

# ProLøn Holding ApS

Tronholmen 3, 8960 Randers SØ  
CVR no. 36 19 83 97

## Annual report for the financial year 01.07.17 - 30.06.18

Årsrapporten er godkendt på den  
ordinære generalforsamling, d. 21.08.18

Karsten Lorentsen  
Dirigent

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**The company**

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ProLøn Holding ApS  
Tronholmen 3  
8960 Randers SØ  
Registered office: Randers  
CVR no.: 36 19 83 97  
Financial year: 01.07 - 30.06

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**Executive Board**

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Finn Conradsen

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**Board Of Directors**

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Lars Monrad-Gylling  
Gert Davidsen  
Niels Garde Toft  
Christian Brøndum

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**Auditors**

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Beierholm  
Statsautoriseret Revisionspartnerselskab

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

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We have on this day presented the annual report for the financial year 01.07.17 - 30.06.18 for ProLøn Holding ApS.

The annual report is presented in accordance with Danish Financial Statements Act.

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 30.06.18 and of the results of the group's and parent's activities for the financial year 01.07.17 - 30.06.18.

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

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

Randers, August 21, 2018

### **Executive Board**

Finn Conradsen

### **Board Of Directors**

Lars Monrad-Gylling  
Chairman

Gert Davidsen

Niels Garde Toft

Christian Brøndum

**To the capital owners of ProLøn Holding ApS****Opinion**

We have audited the consolidated financial statements and parent company financial statements of ProLøn Holding ApS for the financial year 01.07.17 - 30.06.18, which comprise the income statement, balance sheet, statement of changes in equity and notes, inclusive of accounting policies for the group as well as for the parent company. The consolidated financial statements and parent company financial statements are prepared in accordance with Danish Financial Statements Act

In our opinion the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 30.06.18 and of the results of the group's and the parent company's operations for the financial year 01.07.17 - 30.06.18 in accordance with the Danish Financial Statements Act.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing 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 consolidated financial statements and parent company 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Statement regarding the management's review**

Management is responsible for management's review.

Our opinion on the consolidated financial statements and parent company financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and parent company financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the consolidated financial statements or parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that management's review is in accordance with the consolidated financial statements and parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of management's review.

**Management's responsibility for the consolidated financial statements and parent company financial statements**

The Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the internal control as the Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the consolidated financial statements and parent company financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company 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 International Standards on Auditing 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 consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and parent 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 consolidated financial statements and parent company 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 consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Hobro, August 21, 2018

**Beierholm**

Statsautoriseret Revisionspartnerselskab  
CVR no. 32 89 54 68

Kenneth Jensen

State Authorized Public Accountant  
MNE-no. mne8156

## GROUPS FINANCIAL HIGHLIGHTS

## Key figures

Figures in DKK '000	2017/18	2016/17	2015/16	2014/15 9 mdr.
<i>Profit/loss</i>				
Gross result	38.839	35.820	33.275	23.795
Index	163	151	140	100
EBITDA	25.041	23.720	22.587	16.958
Index	148	140	133	100
Profit/loss before net financials and amortization	24.321	22.696	22.117	16.621
Index	146	137	133	100
EBIT	15.213	13.573	13.010	9.791
Index	155	139	133	100
Profit/loss for the year	7.424	6.349	5.993	3.703
Index	200	171	162	100
<i>Balance</i>				
Total assets	166.018	174.483	189.050	196.481
Index	84	89	96	100
Equity	59.319	51.895	95.539	89.546
Index	66	58	107	100



**Primary activities**

The company's activities is the supply of the services in connection with the settlement of the payroll functions for Danish companies and organizations

**Development in activities and financial affairs**

The income statement for the period 01.07.17 - 30.06.18 shows a profit/loss of DKK 7,424,187 against DKK 6,348,645 for the period 01.07.16 - 30.06.17. The balance sheet shows equity of DKK 59,319,248.

**Subsequent events**

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

## Income statement

Note	Group		Parent		
	2017/18 DKK	2016/17 DKK	2017/18 DKK	2016/17 DKK	
	<b>38.838.813</b>	<b>35.819.610</b>	<b>-25.147</b>	<b>-29.499</b>	
	<b>Gross result</b>				
1	Staff costs	-13.798.178	-12.100.046	-483.139	-400.000
	<b>Profit/loss before depreciation, amortisation, write-downs and impairment losses</b>	<b>25.040.635</b>	<b>23.719.564</b>	<b>-508.286</b>	<b>-429.499</b>
	Depreciations	-720.028	-1.039.505	0	0
	Amortization, group internal goodwill	-9.107.375	-9.107.375	0	0
	<b>Profit/loss before net financials</b>	<b>15.213.232</b>	<b>13.572.684</b>	<b>-508.286</b>	<b>-429.499</b>
	Income from equity investments in group enterprises	0	0	23.000.000	27.500.000
2	Financial income	397.834	396.099	0	0
3	Financial expenses	-3.519.452	-3.241.093	-3.493.046	-3.208.214
	<b>Profit/loss before tax</b>	<b>12.091.614</b>	<b>10.727.690</b>	<b>18.998.668</b>	<b>23.862.287</b>
	Tax on profit or loss for the year	-4.667.427	-4.379.045	880.294	789.894
	<b>Profit/loss for the year</b>	<b>7.424.187</b>	<b>6.348.645</b>	<b>19.878.962</b>	<b>24.652.181</b>
<b>Proposed appropriation account</b>					
	Extraordinary dividend for the financial year	0	50.000.000	0	50.000.000
	Retained earnings	7.424.187	-43.651.355	19.878.962	-25.347.819
	<b>Total</b>	<b>7.424.187</b>	<b>6.348.645</b>	<b>19.878.962</b>	<b>24.652.181</b>

		Group		Parent	
		30.06.18 DKK	30.06.17 DKK	30.06.18 DKK	30.06.17 DKK
<b>ASSETS</b>					
Note					
	Completed development projects	7.194.751	807.735	0	0
	Goodwill	148.355.082	157.102.219	0	0
	Development projects in progress	46.501	2.951.475	0	0
4	<b>Total intangible assets</b>	<b>155.596.334</b>	<b>160.861.429</b>	<b>0</b>	<b>0</b>
	Leasehold improvements	95.475	80.432	0	0
	Other fixtures and fittings, tools and equipment	303.838	539.814	0	0
	<b>Total property, plant and equipment</b>	<b>399.313</b>	<b>620.246</b>	<b>0</b>	<b>0</b>
	Equity investments in group enterprises	0	0	182.851.800	182.851.800
	Receivables from group enterprises	0	6.500.000	0	0
	Other receivables	6.500.000	0	0	0
	<b>Total investments</b>	<b>6.500.000</b>	<b>6.500.000</b>	<b>182.851.800</b>	<b>182.851.800</b>
	<b>Total non-current assets</b>	<b>162.495.647</b>	<b>167.981.675</b>	<b>182.851.800</b>	<b>182.851.800</b>
	Trade receivables	191.242	70.467	0	0
	Receivables from group enterprises	0	0	2.000.000	0
	Deferred tax asset	0	0	43.879	359.819
	Income tax receivable	0	0	1.156.524	341.366
	Other receivables	60	1.297	0	0
	Prepayments	16.178	13.861	0	0
	<b>Total receivables</b>	<b>207.480</b>	<b>85.625</b>	<b>3.200.403</b>	<b>701.185</b>
	<b>Cash</b>	<b>3.315.265</b>	<b>6.415.383</b>	<b>0</b>	<b>0</b>
	<b>Total current assets</b>	<b>3.522.745</b>	<b>6.501.008</b>	<b>3.200.403</b>	<b>701.185</b>
	<b>Total assets</b>	<b>166.018.392</b>	<b>174.482.683</b>	<b>186.052.203</b>	<b>183.552.985</b>

EQUITY AND LIABILITIES		Group		Parent	
		30.06.18 DKK	30.06.17 DKK	30.06.18 DKK	30.06.17 DKK
Note					
	Share capital	100.000	100.000	100.000	100.000
	Retained earnings	59.219.248	51.795.061	87.958.375	68.079.413
	<b>Total equity</b>	<b>59.319.248</b>	<b>51.895.061</b>	<b>88.058.375</b>	<b>68.179.413</b>
	Provisions for deferred tax	1.572.006	521.446	0	0
	<b>Total provisions</b>	<b>1.572.006</b>	<b>521.446</b>	<b>0</b>	<b>0</b>
5	Payables to other credit institutions	85.000.000	100.500.000	85.000.000	100.500.000
5	Payables to group enterprises	0	7.851.800	0	7.851.800
5	Other payables	7.851.800	0	7.851.800	0
	<b>Total long-term payables</b>	<b>92.851.800</b>	<b>108.351.800</b>	<b>92.851.800</b>	<b>108.351.800</b>
5	Short-term portion of long-term payables	1.000.000	4.500.000	1.000.000	4.500.000
	Payables to other credit institutions	3.602.284	1.987.318	3.602.284	1.987.318
	Trade payables	746.720	310.050	129.454	17.000
	Payables to group enterprises	0	744.825	0	117.454
	Income taxes	3.656.577	2.054.791	0	0
	Other payables	3.269.757	4.117.392	410.290	400.000
	<b>Total short-term payables</b>	<b>12.275.338</b>	<b>13.714.376</b>	<b>5.142.028</b>	<b>7.021.772</b>
	<b>Total payables</b>	<b>105.127.138</b>	<b>122.066.176</b>	<b>97.993.828</b>	<b>115.373.572</b>
	<b>Total equity and liabilities</b>	<b>166.018.392</b>	<b>174.482.683</b>	<b>186.052.203</b>	<b>183.552.985</b>

6 Contingent liabilities

7 Charges and security

8 Related parties

## Statement of changes in equity

Figures in DKK	Share capital	Retained earnings
Group:		
Statement of changes in equity for 01.07.17 - 30.06.18		
Balance pr. 01.07.17	100.000	51.795.061
Net profit/loss for the year	0	7.424.187
Balance as at 30.06.18	100.000	59.219.248
Parent:		
Statement of changes in equity for 01.07.17 - 30.06.18		
Balance pr. 01.07.17	100.000	68.079.413
Net profit/loss for the year	0	19.878.962
Balance as at 30.06.18	100.000	87.958.375

	Group		Parent	
	2017/18 DKK	2016/17 DKK	2017/18 DKK	2016/17 DKK
<b>1. Staff costs</b>				
Wages and salaries	12.845.205	11.262.270	450.000	400.000
Pensions	771.629	699.439	0	0
Other social security costs	148.205	138.337	0	0
Other staff costs	33.139	0	33.139	0
<b>Total</b>	<b>13.798.178</b>	<b>12.100.046</b>	<b>483.139</b>	<b>400.000</b>
Average number of employees during the year				
	25	22	0	0

**2. Financial income**

Interest, group enterprises	0	387.999	0	0
Other interest income	397.834	8.100	0	0
<b>Total</b>	<b>397.834</b>	<b>396.099</b>	<b>0</b>	<b>0</b>

**3. Financial expenses**

Interest, group enterprises	0	471.108	0	471.108
Other interest expenses	3.510.943	2.765.861	3.493.046	2.737.106
Other financial expenses	8.509	4.124	0	0
<b>Other financial expenses total</b>	<b>3.519.452</b>	<b>2.769.985</b>	<b>3.493.046</b>	<b>2.737.106</b>
<b>Total</b>	<b>3.519.452</b>	<b>3.241.093</b>	<b>3.493.046</b>	<b>3.208.214</b>

**4. Intangible assets**

Figures in DKK	Completed development projects	Acquired rights	Goodwill	Development projects in progress
Group:				
Cost pr. 01.07.17	2.519.105	191.250	182.147.500	2.951.476
Additions during the year	6.800.000	0	387.949	46.500
Disposals during the year	0	0	0	-2.951.475
Cost as at 30.06.18	9.319.105	191.250	182.535.449	46.501
Amortisation and impairment losses				
pr. 01.07.17	-1.711.370	-191.250	-25.045.281	0
Amortisation during the year	-412.984	0	-9.135.086	0
Amortisation and impairment losses as at 30.06.18	-2.124.354	-191.250	-34.180.367	0
Carrying amount as at 30.06.18	7.194.751	0	148.355.082	46.501

**5. Longterm payables**

Figures in DKK	Repayment first year	Outstanding debt after 5 years	Total payables at 30.06.18	Total payables at 30.06.17
Group:				
Payables to other credit institutions	1.000.000	35.000.000	86.000.000	105.000.000
Payables to group enterprises	0	0	0	7.851.800
Other payables	0	0	7.851.800	0
Total	1.000.000	35.000.000	93.851.800	112.851.800
Parent:				
Payables to other credit institutions	1.000.000	35.000.000	86.000.000	105.000.000
Payables to group enterprises	0	0	0	7.851.800
Other payables	0	0	7.851.800	0
Total	1.000.000	35.000.000	93.851.800	112.851.800

## 6. Contingent liabilities

Group:

### *Lease commitments*

The enterprise has concluded lease agreements with terms to maturity of 22 months and average lease payments of DKK 8k, a total of DKK 175k.

### *Other contingent liabilities*

The company has concluded office facility agreement. The agreement is terminated until 30.09.2019 and have an annual output of DKK 1.345k.

Parent:

### *Recourse guarantee commitments*

The company has provided a guarantee for group enterprises' debt to credit institutions. The guarantee is maximised at DKK 2.000k. The group enterprises' debt to the credit institutions concerned amounts to DKK 0k at the balance sheet date.

### *Other contingent liabilities*

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

## 7. Charges and security

Group:

The enterprise has not provided any other security over assets.

Parent:

The company's equity investments in a subsidiary have been provided as security for debt to credit institutions. The security provided does not include the voting rights. The carrying amount of the assets provided as security totals DKK 182.852k.



**8. Related parties**

Controlling influence:	Basis of influence
MIE4 Holding 6 ApS, København	Equity interest

## 9. Accounting policies

### GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for groups and enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

### Basis of recognition and measurement

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

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

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

### CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control. Enterprises in which the group holds equity investments, between 20% and 50% of the voting rights and in which it has significant interest but not control, are considered associates.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

## 9. Accounting policies - continued -

### LEASES

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

### INCOME STATEMENT

#### Gross result

Gross result comprises revenue and other external expenses.

#### Revenue

Income from the delivery of services is recognised as delivery takes place, which means that revenue corresponds to the selling price of the work performed for the year stated on the basis of the stage of completion at the balance sheet date (percentage of completion method).

#### Other external expenses

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

#### Staff costs

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

#### Depreciation, amortisation and impairment losses

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

	Useful lives, years	Residual value, per cent
Completed development projects	1-5	0-30
Group internal goodwill	20	0
Other goodwills	7	0
Leasehold improvements	10	0
Other plant, fixtures and fittings, tools and equipment	3-6	0-30

## 9. Accounting policies - continued -

Goodwill is amortised over 20 years. The useful life has been determined in consideration of the expected future net earnings of the enterprise or activity to which the goodwill relates.

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

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

### **Write-downs of current assets exceeding normal write-downs**

Write-downs of current assets exceeding normal write-downs comprise write-downs of inventories, trade receivables and other current assets that due to their nature or size or otherwise due to the affairs of the enterprise are considered to exceed normal write-downs.

### **Other net financials**

Interest income and interest expenses etc. are recognised in other net financials.

### **Tax on profit/loss for the year**

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

The company is jointly taxed with Danish consolidated enterprises.

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

## 9. Accounting policies - continued -

### BALANCE SHEET

#### Intangible assets

##### *Completed development projects and development projects in progress*

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects in progress are transferred to completed development projects when the asset is ready for use.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

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

##### *Acquired rights*

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

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

##### *Goodwill*

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

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

##### *Gains and losses on the disposal of intangible assets*

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

## 9. Accounting policies - continued -

### Property, plant and equipment

Property, plant and equipment comprise leasehold improvements as well as other fixtures and fittings, tools and equipment

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

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

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

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

### Equity investments in group enterprises

Equity investments in subsidiaries are measured in the balance sheet of the parent at cost less any impairment losses.

### Impairment losses on fixed assets

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

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

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

If dividends are distributed on equity investments in subsidiaries exceeding the year earnings from the enterprise in question, this is considered an indication of impairment.

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

## 9. Accounting policies - continued -

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

Impairment losses are reversed when the reasons for the impairment no longer exist. Impairment losses on goodwill are not reversed.

### Receivables

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

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

### Prepayments

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

### Cash

Cash includes deposits in bank accounts as well as operating cash.

### Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

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

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

**9. Accounting policies** - continued -

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

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

**Payables**

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

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.