

# **Emidan A/S**

Voergårdvej 2, 9200 Aalborg SV  
CVR no. 43 93 79 28

## **Annual report for 2022**

Årsrapporten er godkendt på den  
ordinære generalforsamling, d. 02.08.23

Olivier Marie Michel Denis Klein  
Dirigent

---

Company information etc.	3
Statement by the Executive Board and Board of Directors on the annual report	4
Independent auditor's report	5 - 7
Management's review	8 - 11
Income statement	12
Balance sheet	13 - 14
Statement of changes in equity	15
Notes	16 - 31

---

---

**The company**

---

Emidan A/S  
Voergårdvej 2  
9200 Aalborg SV  
Danmark  
Tel.: 98 18 90 00  
Website: [www.emidan.dk](http://www.emidan.dk)  
Registered office: Aalborg  
CVR no.: 43 93 79 28  
Financial year: 01.01 - 31.12

---

**Executive Board**

---

Omofolake Kofoworola Fawibe

---

**Board of Directors**

---

Omofolake Kofoworola Fawibe  
Ghislain Wilfred Epromo  
Olivier Marie Michel Denis Klein

---

**Auditors**

---

Mazars  
Statsautoriseret Revisionspartnerselskab

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

---

We have on this day presented the annual report for the financial year 01.01.22 - 31.12.22 for Emidan A/S.

The annual report is presented in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.22 and of the results of the company's activities for the financial year 01.01.22 - 31.12.22.

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.

Aalborg, August 2, 2023

### **Executive Board**

Omofolake Kofoworola Fawibe

### **Board of Directors**

Omofolake Kofoworola Fawibe Ghislain Wilfred Epromo

Olivier Marie Michel Denis  
Klein

**To the Shareholder of Emidan A/S****Opinion**

We have audited the financial statements of Emidan A/S for the financial year 01.01.22 - 31.12.22, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.12.22 and of the results of the company's operations for the financial year 01.01.22 - 31.12.22 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

**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 financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Statement regarding the management's review**

Management is responsible for management's review.

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

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

Based on the work we have performed, we conclude that management's review is in accordance with the 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 financial statements**

The Management is responsible for the preparation of 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

København Ø, August 2, 2023

**Mazars**

Statsautoriseret Revisionspartnerselskab  
CVR no. 31061741

Nicklas Rasmussen

State Authorized Public Accountant  
MNE-no. mne43474

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

Figures in DKK '000	2022	2021	2020	2019	2018
<i>Profit/loss</i>					
Gross result	-3.678	28.551	21.419	29.772	24.890
Index	-15	115	86	120	100
Operating profit/loss	-3.666	15.275	13.333	14.510	12.057
Index	-30	127	111	120	100
Total net financials	7.042	-12.704	-440	793	871
Index	808	-1.459	-51	91	100
Profit for the year	1.534	12	10.150	11.772	10.143
Index	15	-	100	116	100
<i>Balance</i>					
Total assets	62.897	236.806	200.720	168.031	125.918
Index	50	188	159	133	100
Investments in property, plant and equipment	0	0	40	58	574
Index	-	-	7	10	100
Equity	52.212	50.518	61.015	62.602	60.818
Index	86	83	100	103	100



**Ratios**

	2022	2021	2020	2019	2018
<i>Profitability</i>					
Return on equity	3,0%	0,0%	16,4%	19,1%	16,0%
Return on assets	-8,0%	6,5%	5,3%	8,8%	9,6%
<i>Equity ratio</i>					
Solvency ratio	83,0%	21,3%	30,4%	37,3%	48,3%
<i>Others</i>					
Number of employees (average)	1	10	13	16	18

*Ratios definitions*

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

In the key figures, dots are used as thousands separator

**Primary activities**

The company's main activities was until end of June 2021 trading raw materials, packaging and equipment etc. primarily to West African countries.

**Uncertainty concerning recognition and measurement**

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

**Exceptional conditions**

The result for 2022 was negatively affected by the announcement of the wind down of the company's activities at the end of August 2021.

**Development in activities and financial affairs**

The income statement for the period 01.01.22 - 31.12.22 shows a profit/loss of DKK 1,534,487 against DKK 11,598 for the period 01.01.21 - 31.12.21. The balance sheet shows equity of DKK 52,211,692.

The management considers the net loss for the year to be unsatisfactory.

The Company expected an unaltered activity for 2022, which is assessed to be met.

**Outlook**

Due to the decision to wind down the company's activities the Company expects the activities in 2023 to purely concern the wind down. It is expected that the Company will be merged into Fan Milk International A/S with financial effect as of 1st of January 2023.

**Special risks**

*Market risks*

As the Company primarily conducts business with Group Companies located in West Africa, the Company is constantly exposed to relatively large risks, primarily relating to the political situation

*Currency risks*

The company is, as a result of existing market risks, constantly exposed to relatively large risks, primarily relating to foreign exchange risks.

In order to partially hedge the monetary risks the Company enters into forward exchange contracts to hedge contracted orders.

**External environment**

It is deemed unlikely that the Company's activities have a significant impact on the external environment.

**Research and development activities**

The Company has no formalized research and development activities.

## Income statement

Note	2022 DKK	2021 DKK
<b>Gross result</b>	<b>-3.678.185</b>	<b>28.551.264</b>
4 Staff costs	17.574	-13.259.482
5 Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	0	-16.460
Other operating expenses	-5.487	0
<b>Operating profit/loss</b>	<b>-3.666.098</b>	<b>15.275.322</b>
6 Financial income	10.448.639	143.821
7 Financial expenses	-3.407.058	-12.847.503
<b>Profit before tax</b>	<b>3.375.483</b>	<b>2.571.640</b>
Tax on profit for the year	-1.840.996	-2.560.042
<b>Profit for the year</b>	<b>1.534.487</b>	<b>11.598</b>

8 Distribution of net profit

<b>ASSETS</b>		31.12.22	31.12.21
Note		DKK	DKK
	Software	0	29.797
9	<b>Total intangible assets</b>	<b>0</b>	<b>29.797</b>
	Leasehold improvements	0	5.646
	Other fixtures and fittings, tools and equipment	0	0
10	<b>Total property, plant and equipment</b>	<b>0</b>	<b>5.646</b>
11	Deposits	0	68.334
	<b>Total investments</b>	<b>0</b>	<b>68.334</b>
	<b>Total non-current assets</b>	<b>0</b>	<b>103.777</b>
	Manufactured goods and goods for resale	0	212.613
	<b>Total inventories</b>	<b>0</b>	<b>212.613</b>
	Trade receivables	0	2.310.687
	Receivables from group enterprises	52.403.537	224.258.109
	Deferred tax asset	0	1.877.704
	Other receivables	270.485	5.288.053
12	Prepayments	42.882	832.866
	<b>Total receivables</b>	<b>52.716.904</b>	<b>234.567.419</b>
	<b>Cash</b>	<b>10.180.097</b>	<b>1.922.237</b>
	<b>Total current assets</b>	<b>62.897.001</b>	<b>236.702.269</b>
	<b>Total assets</b>	<b>62.897.001</b>	<b>236.806.046</b>

<b>EQUITY AND LIABILITIES</b>		31.12.22	31.12.21
Note		DKK	DKK
13	Share capital	5.000.000	5.000.000
	Cash flow hedging reserve	0	-171.142
	Retained earnings	47.211.692	45.677.205
	Proposed dividend for the financial year	0	11.598
	<b>Total equity</b>	<b>52.211.692</b>	<b>50.517.661</b>
15	Other provisions	1.449.708	8.511.785
	<b>Total provisions</b>	<b>1.449.708</b>	<b>8.511.785</b>
	Trade payables	242.417	71.082.327
	Payables to group enterprises	8.752.187	98.861.666
	Income taxes	0	4.107.279
	Other payables	240.997	3.725.328
	<b>Total short-term payables</b>	<b>9.235.601</b>	<b>177.776.600</b>
	<b>Total payables</b>	<b>9.235.601</b>	<b>177.776.600</b>
	<b>Total equity and liabilities</b>	<b>62.897.001</b>	<b>236.806.046</b>
16	Contingent liabilities		
17	Related parties		

## Statement of changes in equity

Figures in DKK	Share capital	Cash flow hedging reserve	Retained earnings	Proposed dividend for the financial year	Total equity
Statement of changes in equity for 01.01.21 - 31.12.21					
Balance as at 01.01.21	5.000.000	187.941	45.677.205	10.150.028	61.015.174
Fair value adjustment of hedging instruments	0	-460.363	0	0	-460.363
Dividend paid	0	0	0	-10.150.028	-10.150.028
Tax on changes in equity	0	101.280	0	0	101.280
Net profit/loss for the year	0	0	0	11.598	11.598
Balance as at 31.12.21	5.000.000	-171.142	45.677.205	11.598	50.517.661
Statement of changes in equity for 01.01.22 - 31.12.22					
Balance as at 01.01.22	5.000.000	-171.142	45.677.205	11.598	50.517.661
Fair value adjustment of hedging instruments	0	219.413	0	0	219.413
Dividend paid	0	0	0	-11.598	-11.598
Tax on changes in equity	0	-48.271	0	0	-48.271
Net profit/loss for the year	0	0	1.534.487	0	1.534.487
Balance as at 31.12.22	5.000.000	0	47.211.692	0	52.211.692

### 1. Information as regards going concern

Fan Milk International A/S has issued a Letter of support to the company for the forthcoming year. The amount is for all debt in the company because it's the plan to perform a merger between Emidan A/S and Fan Milk International A/S

### 2. Special items

Special items are income and expenses that are special due to their size and nature. The following special items were recorded in the financial year:

Special items:	Recognised in the income statement in:	2022 DKK	2021 DKK
Write-downs on other current assets (not normal)	Financial expenses	0	-11.956.220
Loss on disposal of property, plant and equipment	Other operating expenses	-5.487	0
Costs concerning the wind down and merger of activities	Wages and salaries	0	-6.325.000
Costs concerning the wind down and merger of activities	Other external expenses / gross profit	0	-2.887.000
<b>Total</b>		<b>-5.487</b>	<b>-21.168.220</b>

### 3. Exceptional conditions

The result for 2022 was negatively affected by the announcement of the wind down of the company's activities at the end of August 2022.



	2022	2021
	DKK	DKK
<b>4. Staff costs</b>		
Wages and salaries	5.239.275	12.718.946
Pensions	231.042	431.160
Other social security costs	54.372	109.376
Other staff costs	-5.542.263	0
<b>Total</b>	<b>-17.574</b>	<b>13.259.482</b>
Average number of employees during the year	1	10

Remuneration for the management:

Remuneration to the Executive Board has not been disclosed in accordance with section 98B of the Danish Financial Statement Act.

Other staff Costs:

In 2021 the company set of and amount to wages and salaries in regards to wind down the company DKK 6.325.000. In 2022 DKK 5.542.263 has been reversed to set of cost to wages and salaries paid in 2022.

#### **5. Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment**

Amortisation of intangible assets	0	9.932
Depreciation of property, plant and equipment	0	6.528
<b>Total</b>	<b>0</b>	<b>16.460</b>

#### **6. Financial income**

Interest, group enterprises	0	118.962
Foreign currency translation adjustments	10.448.639	18.625
Other financial income	0	6.234
<b>Total</b>	<b>10.448.639</b>	<b>143.821</b>

---

	2022	2021
	DKK	DKK

---

**7. Financial expenses**

Interest, group enterprises	1.293.118	641.327
Other financial expenses total	2.113.940	12.206.176
<hr/>		
Total	3.407.058	12.847.503

---

**8. Distribution of net profit**

Proposed dividend for the financial year	0	11.598
Retained earnings	1.534.487	0
<hr/>		
Total	1.534.487	11.598

---

**9. Intangible assets**

Figures in DKK	Acquired rights
Cost as at 01.01.22	1.649.085
Disposals during the year	-1.649.085
Cost as at 31.12.22	0
Amortisation and impairment losses as at 01.01.22	-1.619.252
Reversal of impairment losses in respect of previous years	1.619.252
Amortisation and impairment losses as at 31.12.22	0
Carrying amount as at 31.12.22	0
Carrying amount of assets held under finance leases as at 31.12.22	0

**10. Property, plant and equipment**

Figures in DKK	Leasehold improvements	Other fixtures and fittings, tools and equipment
Cost as at 01.01.22	617.976	785.878
Disposals during the year	-617.976	-785.878
Cost as at 31.12.22	0	0
Depreciation and impairment losses as at 01.01.22	-612.330	-785.878
Reversal of impairment losses in respect of previous years	612.330	785.878
Depreciation and impairment losses as at 31.12.22	0	0
Carrying amount as at 31.12.22	0	0

**11. Non-current financial assets**

Figures in DKK	Deposits
Cost as at 01.01.22	68.334
Disposals during the year	-68.334
Cost as at 31.12.22	0
Carrying amount as at 31.12.22	0

	31.12.22 DKK	31.12.21 DKK
--	-----------------	-----------------

**12. Prepayments**

Prepaid insurance and lease	42.882	832.866
-----------------------------	--------	---------

**13. Share capital**

The share capital consists of:

	Quantity	Total nominal value DKK
Share capital	100	5.000.000

There have been no changes in the share capital during the last 5 years

	31.12.22	31.12.21
	DKK	DKK

#### 14. Deferred tax

Provisions for deferred tax as at 01.01.22	1.877.704	216.800
Deferred tax recognised in the income statement	-1.877.704	1.660.904
Provisions for deferred tax as at 31.12.22	0	1.877.704

Deferred tax is recognized in the balance sheet as:

Deferred tax asset	0	1.877.704
--------------------	---	-----------

#### 15. Other provisions

Figures in DKK		Obligation for dismantling, removing and restoring
Provisions as at 01.01.22		8.511.785
Applied during the year		-7.062.077
Provisions as at 31.12.22		1.449.708
	31.12.22	31.12.21
	DKK	DKK

Other provisions are expected to be distributed as follows:

Current liabilities	1.449.708	8.511.785
---------------------	-----------	-----------

## 16. Contingent liabilities

### *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 total tax liability for the jointly taxed companies at the balance sheet date has not yet been determined. For further information, please see the financial statements of the management company Danone A/S.

## 17. Related parties

Controlling influence	Basis of influence
Fan Milk International A/S, Aalborg Danone, Paris, France	Parent Company Ultimative Parent Company

Transactions are fee's for administrative services in form for cost for personel, intercompany loans and interest connected to the loans.

In 2022 the Company had trade with subsidiaries in the form of trade with the group's services for a total of DKK 675,118 in fee and of DKK 209.600 in costs.

On the balance sheet date the balances of loans and debt to subsidiaries are disclosed in the balance. Additionally interest from and to relatede parties is presented in the note to the profit and loss account.

Remuneration for the management is specified in note 4. Staff costs.

The company is included in the consolidated financial statements of the parent Danone, Paris, France, reg. no. 562 032 534. The consolidated financial statements of the parent company can be retrieved by contact to Danone HQ, 15, rue du Helder, 75009 Paris.

## 18. Subsequent events

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

## 19. Accounting policies

### GENERAL

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

The accounting policies have been applied consistently with previous years.

### Basis of recognition and measurement

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

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

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

### CURRENCY

The annual report is presented in Danish kroner (DKK). In the annual report, dots are used as thousands separator.

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

**19. Accounting policies** - continued -**DERIVATIVE FINANCIAL INSTRUMENTS**

On initial recognition, derivative financial instruments are measured at cost. Subsequently, they are measured at fair value and recognised under other receivables and other payables, respectively.

Fair value adjustment of derivative financial instruments classified as and meeting the criteria for hedging future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. In the event that the hedged transaction results in the recognition of an asset or a liability, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be included in the cost of the asset or the liability. In the event that the hedged transaction results in the recognition of an income or an expense, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be recognised together with the hedged income or expense.

If the hedged transaction is no longer expected to occur, the cash flow hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument is transferred to other net financials in the income statement. If the hedged transaction is still expected to occur, but the criteria for cash flow hedging are no longer met, the hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument remains in equity until the transaction occurs.

Fair value adjustments of derivative financial instruments that do not meet the criteria for hedge accounting treatment are recognised under other net financials in the income statement on an ongoing basis.

**LEASES****INCOME STATEMENT****Gross result**

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Gross result comprises revenue, other operating income, raw materials and consumables and other external expenses.



**19. Accounting policies** - continued -**Revenue**

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

**Other operating income**

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

**Costs of raw materials and consumables**

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

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

**Other external expenses**

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

**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:

**19. Accounting policies** - continued -

	Useful lives, years	Residual value, per cent
Acquired rights	2-4	0
Leasehold improvements	5	0
Other plant, fixtures and fittings, tools and equipment	3-5	0

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

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

**Other operating expenses**

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

**Other net financials**

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

**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.

**19. Accounting policies** - continued -**BALANCE SHEET****Intangible assets***Software*

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

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

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

**Property, plant and equipment**

Property, plant and equipment comprise 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.

**Impairment losses on fixed assets**

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

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

**19. Accounting policies** - continued -

is considered an indication of impairment.

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

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

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

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

**Inventories**

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

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

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

**Receivables**

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

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

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

**Prepayments**

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

**19. Accounting policies** - continued -**Cash**

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

**Equity**

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

Unrealised gains and losses on financial instruments classified as and meeting the criteria for hedging of future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. The reserve is measured less deferred tax. The reserve is dissolved when the hedged transaction occurs, or it is no longer expected to occur.

**Provisions**

Other provisions comprise expected expenses incidental to obligations for dismantling, removing and restoring, restructuring etc. and are recognised when the company has a legal or constructive obligation at the balance sheet date and it is probable that such obligation will draw on the financial resources of the company. Provisions are measured at net realisable value or fair value if the provision is expected to be settled over the longer term.

**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.

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.

**19. Accounting policies** - continued -

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.

**19. Accounting policies** - continued -**Payables**

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

**CASH FLOW STATEMENT**

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