Neohorm A/S

Nyhavn 55, DK-1051 København K

Annual Report for 2018

CVR No 79 45 17 11

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 31/5 2019

Eric K. Horten
Chairman of the General Meeting

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Neohorm A/S for the financial year 1 January - 31 December 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and of the results of the Company operations for 2018.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 31 May 2019

Executive Board

Thomas Larsson

Board of Directors

Eric K. Horten Chairman	Jan Frederik Paulsen	Thomas Larsson

Independent Auditor's Report

To the Shareholder of Neohorm A/S

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Neohorm A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on 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 Financials Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

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.

Independent Auditor's Report

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 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:

- 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.

Independent Auditor’s Report

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

Copenhagen, 31 May 2019
BDO
Statsautoriseret revisionsaktieselskab
CVR No 20 22 26 70

Iben Larsen
State Authorised Public Accountant
mne34474

Company Information

The Company	Neohorm A/S Nyhavn 55 DK-1051 København K CVR No: 79 45 17 11 Financial period: 1 January - 31 December Incorporated: 4 October 1985 Municipality of reg. office: København
Board of Directors	Eric K. Horten, Chairman Jan Frederik Paulsen Thomas Larsson
Executive Board	Thomas Larsson
Auditors	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 DK-1561 København V

Group Chart

Group Enterprises	NEY Investments BV Siriusdreef 22 NL-2132 WT Hoofddorp Parent company
	Industriholmen 1 ApS Nyhavn 55 1051 København K CVR No 20 04 39 46 Subsidiary
	Strandesplanaden ApS Nyhavn 55 1051 København K CVR No 27 39 46 47 Subsidiary
	Stamholmen 217 ApS Nyhavn 55 1051 København K CVR No 17 14 93 85 Subsidiary
	Roskilde ApS Nyhavn 55 1051 København K CVR No 33 15 27 28 Subsidiary
	Soundport A/S Nyhavn 55 1051 København K CVR No 35 23 40 98 Subsidiary

Management’s Review

Key activities

The company's main activity are to acquire, develop and manage real property, through individual subsidiaries, if convenient, and to carry on other investment activities as directed by the supervisory board.

Development in the year

The income statement of the Company for 2018 shows a profit of DKK 7,200,839, of which value adjustments amount to DKK -55,597, and at 31 December 2018 the balance sheet of the Company shows equity of DKK 299,233,622.

The results of operations for the year were affected by a total positive value adjustment of the group’s properties, approx. DKK 0.5 million before tax.

The results of operations are considered less satisfactory.

The lease of the group’s properties is affected by the adverse market conditions. Thus, only 88% (2017: 87%) of the group’s total floorage was occupied at year-end.

Through the incorporated subsidiary Soundport A/S, Neohorm A/S has in 2013 purchased a plot of land in Kastrup on which it intends to construct and operate a new investment building.

Subsequent events

After year end, Neohorm A/S has issued a letter of support to the subsidiary Soundport A/S. We refer to note 1 to the Financial Statements for further details.

Income Statement 1 January - 31 December

	Note	2018	2017
		DKK	DKK
Revenue		**1,344,606**	**1,329,407**
Other external expenses		-1,456,543	-1,502,604
Gross profit/loss before value adjustments		**-111,937**	**-173,197**
Value adjustments of investment assets		-55,597	500,000
Gross profit/loss after value adjustments		**-167,534**	**326,803**
Staff expenses	2	-147,973	-145,500
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-229,493	-238,544
Profit/loss before financial income and expenses		**-545,000**	**-57,241**
Income from investments in subsidiaries		7,834,230	4,622,223
Financial income	3	1,418,467	1,567,898
Financial expenses	4	-1,685,509	-1,653,620
Profit/loss before tax		**7,022,188**	**4,479,260**
Tax on profit/loss for the year	5	178,651	31,123
Net profit/loss for the year		**7,200,839**	**4,510,383**

Distribution of profit

Proposed distribution of profit

	2018	2017
Reserve for net revaluation under the equity method	7,834,231	4,622,222
Retained earnings	-633,392	-111,839
	7,200,839	**4,510,383**

Balance Sheet 31 December

Assets

	Note	2018	2017
		DKK	DKK
Investment properties	7	22,500,000	22,500,000
Other fixtures and fittings, tools and equipment	6	1,553,124	1,782,617
Property, plant and equipment		**24,053,124**	**24,282,617**
Investments in subsidiaries	8	332,437,056	331,487,908
Investments in associates	9	1,773,246	1,768,164
Receivables from associates		0	12,343,091
Fixed asset investments		**334,210,302**	**345,599,163**
Fixed assets		**358,263,426**	**369,881,780**
Receivables from group enterprises		39,356,499	28,873,649
Receivables from associates		11,948,625	0
Corporation tax		69,210	155,155
Prepayments		39,496	38,126
Receivables		**51,413,830**	**29,066,930**
Cash at bank and in hand		**26,805**	**75,060**
Currents assets		**51,440,635**	**29,141,990**
Assets		**409,704,061**	**399,023,770**

Balance Sheet 31 December

Liabilities and equity

	Note	2018	2017
		DKK	DKK
Share capital		20,000,000	20,000,000
Share premium account		50,541,871	50,541,871
Reserve for net revaluation under the equity method		37,243,483	36,294,335
Retained earnings		191,448,268	192,081,660
Equity	10	**299,233,622**	**298,917,866**
Provision for deferred tax		945,637	1,056,833
Provisions		**945,637**	**1,056,833**
Payables to group enterprises		57,383,356	57,327,050
Long-term debt	11	**57,383,356**	**57,327,050**
Credit institutions		21,957,237	21,997,568
Trade payables		181,165	253,602
Payables to group enterprises	11	29,846,810	19,319,049
Other payables		156,234	151,802
Short-term debt		**52,141,446**	**41,722,021**
Debt		**109,524,802**	**99,049,071**
Liabilities and equity		**409,704,061**	**399,023,770**
Subsequent events	1		
Contingent assets, liabilities and other financial obligations	12		
Related parties	13		
Accounting Policies	14		

Notes to the Financial Statements

1 Subsequent events

After year end, Neohorm A/S has issued a letter of support to Soundport A/S so that the subsidiary may complete the construction of IPC Soundport. The capital required has been ensured through a letter of support issued by the Parent Company NEY Investments B.V. to Neohorm A/S.

	2018	2017
	DKK	DKK

2 Staff expenses

Wages and salaries	147,750	145,500
Other social security expenses	223	0
	147,973	**145,500**
Average number of employees	**1**	**1**

3 Financial income

Interest received from group enterprises	972,850	884,550
Interest received from associates	444,860	682,997
Other financial income	185	5
Exchange adjustments	572	346
	1,418,467	**1,567,898**

4 Financial expenses

Interest paid to group enterprises	1,173,612	1,484,065
Other financial expenses	385,237	102,220
Exchange adjustments, expenses	126,660	67,335
	1,685,509	**1,653,620**

5 Tax on profit/loss for the year

Current tax for the year	-69,210	-62,498
Deferred tax for the year	-111,196	31,375
Adjustment of tax concerning previous years	1,755	0
	-178,651	**-31,123**

Notes to the Financial Statements

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 January	4,688,604
Cost at 31 December	4,688,604
Impairment losses and depreciation at 1 January	2,905,987
Depreciation for the year	229,493
Impairment losses and depreciation at 31 December	3,135,480
Carrying amount at 31 December	**1,553,124**

7 Assets measured at fair value

	Investment properties
	DKK
Cost at 1 January	14,849,848
Additions for the year	55,597
Cost at 31 December	14,905,445
Value adjustments at 1 January	7,650,152
Revaluations for the year	-55,597
Value adjustments at 31 December	7,594,555
Carrying amount at 31 December	**22,500,000**

Assumptions underlying the determination of fair value of investment properties

Investment properties are measured at fair value. The determination of fair value is based on a return-based model, and Management uses accounting estimates when determining the fair value. The use of accounting estimates implies that the statement of fair value is subject to some uncertainty. The fair value is stated based on assumptions that Management considers probable and realistic. Management reassesses assumptions on a current basis, and any changes to the assumptions are reflected in the fair value. The key assumptions applied when determining the fair value are stated below:

Notes to the Financial Statements

7 Assets measured at fair value (continued)

	2018	2017
	DKK	DKK
The fair value of investment properties amounts to	22,500,000	22,500,000
Discount rate	3,5%	3.5%

8 Investments in subsidiaries

	2018	2017
Cost at 1 January	295,193,572	295,193,572
Cost at 31 December	295,193,572	295,193,572
Value adjustments at 1 January	36,294,336	35,952,782
Net profit/loss for the year	7,834,230	4,622,223
Other equity movements, net	-6,885,082	-4,280,669
Value adjustments at 31 December	37,243,484	36,294,336
Carrying amount at 31 December	**332,437,056**	**331,487,908**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Industriholmen 1 ApS	Nyhavn 55 1051 København K	1,000,000	100%	56,416,558	6,892,225
Strandesplanaden ApS	Nyhavn 55 1051 København K	1,000,000	100%	5,566,646	-4,542,253
Stamholmen 217 ApS	Nyhavn 55 1051 København K	300,000	100%	43,305,517	3,620,586
Roskilde ApS	Nyhavn 55 1051 København K	1,000,000	100%	29,294,060	1,718,896
Soundport A/S	Nyhavn 55 1051 København K	25,000,000	100%	197,854,276	144,776

Notes to the Financial Statements

		2018	2017
		DKK	DKK
9	**Investments in associates**		
	Cost at 1 January	1,771,275	1,771,275
	Cost at 31 December	1,771,275	1,771,275
	Value adjustments at 1 January	-3,111	-5,795
	Exchange adjustment	5,082	2,684
	Value adjustments at 31 December	1,971	-3,111
	Carrying amount at 31 December	**1,773,246**	**1,768,164**

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Grundstücksgesell-schaft Egelsbach mbH	Hamburg, Germany	500,000 EUR	47.5%	9,434,821	-1,289,145

The figures are from the Company's Annual Report 2017.
All foreign associates are recognised and measured as separate entities.

10 Equity

	Share capital	Share premium account	Reserve for net revaluation under the equity method	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	20,000,000	50,541,871	36,294,335	192,081,660	298,917,866
Revaluation for the year	0	0	7,834,230	0	7,834,230
Other equity movements	0	0	-8,827,029	0	-8,827,029
Tax on other equity movements	0	0	1,941,947	0	1,941,947
Net profit/loss for the year	0	0	0	-633,392	-633,392
Equity at 31 December	**20,000,000**	**50,541,871**	**37,243,483**	**191,448,268**	**299,233,622**

The share capital consists of 20,000 shares of a nominal value of DKK 1,000. No shares carry any special rights.

Notes to the Financial Statements

11 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2018	2017
	DKK	DKK
Payables to group enterprises		
After 5 years	0	57,327,050
Between 1 and 5 years	57,383,356	0
Long-term part	57,383,356	57,327,050
Other short-term debt to group enterprises	29,846,810	19,319,049
	87,230,166	**76,646,099**

12 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

Mortgage deeds totalling DKK 2,000,000 that provide a charge in land and buildings at a total carrying amount of	22,500,000	22,500,000

The following assets have been placed as security with bankers:

Pledge of unlisted shares in subsidiaries as security for a credit line of DKK 25 mio. Carrying amount of the subsidiaries	197,854,276	204,594,582

Guarantee obligations

There is provided absolute garantee to Nykredit for loans to the subsidiaries Stamholmen 217 ApS (CVR No 17149385) and Roskilde ApS (CVR No 33152728) outstanding debts of	32,643,135	35,359,273
There is provided absolute garantee to Realkredit Danmark for loan to the subsidiary Industriholmen 1 ApS (CVR No 20043946) outstanding debts of	24,162,613	27,614,438
Guarantee for subsidiary's credit line	1,013,000,000	1,013,000,000

Notes to the Financial Statements

	2018	2017
	DKK	DKK

12 Contingent assets, liabilities and other financial obligations (continued)

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to DKK 0. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Including to group enterprises

	2018 DKK	2017 DKK
Charges and security in assets with a total carrying amount of	197,854,276	204,594,582
Guarantee obligations	1,069,805,748	1,075,973,711

13 Related parties

Consolidated Financial Statements

The Group Annual Report of 2018 may be obtained at the following addresses:

Name	Place of registered office
NEY Investments BV	Siriusdreef 41, NL-2132 WT Hoofddorp, The Netherlands
Haydn Holding AB	Moore Stephens Malmö AB, Stortorget 8, Box 4051, 203 11 Malmö, Sweden

Notes to the Financial Statements

14 Accounting Policies

The Annual Report of Neohorm A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2018 are presented in DKK.

Consolidated financial statements

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

14 Accounting Policies (continued)

Income Statement

Revenue

Rental income is recognised on a straight line-basis over the term of the lease.

Revenue is measured at the consideration received and is recognised exclusive of VAT.

Other external expenses

Other external expenses comprise administration, real property tax, maintenance, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property and plant and equipment.

Income from investments in subsidiaries and associates

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Dividends from associates are recognised as income in the income statement when adopted at the General Meeting of the associate. However, dividends relating to earnings in the associate before it was acquired by the Parent Company are set off against the cost of the associate.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the onaccount taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with its subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

14 Accounting Policies (continued)

Balance Sheet

Investment properties and other property, plant and equipment

Investment properties

Investment properties constitute land and buildings held to earn a return on the invested capital by way of current operating income and/or capital appreciation on sale.

On acquisition investment properties are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed investment properties comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components and supsuppliers up until the time when the asset is ready for use.

After the initial recognition investment properties are measured at fair value. Value adjustments of investment properties are recognised in the income statement.

In Management's opinion the classification of the properties as investment properties did not cause any difficulties.

Fair value is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates.

Return-based valuation model

The fair value of certain investment properties has been determined at 31 December 2018 for each property by using a return-based model under which the expected future cash flows for the coming year combined with a rate of return form the basis of the fair value of the property. The calculations are based on property budgets for the coming years. The budget takes into account developments in rentals, vacancies, operating expenses, maintenance and administration, etc. The budgeted cash flow is divided by the estimated rate of return to arrive at the fair value of the property. The value thus calculated is adjusted for any non-operating assets such as cash and cash equivalents, deposits, etc if they are not shown separately in the balance sheet.

The fair value of investment properties has been assessed by the independent assessor firm Colliers International A/S at 31 December 2018.

The estimates applied are based on information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material. The assumptions applied are disclosed in the notes.

Notes to the Financial Statements

14 Accounting Policies (continued)

Other property, plant and equipment

Other property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	10-20	years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of property and plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries and associates

Investments in subsidiaries are recognised and measured under the equity method.

The item"Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Investments in associates are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other fixed asset investments

Other fixed asset investments consist of loans to associates.

Notes to the Financial Statements

14 Accounting Policies (continued)

Receivables

Receivables are measured in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

Prepayments comprise prepaid expenses concerning insurance premiums and subscriptions.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.