

Gumlink Confectionery Company A/S

Dandyvej 19
7100 Vejle

Central Business Registration No
32154883

Annual report 2017

The Annual General Meeting adopted the annual report on 07.05.2018

Chairman of the General Meeting

Name: Heinz Stümpel

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Entity details

Entity

Gumlink Confectionery Company A/S
Dandyvej 19
7100 Vejle

Central Business Registration No: 32154883
Registered in: Vejle - Denmark
Financial year: 01.01.2017 - 31.12.2017

Phone: 72151600
Fax: 72151601
Website: www.gumlinkcc.com
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Board of Directors

Murat Ülker, chairman
Steen Bagger-Sørensen, vice-chairman
Steen Gede
Søren Birn
Halil Cem Karakaş
Mehmet Tütüncü

Executive Board

Heinz Stümpel

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Egtved Allé 4
6000 Kolding

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Gumlink Confectionery Company A/S for the financial year 01.01.2017 - 31.12.2017.

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 Entity's financial position at 31.12.2017 and of the results of its operations and cash flows for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Vejle, 07.05.2018

Executive Board

Heinz Stümpel

Board of Directors

Murat Ülker
chairman

Steen Bagger-Sørensen
vice-chairman

Steen Gede

Søren Birn

Halil Cem Karakaş

Mehmet Tütüncü

Independent auditor's report

To the shareholders of Gumlink Confectionery Company A/S

Opinion

We have audited the financial statements of Gumlink Confectionery Company A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of 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 Entity's financial position at 31.12.2017 and of the results of its operations and cash flows for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Kolding, 07.05.2018

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Suzette Demediuk Steen Nielsen

State Authorised Public Accountant

Identification number (MNE) 32207

Management commentary

	2017	2016	2015	2014	2013
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Revenue	306.542	289.878	287.536	313.838	322.634
Gross profit/loss	23.719	21.523	22.456	22.291	17.495
Operating profit/loss	7.950	6.939	4.677	4.796	601
Net financials	(470)	(32)	(82)	24	(33)
Profit/loss for the year	5.814	5.383	3.563	3.555	443
Total assets	72.075	74.720	68.680	93.529	100.267
Investments in property, plant and equipment	0	0	0	136	262
Equity	19.822	14.008	8.625	5.060	1.506
Average invested capital incl goodwill	20.036	14.056	5.843	(1.927)	(4.290)
Interest bearing debt, net	(877)	(593)	(210)	(7.198)	(6.037)
Cash flows from (used in) operating activities	130	1.668	(6.531)	1.278	617
Cash flows from (used in) investing activities	0	75	(68)	(116)	(794)
Cash flows from (used in) financing activities	0	0	0	0	0
Ratios					
Gross margin (%)	7,7	7,4	7,8	7,1	5,4
Return on invested capital incl goodwill (%)	43,7	56,7	100,5	(300,7)	(32,6)
Revenue invested capital incl goodwill	15,3	20,6	49,2	(162,9)	(75,2)
Financial gearing (%)	0,0	0,0	0,0	(1,4)	(4,0)
Return on equity (%)	34,4	47,6	52,1	108,3	33,4
Equity ratio (%)	27,5	18,7	12,6	5,4	1,5
EBITDA-margin (%)	2,9	2,7	2,1	1,9	0,4
EBT-margin (%)	2,4	2,4	1,6	1,5	0,2

The key figures and ratios have been defined and calculated in accordance with "Recommendations & Financial Ratios 2015" issued by the Danish Society of Financial Analysts.

Management commentary

Ratios	Calculation formula	Ratios
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Return on invested capital incl goodwill (%)	$\frac{\text{EBITA} \times 100}{\text{Average invested capital incl goodwill}}$	The return generated by the entity on the investors' funds.
Revenue/Invested capital incl goodwill	$\frac{\text{Revenue}}{\text{Average invested capital incl goodwill}}$	Turnover rate of capital employed by the entity.
Financial gearing	$\frac{\text{Interest bearing debt, net}}{\text{Equity}}$	The entity's financial gearing.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.
EBITDA-margin (%)	$\frac{\text{EBITDA} \times 100}{\text{Revenue}}$	The Entity's operating profitability
EBT-margin (%)	$\frac{\text{EBT} \times 100}{\text{Revenue}}$	The Entity's pre-tax profit margin

EBITDA (Earnings Before Interest, Tax Depreciation and Amortisation) is defined as operating profit/loss plus depreciation/amortisation and impairment losses for the year relating to intangible assets and property, plant and equipment.

EBT (Earnings Before Tax) is defined as profit/loss on ordinary activities before tax.

Invested capital including goodwill is defined as net working capital plus the carrying amount of property, plant and equipment and intangible assets as well as accumulated amortisation of intangible assets, including goodwill, less other provisions and long-term operating liabilities. Accumulated impairment losses on goodwill have not been added.

Net working capital is defined as inventories, receivables and other operating current assets net of trade payables and other short-term operating liabilities. Income tax receivable and payable as well as cash are not included in net working capital.

Net interest-bearing debt is defined as interest-bearing liabilities, including income tax payable, net of interest-bearing assets, including cash and income tax receivable.

Management commentary

Primary activities

Developing and selling innovative confectionery concepts produced by the parent company, Continental Confectionery Company, based on the state-of-the art technology and knowledge.

Development in activities and finances

Developments in sales to retailers have been acceptable, whereas those to our brand customers have been less positive. The co-operation with our existing customers was expanded solidifying our leading position within primarily business-to-business chewing gum sales.

Profit for the year of DKK 5.814k is on a par with expectations.

Revenue of DKK 306,5m is primarily driven by the sale of chewing gum.

Costs for purchasing goods for resale amount to DKK 260,9m, and thus constitute the primary costs of the income statement.

Other external expenses of DKK 21,0m primarily include expenses for freight, administration and marketing.

Outlook

A profit similar to the profit in 2017, is expected for the year 2018.

Material assumptions and uncertainties

The Entity's material commercial risks relate to its ability to offer innovative confectionery products to customers at competitive prices.

Particular risks

No special risks are deemed to exist.

The overwhelming majority of sales and purchases are made in euro at a favourable inherent balance which minimises the risk.

Most of the customer base consists of reasonably large or very large multinational retail chains and brand producers. Their creditworthiness is therefore considered good, and the risk of bad debts is minimal.

Intellectual capital resources

The Entity's most critical resources include the skills and knowledge possessed by its staff. Thus, the Entity continually invests in the development of the staff's qualifications, both those of office workers and those of executives.

Research and development activities

The market trends continue to point towards new, innovative products which is in line with the strategy adopted by Gumlink Confectionery Company A/S. Aside from working on the new technologies of the future, existing technologies are also refined with a view to catering for specific customer demands.

Management commentary

The Entity's portfolio of new development initiatives remains substantial, making the Entity well equipped to accommodate the market demands of the future.

Statutory report on corporate social responsibility

Referring to S 99a(5) of the Danish Financial Statements Act, Gumlink Confectionery Company A/S does not have any policies governing corporate social responsibility.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Revenue		306.541.869	289.878.365
Changes in inventories of finished goods and work in progress		(1.328.933)	3.959.996
Other operating income		361.856	(225.317)
Cost of sales		(260.866.905)	(242.758.506)
Other external expenses		<u>(20.988.672)</u>	<u>(29.331.340)</u>
Gross profit/loss		23.719.215	21.523.198
Staff costs	1	(14.959.772)	(13.536.741)
Depreciation, amortisation and impairment losses	2	<u>(809.279)</u>	<u>(1.047.430)</u>
Operating profit/loss		7.950.164	6.939.027
Other financial income		151.742	0
Other financial expenses		<u>(621.286)</u>	<u>(32.363)</u>
Profit/loss before tax		7.480.620	6.906.664
Tax on profit/loss for the year	3	<u>(1.666.310)</u>	<u>(1.523.437)</u>
Profit/loss for the year	4	<u>5.814.310</u>	<u>5.383.227</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Completed development projects		0	179.855
Acquired intangible assets		<u>32.620</u>	<u>662.044</u>
Intangible assets	5	<u>32.620</u>	<u>841.899</u>
Fixed assets		<u>32.620</u>	<u>841.899</u>
Manufactured goods and goods for resale		<u>26.232.761</u>	<u>27.561.692</u>
Inventories		<u>26.232.761</u>	<u>27.561.692</u>
Trade receivables		42.031.593	42.980.032
Receivables from group enterprises		321.794	0
Deferred tax	6	7.662	0
Other receivables		300.828	790.338
Prepayments	7	<u>675.513</u>	<u>204.313</u>
Receivables		<u>43.337.390</u>	<u>43.974.683</u>
Cash		<u>2.472.219</u>	<u>2.342.159</u>
Current assets		<u>72.042.370</u>	<u>73.878.534</u>
Assets		<u>72.074.990</u>	<u>74.720.433</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Contributed capital		502.000	502.000
Retained earnings		19.319.970	13.505.660
Equity		19.821.970	14.007.660
Deferred tax	6	0	165.434
Provisions		0	165.434
Trade payables		2.645.978	2.624.934
Payables to group enterprises		41.946.220	48.462.611
Income tax payable		1.595.412	1.755.364
Other payables		6.065.410	7.704.430
Current liabilities other than provisions		52.253.020	60.547.339
Liabilities other than provisions		52.253.020	60.547.339
Equity and liabilities		72.074.990	74.720.433
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		
Related parties with controlling interest	11		
Transactions with related parties	12		

Statement of changes in equity for 2017

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	502.000	13.505.660	14.007.660
Profit/loss for the year	0	5.814.310	5.814.310
Equity end of year	502.000	19.319.970	19.821.970

Cash flow statement 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Operating profit/loss		7.950.164	6.939.027
Amortisation, depreciation and impairment losses		809.279	1.047.430
Working capital changes	8	<u>(6.160.480)</u>	<u>(5.898.096)</u>
Cash flow from ordinary operating activities		2.598.963	2.088.361
Financial income received		151.742	0
Financial income paid		(621.281)	(31.363)
Income taxes refunded/(paid)		<u>(1.999.364)</u>	<u>(388.608)</u>
Cash flows from operating activities		130.060	1.668.390
Sale of intangible assets		<u>0</u>	<u>75.000</u>
Cash flows from investing activities		0	75.000
Increase/decrease in cash and cash equivalents		130.060	1.743.390
Cash and cash equivalents beginning of year		<u>2.342.159</u>	<u>598.769</u>
Cash and cash equivalents end of year		<u>2.472.219</u>	<u>2.342.159</u>

Notes

	2017	2016
	DKK	DKK
1. Staff costs		
Wages and salaries	13.536.179	12.254.056
Pension costs	1.194.986	1.146.161
Other social security costs	228.607	136.524
	14.959.772	13.536.741
Average number of employees	23	23

According to § 98b(3)(second sentence) of the Danish Financial Statements Act, remuneration to members of Management is not disclosed.

	2017	2016
	DKK	DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	809.279	1.024.484
Depreciation of property, plant and equipment	0	6.777
Profit/loss from sale of intangible assets and property, plant and equipment	0	16.169
	809.279	1.047.430

	2017	2016
	DKK	DKK
3. Tax on profit/loss for the year		
Tax on current year taxable income	1.839.406	1.755.822
Change in deferred tax for the year	(173.096)	(232.385)
	1.666.310	1.523.437

	2017	2016
	DKK	DKK
4. Proposed distribution of profit/loss		
Retained earnings	5.814.310	5.383.227
	5.814.310	5.383.227

Notes

	Completed develop- ment projects DKK	Acquired intangible assets DKK
5. Intangible assets		
Cost beginning of year	<u>1.124.292</u>	<u>3.846.828</u>
Cost end of year	<u>1.124.292</u>	<u>3.846.828</u>
Amortisation and impairment losses beginning of year	(944.437)	(3.184.784)
Amortisation for the year	<u>(179.855)</u>	<u>(629.424)</u>
Amortisation and impairment losses end of year	<u>(1.124.292)</u>	<u>(3.814.208)</u>
Carrying amount end of year	<u>0</u>	<u>32.620</u>

6. Deferred tax

Deferred tax primarily relates to tax of the difference between the carrying amount and the tax-based value of plant and equipment and intangible assets.

7. Prepayments

Prepayments mainly consists of costs paid for fairs, exhibitions and other activities related to 2018.

	2017 DKK	2016 DKK
8. Change in working capital		
Increase/decrease in inventories	1.328.932	(3.959.997)
Increase/decrease in receivables	966.749	(1.482.473)
Increase/decrease in trade payables etc	(8.456.161)	(467.496)
Other changes	<u>0</u>	<u>11.870</u>
	<u>(6.160.480)</u>	<u>(5.898.096)</u>

Notes

9. Unrecognised rental and lease commitments

For the years 2018 - 2020, the Company has entered into operating leases on cars and agreements relating to rent and SLA.

The total future minimum lease payments in accordance with interminable leases on cars fall due as follows:

	2017
	DKK
Within 1 year	272.075
Within 2-5 years	285.436
	557.551

The total future rental commitments during the notice period under the lease and SLA (Service Level Agreement) fall due as follows:

	2017
	DKK
Within 1 year	570.291
Within 2-5 years	0
	570.291

10. Contingent liabilities

None.

11. Related parties with controlling interest

<u>Name</u>	<u>Registered office</u>	<u>Basis of influence</u>
Continental Confectionery, Company Gida Sanayi Ve Ticaret A.S.	Omurtak Mahallesi Asfalt boyu No: 1, 59870 Corlu Turkey	Holds all shares in the Company

12. Transactions with related parties

According to § 98c(7) of the Danish Financial Statements Act, the company informs that there has not been any transactions with related parties that has not been conducted on normal market terms.

Accounting policies

Reporting class

The annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The financial statements have been presented applying the accounting policies consistently with last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is made as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered on recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to the financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration determined.

Changes in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress comprise the year's decreases or increases in inventories of finished goods and work in progress. This item includes ordinary write-downs of such inventories.

Accounting policies

Other operating income

Other operating income comprises income of a secondary nature to the Entity's primary activities.

Cost of sales

Cost of goods sold comprises goods consumed for the financial year measured at cost, adjusted for usual inventory write-downs.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including advertising and sales promotion expenses, expenses for stationery and office supplies and other administrative expenses. This item also includes write-downs of receivables recognised under current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for the Entity's staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to property, plant and equipment as well as intangible assets comprise amortisation, depreciation and impairment losses for the year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment as well as intangible assets.

Other financial income

Other financial income comprises interest income, net capital gains on payables and foreign currency transactions and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, net capital losses on payables and foreign currency transactions as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit/loss for the year and taken directly to equity by the portion attributable to entries directly in equity.

Balance sheet

Intellectual property rights etc

Intangible assets include intangible assets (software) acquired and development projects in progress.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

Accounting policies

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis over the estimated useful lives. The amortisation period is two to three years. For development projects, protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. Development projects are written down to the lower of recoverable amount and carrying amount.

Software is measured at cost less accumulated amortisation and amortised on a straight-line basis over the expected useful life. The amortisation period is three to five years.

Assets costing less than DKK 20.000 or with a useful life of less than three years are recognised in the income statement in the year of acquisition.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using standard costing and net realisable value.

Cost comprises acquisition price.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Accounting policies

Cash

Cash comprises cash in hand and bank deposits.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in profit or loss over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually equals nominal value.

Income tax receivable or payable

The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and are calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with the acquisition, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, finance leases, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

Cash and cash equivalents include cash less short-term bank debt.