
13	Closely related parties, transactions and dertermining influence				

Equity	Group		Parent	
	2016/17 DKK	2015/16 1.000 DKK	2016/17 DKK	2015/16 1.000 DKK
Beginning balance	200.000	200	200.000	200
Company capital in total	200.000	200	200.000	200
Beginning balance	18.151.823	18.133	18.151.821	18.111
The year's retained earnings	1.683.180	19	1.610.232	-12
Other equity capital movements	0	0	72.950	53
Total retained earnings	19.835.003	18.152	19.835.003	18.152
Dividends for the year	3.900.000	0	3.900.000	0
Total proposed dividends	3.900.000	0	3.900.000	0
Total equity capital	23.935.003	18.352	23.935.003	18.352

The company capital is divided up into 200 shares with a nominal value of 1.000 DKK.

Cash flow statement	Group	
	2016/17 DKK	2015/16 1.000 DKK
Resultat of the year	5.583.182	4.619
Depreciation, fixed assets income	292.314	287
Financial income	-31.503	-18
Financial costs	45.641	102
Financial income Tax on the year's results	1.584.789	1.310
Adjustments	1.891.240	1.681
Change in stock in trade	-3.222.428	-433
Change in receivables	-794.384	-71
Change in short-term obligations	-315.566	-2.173
Change in operating capital	-4.332.378	-2.677
Interest received and the like	31.503	18
Interest paid etc.	-45.641	-102
Total interest etc.	-14.138	-84
Taxes paid	-1.309.571	-1.041
Cash flow from operating activity	1.818.335	2.498
Assets Sales of tangible fixed	-80.680	-38
Cash flow from investment activity	-80.680	-38
Change in long-term liabilities	-105.661	-1.612
Dividends disbursed	-4.600.000	-2.000
Cash flow from investment activity	-4.705.661	-3.612
Change in cash equivalents	-2.968.004	-1.152
Beginning cash	4.349.717	5.502
Ending cash	1.381.713	4.350
Change in cash	-2.968.004	-1.152

Notes	Group		Parent	
	2016/17 DKK	2015/16 1.000 DKK	2016/17 DKK	2015/16 1.000 DKK
1 Personnel expenses				
Wages and remuneration	9.517.039	8.922	9.517.039	8.922
Pensions	1.084.634	983	1.084.634	983
Other expenses for social insurance	73.652	79	73.652	79
Other personnel expenses	299.201	310	299.201	310
	10.974.527	10.293	10.974.527	10.293
Average number of hired employees	9,7	9,8	9,7	9,8
Remuneration for Board and senior management comprises	4.610.176	4.417	4.610.176	4.417
Pursuant to the Danish Annual Accounts Act, section 98 b, subsection 3, management remuneration is specified in total for the Board and the senior management since the information would otherwise cause amounts to be shown for an individual member of a management category.				
2 Other financial income				
Financial income, affiliated enterprises	0	0	40.455	34
Other financial income	31.503	18	28.486	15
	31.503	18	68.941	49
3 Other financial expenses				
Other financial expenses	-45.641	-102	-18.364	-51
	-45.641	-102	18.364	-51
4 Tax on the year's results				
Tax on the year's taxable income	1.576.668	-1.310	1.552.826	-1.299
Change for the year in deferred taxes	8.121	0	11.397	0
	1.584.789	-1.310	1.564.223	-1.299
5 Proposal for allocation of results:				
Proposed dividend	3.900.000	4.600	3.900.000	4.600
Year's provision for reserves for net revaluations pursuant to the inner value method	0	0	72.950	31
Retained earnings	1.683.180	19	1.610.230	-12
	5.583.180	4.619	5.583.180	4.619

Notes	2016/17	2016/17	2016/17	2016/17
	DKK	DKK	DKK	DKK
6 Tangible fixed assets Group	Other plant, operating equipment, DKK	Interior decorating of leased DKK	Land and buildings DKK	Goodwill DKK
Beginning cost price	675.665	292.537	6.571.962	1.500.000
Acquisitions for the year	63.955	16.725	0	0
Ending cost price	739.620	309.262	6.571.962	1.500.000
Beginning depreciation	-286.788	-159.545	-280.155	-1.500.000
Depreciation for the year	-159.437	-30.090	-102.787	0
Ending depreciation	-446.225	-189.635	-382.942	-1.500.000
Accounting-related ending value	293.395	119.627	6.189.020	0

	Group		Parent	
	2016/17	2015/16	2016/17	2015/16
	DKK	1.000 DKK	DKK	1.000 DKK
7 Participating interests in affiliated enterprises				
Beginning cost price	0	0	80.000	80
Ending cost price	0	0	80.000	80
Beginning value adjustments	0	0	53.129	22
Year's results after taxes	0	0	72.950	31
Ending value adjustments	0	0	126.078	53
Accounting-related ending value	0	0	206.078	133

Participating interests in affiliated enterprises consist of

Name	Domicile	Ownership stake
DK Trading Ejendomme ApS	Esbjerg	100%

Notes	Group		Parent	
	2016/17 DKK	2015/16 1.000 DKK	2016/17 DKK	2015/16 1.000 DKK

8 Accrued income and deferred expenses

Accrued income and deferred expenses are comprised of prepaid expenses concerning the subsequent years.

9 Deferred tax

Beginning balance	39.570	59	95.000	99
Adjustment for the year, income statement	-8.121	-19	11.397	-4
	31.449	40	106.397	95

10 Long-term liabilities

Portion of long-term liabilities falling due after 5 years:

Credit institutions	1.229.596	1.333	0	0
Other	1.229.596	1.333	0	0

Notes

11 Contingent liabilities

The company has the following leasing obligations as at 30 June 2017:

DKK 11.426 per month, remaining payments: 16.

DKK 10.184 per month, remaining payments: 16.

DKK 7.237 per month, remaining payments: 15.

DKK 6.793 per month, remaining payments: 9.

DKK 7.261 per month, remaining payments: 6.

DKK 7.964 per month, remaining payments: 24

DKK 6.890 per month, remaining payments: 24.

The mother company has a rent obligation to its subsidiary, containing a termination notice period of 6 months. The annual rent comprises DKK 314.400.

12 Mortgages and security posted

As security for debts to mortgage banks, a mortgage has been granted on land and buildings for a total of TDKK 3.900. The accounting-related value of the land and buildings as at 30. June 2017 comprises TDKK 6.189.

13 Closely related parties, transactions and determining influence

Determining influence:

Main shareholder, Board member and senior executive:

Jesper C. H. Jespersen

Vesterhavsgade 6

6700 Esbjerg

Determining influence:

Main shareholder, Board member and senior executive:

Casper T. Ottesen

Jollen 3

6710 Esbjerg V

Other closely related parties:

Subsidiary:

DK Trading Ejendomme ApS

Rolfsgade 123

6700 Esbjerg

Accounting practices used

General

The group report and annual report have been submitted in accordance with the provisions of the Danish Annual Accounts Act for a medium size class C enterprise.

The annual accounts have been submitted in accordance with the same accounting principles as last year.

Group annual accounts

The group annual accounts encompass the parent company DK Trading Esbjergs ApS and subsidiaries in which DK Trading Esbjerg ApS directly or indirectly possesses more than 50 of the voting rights or in some other manner has determining influence.

In the consolidation, elimination is performed of internal group incomes and expenses, shareholdings, internal intercompany accounts and dividends as well as realised services and losses on transactions between consolidated enterprises.

Participating interests in subsidiaries are adjusted by the proportionate share of the subsidiary's current value of its net assets and liabilities at the point in time of their acquisition.

In general concerning inclusion in calculations and measurement

Assets are included on the balance sheet when it is probable that future financial benefits will accrue to the company, and the asset's value can be measured reliably.

Liabilities are included on the balance sheet when it is probable that future financial resources will leave the company and the value of the liability can be measured reliably.

When initially included, assets and liabilities are measured at cost price. Subsequently, assets and liabilities are measured as described for each individual accounting item below.

The inclusion and measurement takes into account foreseeable losses and risks that have appeared before the annual report was submitted, and which confirm or refute conditions that existed on the date of the balance sheet.

Income is included in the income statement in step with it being earned, which includes the inclusion of value adjustments of financial assets and liabilities that are measured at current value or their amortised cost price. In addition, expenses are included that have been defrayed to achieve the year's income, including depreciation, write-downs and allocations to reserves as well as reversals in consequence of changed accounting-related estimates of amounts that have previously been included in the income statement.

Conversion of foreign currencies

Transactions in foreign currencies during the course of the year are converted at the exchange rate on the day of the transaction. Receivables, liabilities and other items in foreign currencies that have not been settled as at the date of the balance sheet are converted at the exchange rate on the date of the balance sheet.

Realised and unrealised currency adjustments are included in the income statement under financial items.

Accounting practices used

Financial instruments are not used for hedging of the corresponding value in DKK of balance sheet items in foreign currencies as well as future transactions in foreign currencies.

Income statement

Net sales

Net sales are included on the income statement if delivery and transfer of risk to the purchaser takes place before the end of the fiscal year. Net sales is included excl. VAT and with a deduction of discounts in connection with the sale.

Gross income

Net sales less goods consumed, direct expenses and other external expenses are aggregated in the item "Gross income".

Other external expenses

Other external expenses encompass expenses for distribution, sales, advertising, administration, premises, losses on debtors, operational leasing expenses, etc.

Personnel expenses

Personnel expenses encompass wages and salaries as well as social expenses, pensions, etc. for the company's personnel.

Financial revenues and expenses

Financial items encompass interest income and interest expenses as well as supplements and restitution concerning on account tax arrangements, etc.

Results from affiliated enterprises

Results from affiliated enterprises are included in the income statement at their proportionate share of the results of the enterprise after adjustments of internal profits or losses.

Tax on the year's results

The year's taxes, which comprise the year's relevant taxes and the year's difference in deferred taxes, are included in the income statement for that portion that can be attributed to the year's results and directly in the equity capital for that part that can be attributed to items directly under the equity capital.

The company is encompassed by the Danish rules concerning mandatory joint taxation of the parent company and the Danish subsidiaries. The company is the administrative company for the joint taxation and in consequence of this settles all payments of company tax with the tax authorities.

The relevant Danish company tax is distributed by settlement of joint taxation contributions between the jointly taxed enterprises in relation to the taxable incomes of such. In connection with this, companies with a tax-related deficit receive a joint taxation contribution from enterprises that have been able to utilise this deficit (full distribution).

Accounting practices used

Balance sheet

Intangible fixed assets

Intangible fixed assets are measured at cost price with the deduction of accumulated depreciation. Depreciation is distributed linearly over the expected lifespan.

Expected periods of use are included as follows:

Goodwill 10 years — residual value 0%

The management deems that the lifespan is following the above term of years.

Tangible fixed assets

Tangible fixed assets are measured at cost price with the deduction of accumulated depreciation. Linear depreciation is performed based upon an evaluation of the expected periods of use and residual values of the individual assets. Land is not depreciated.

The basis for depreciation is the cost price with the deduction of the expected residual value after its period of use ends. The cost price encompasses the acquisition price as well as expenses directly related to the acquisition up to the point in time when the asset is ready to be placed into service.

Expected periods of use are included as follows:

Interior decorating of leased premises	10 years — residual value 0%
Buildings	20-100 years — residual value 100%
Other plant, operating equipment, fixtures and fittings	3-7 years — residual value 100%

Accounting practices used

Profits and losses upon disposals of tangible fixed assets are calculated as the difference between the sales price with the deduction of sales expenses and the accounting-related value at the point in time of the sale. Profits and losses are included in the income statement under other operating income or other operating expenses.

Write-downs of fixed assets

The accounting-related value of both intangible as well as tangible fixed assets is assessed annually for indications of value deterioration beyond what is expressed through depreciation.

If indications do exist of value deterioration, then a write-down test is performed of each individual asset and group of assets, respectively. Write-downs are performed to the recovery value, if such is lower than the accounting-related value.

The higher of the net sales price and the capital value are used as the recovery value. The capital value is calculated as the present value of the expected net revenues from use of the asset or asset group.

Financial fixed assets

Participating interests in subsidiaries are included as per the inner value method. The portion of results for the year is included in the income statement. On the balance sheet, the proportionate ownership stake of the accounting-related inner value is measured and settled pursuant to the parent company's accounting practices, corrected for unrealised group-internal profits or losses.

The total net revaluations in affiliated enterprises are allocated via the surplus distribution to "Reserve for net revaluation as per inner value method" under the equity capital. The reserve is reduced by dividend allocations to the parent company and adjusted by other equity capital movements in affiliated enterprises.

Stock in trade

Stock in trade is measured at cost price based on the FIFO method. In instances where the cost price is higher than the net total value realised, it is written down to this lower value.

The cost price for goods for resale encompasses the acquisition price with the addition of delivery costs.

The net realisation value for stock in trade is calculated as the sales price less expenses that are defrayed in order to effectuate the sale, and are set with regard to the marketability, obsolescence and trend in the expected sales price.

Receivables

Receivables are measured in the balance sheet at their amortised cost price, which usually corresponds to their nominal value. The value is reduced by write-downs to meet expected losses after an evaluation of the individual receivables.

Accounting practices used

Accrued income and deferred expenses

Accrued income and deferred expenses that are included under assets encompass expenses defrayed concerning subsequent fiscal years.

Cash

Encompasses cash

Liabilities

Liabilities are measured at an amortised cost price corresponding to their nominal value.

Tax payable and deferred tax

Relevant tax liabilities and receivable current tax are measured on the balance sheet as calculated tax on the year's taxable income adjusted for tax on taxable incomes of prior years and for tax paid on account.

Deferred tax is measured as per the balance sheet-oriented liability method of temporary differences between the accounting-related and tax-related value of assets and liabilities. Deferred tax is measured in the basis of the taxation rules and taxation rates that as per the statutes that will be applicable on the date of the balance sheet, when the deferred tax is expected to be converted to current tax. Changes in deferred taxes due to changes in tax rates are included in the income statement.

Deferred tax assets, including the tax value of tax-related deficits entitled to be carried forward, are measured at the value at which the asset is expected to be able to be realised, either by compensation in taxes for future positive taxable income or by offsetting in deferred tax liabilities within the same legal taxation entity. Any possible deferred net tax assets are measured at net realisation value.

Cash flow statement

The cash flow statement has been compiled as per the indirect method and shows cash flows from operation, investments and financing as well as cash equivalents at the year's beginning and end.

Cash flow from operations is calculated as the year's results adjusted for non-liquidity-related operating items and changes to the operating capital.

Cash flow from investments encompasses purchases and sales of fixed assets, as well as the dividends. Cash flow from financing encompasses the taking out of and payments on long-term liabilities.

Cash equivalents encompasses cash and short-term securities, which can be converted to cash without impediments, and for which there is only an insignificant risk of value changes, with the deduction of short-term debt to credit institutions.