

# **Suzlon Energy A/S**

**Bredskifte Allé 11, Hasle, 8210 Aarhus V**

**Company reg. no. 28 10 11 20**

## **Annual report**

**1 April 2020 - 31 March 2021**

The annual report was submitted and approved by the general meeting on the 15 September 2021.



**Brian Vestergaard**  
Chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that EUR 146.940 corresponds to the English amount of EUR 146,940, and that 23,5 % corresponds to 23.5 %.

## **Management's report**

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Today, the board of directors and the managing director have presented the annual report of Suzlon Energy A/S for the financial year 1 April 2020 - 31 March 2021.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 March 2021 and of the company's results of activities in the financial year 1 April 2020 – 31 March 2021.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Aarhus V, 15 September 2021

### **Managing Director**



Tejjas Amarsinh Parmar  
CEO

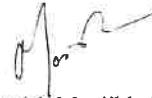
### **Board of directors**



Amit Jain  
Chairman



Tejjas Amarsinh Parmar



Manish Manjibhai Patel

## **Independent auditor's report**

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### **To the shareholders of Suzlon Energy A/S**

#### **Opinion**

We have audited the financial statements of Suzlon Energy A/S for the financial year 1 April 2020 - 31 March 2021, which comprise income statement, statement of financial position, statement of changes in equity, notes and accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 March 2021 and of the results of the company's activities for the financial year 1 April 2020 - 31 March 2021 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 section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), 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.

#### **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such 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 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 including an 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.

## **Independent auditor's report**

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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 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

## **Independent auditor's report**

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In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Aarhus C, 15 September 2021

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Company reg. no. 33 96 35 56



**Morten Gade Steinmetz**  
State Authorised Public Accountant  
mne34145

## Company information

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### **The company**

Suzlon Energy A/S  
Bredskifte Allé 11  
Hasle  
8210 Aarhus V

Company reg. no. 28 10 11 20  
Established: 20 August 2004  
Financial year: 1 April - 31 March

### **Board of directors**

Amit Jain, Chairman  
Tejjas Amarsinh Parmar  
Manish Manjibhai Patel

### **Managing Director**

Tejjas Amarsinh Parmar, CEO

### **Auditors**

Deloitte Statsautoriseret Revisionspartnerselskab

## **Management commentary**

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### **The principal activities of the company**

Suzlon Energy A/S' core business is to act as the parent company and headquarters of the Suzlon Group's European-based companies:

- Sales and marketing departments
- Project departments (installation of wind turbines, including the construction of projects in developing companies)
- Departments for service and maintenance of customer-owned wind turbines in operation
- Research and Development

All mentioned activities are carried out both within and outside of Europe, however not in India. Moreover, Suzlon Energy A/S functions as the holding company of Suzlon companies located outside of Europe.

The ultimate parent is Suzlon Energy Limited, India. The consolidated financial statements are available at [www.suzlon.com](http://www.suzlon.com).

### **Description of material changes in activities and finances**

Going concern:

The parent company has issued a letter of support according to which the parent company will provide the capital required for the continued operations in the coming financial year 2021/22. At the same time, free cash flows from subsidiaries and affiliated are used. The financial statements have thus been prepared on a going concern basis.

The Company has lost more than half of its share capital. The Company's Management expects to reestablish share capital through the conversion of debt and reduction of share capital in 2021/22.

### **Development in activities and financial matters**

2020/21 has been a challenging financial year to Suzlon Energy A/S. The Company's activities were affected by global economy, which for some years has caused a reduced demand for wind turbines and increased competition in the industry. The Company's income statement for 2020/21 showed a profit of EUR 452 thousand, and the Company's balance sheet at 31 March 2021 showed equity of a negative EUR 1,670 thousand.

The result is negative attributable to the fact that in the year under review:

- A provision was made for receivables from subsidiary and affiliated.

The most significant positive circumstances in the financial year were:

- Primarily service and maintenance execution in Europe and LATAM.
- Increased efficiency and realised lower costs.
- Reversal of gain on previous years' debt.
- Dividend from subsidiary



## **Management commentary**

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Right-sizing of the organisation has led to an improved level of operating costs, whereby the benefit of this in the future continues. In the 2020/21 financial year, the Company had 19 employees in average.

The impairment write-downs on inventories relate to regular turnover of inventories. The remaining valued inventories are primarily used for service and maintenance of wind turbines in operation.

The fundamental operations in Suzlon Energy A/S have thus improved compared to last year - a trend that is expected to continue in 2021/22 considering the cost savings measures taken and right-sizing of the organisation. The result for the year compared with previously expressed expectations and in relation to the budget for the year 2020/21 is as expected.

### **Outlook**

Compared to 2020/21, the company expects, cf. above, an increase in the coming financial year partly due to the lower cost level and partly due to the creation of a new geographical business area.

No further write-downs are expected on inventories. Economic challenges are still expected with regard to the activities that are specific to the current markets. The company continues to actively pursue the business opportunities of new customers and markets

### **Particular risks**

The Danish central Tax Administration has increased the Company's taxable income for the income years 2014-2016 by a considerable amount due to an adjustment of the management fee to group companies. The adjustment has had no impact on taxes payable, as the increase can be set off against tax loss carry forwards. It is uncertain whether a similar increase will be made for the income years 2017-2020 and whether such increase will be covered by tax loss carry forwards.

### **Events after the balance sheet date**

After the end of the financial year, it has been decided to make a provision for receivables in subsidiaries in liquidation of EUR 1,392 thousand. This is on financial support made exclusively in the new financial year 2021/22. Continued financial contribution of t.EUR 3,350 thousand is an option with additional provisions.

No other events have occurred that could significantly affect the Company's financial position.

## Income statement 1 April - 31 March

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All amounts in EUR.

<u>Note</u>	<u>2020/21</u>	<u>2019/20</u>
Revenue	3.855	5.238
Cost of sales	-694	-681
Other external costs	-2.095	-4.473
<b>Gross profit</b>	<b>1.066</b>	<b>84</b>
2 Staff costs	-2.241	-3.912
Depreciation and impairment of non-current assets	-25	-33
<b>Operating profit</b>	<b>-1.200</b>	<b>-3.861</b>
Income from equity investments in group enterprises	2.250	0
3 Other financial income	267	178
Impairment of financial assets	0	-6.407
Other financial costs	-882	-467
<b>Results before tax and extraordinary items</b>	<b>435</b>	<b>-10.557</b>
Tax on net profit or loss for the year	17	-99
<b>Net profit or loss for the year</b>	<b>452</b>	<b>-10.656</b>
<b>Proposed appropriation of net profit:</b>		
Transferred to retained earnings	452	-10.656
<b>Total allocations and transfers</b>	<b>452</b>	<b>-10.656</b>

## Statement of financial position at 31 March

All amounts in t.EUR.

<u>Note</u>	<u>2020/21</u>	<u>2019/20</u>	
<b>Assets</b>			
<b>Non-current assets</b>			
4	Acquired intangible assets	0	0
	Total intangible assets	<u>0</u>	<u>0</u>
5	Other fixtures and fittings, tools and equipment	12	42
	Total property, plant, and equipment	<u>12</u>	<u>42</u>
6	Equity investments in group enterprises	5	4
7	Equity investments in associates	0	0
8	Other receivables	36	110
	Total investments	<u>41</u>	<u>114</u>
	<b>Total non-current assets</b>	<b><u>53</u></b>	<b><u>156</u></b>
<b>Current assets</b>			
	Finished goods	366	388
	Prepayments for goods	58	7
	Total inventories	<u>424</u>	<u>395</u>
	Trade receivables	113	36
	Receivables from group enterprises	13.620	15.992
	Other receivables	43	11
	Prepayments and accrued income	63	102
	Total receivables	<u>13.839</u>	<u>16.141</u>
	Cash on hand and demand deposits	<u>313</u>	<u>113</u>
	<b>Total current assets</b>	<b><u>14.576</u></b>	<b><u>16.649</u></b>
	<b>Total assets</b>	<b><u>14.629</u></b>	<b><u>16.805</u></b>

## Statement of financial position at 31 March

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All amounts in t.EUR.

<b>Equity and liabilities</b>		
Note	2020/21	2019/20
<b>Equity</b>		
Contributed capital	76.471	76.471
Retained earnings	-78.141	-78.593
<b>Total equity</b>	<b>-1.670</b>	<b>-2.122</b>
<b>Liabilities other than provisions</b>		
Prepayments received from customers	563	109
Trade payables	107	147
Payables to group enterprises	15.036	18.027
Other payables	593	644
Total short term liabilities other than provisions	16.299	18.927
<b>Total liabilities other than provisions</b>	<b>16.299</b>	<b>18.927</b>
<b>Total equity and liabilities</b>	<b>14.629</b>	<b>16.805</b>

- 1 Going concern
- 9 Assets charged and collateral
- 10 Related parties

## Statement of changes in equity

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All amounts in t.EUR.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 April 2020	76.471	-78.593	-2.122
Retained earnings for the year	<u>0</u>	<u>452</u>	<u>452</u>
	<b><u>76.471</u></b>	<b><u>-78.141</u></b>	<b><u>-1.670</u></b>

## Notes

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All amounts in EUR.

### 1. Going concern

The parent company has issued a letter of support according to which the parent company will provide the capital required for the continued operations in the coming financial year 2021/22. At the same time, free cash flows from subsidiaries and affiliated are used. The financial statements have thus been prepared on a going concern basis.

The Company has lost more than half of its share capital. The Company's Management expects to reestablish share capital through the conversion of debt and reduction of share capital in 2021/22.

	<u>2020/21</u>	<u>2019/20</u>
<b>2. Staff costs</b>		
Salaries and wages	2.196	3.743
Other costs for social security	27	60
Other staff costs	18	109
	<u>2.241</u>	<u>3.912</u>
Average number of employees	<u>19</u>	<u>35</u>
<b>3. Other financial income</b>		
Financial income from group enterprises	66	75
Exchange rate adjustments	201	103
	<u>267</u>	<u>178</u>
<b>4. Acquired intangible assets</b>		
Cost 1 April 2020	<u>1.281</u>	<u>1.281</u>
<b>Cost 31 March 2021</b>	<u>1.281</u>	<u>1.281</u>
Amortisation and impairment losses 1 April 2020	<u>-1.281</u>	<u>-1.281</u>
<b>Amortisation and impairment losses 31 March 2021</b>	<u>-1.281</u>	<u>-1.281</u>
<b>Carrying amount, 31 March 2021</b>	<u>0</u>	<u>0</u>

## Notes

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All amounts in t.EUR.

	<u>31/3 2021</u>	<u>31/3 2020</u>
<b>5. Other fixtures and fittings, tools and equipment</b>		
Cost 1 April 2020	256	297
Disposals during the year	<u>0</u>	<u>-41</u>
<b>Cost 31 March 2021</b>	<b><u>256</u></b>	<b><u>256</u></b>
Depreciation and writedown 1 April 2020	-214	-210
Amortisation and depreciation for the year	-30	-33
Reversal of depreciation, amortisation and impairment loss, assets disposed of	<u>0</u>	<u>29</u>
<b>Depreciation and writedown 31 March 2021</b>	<b><u>-244</u></b>	<b><u>-214</u></b>
<b>Carrying amount, 31 March 2021</b>	<b><u>12</u></b>	<b><u>42</u></b>

## Notes

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All amounts in t.EUR.

	31/3 2021	31/3 2020
<b>6. Equity investments in group enterprises</b>		
Cost 1 April 2020	288.145	288.144
<b>Cost 31 March 2021</b>	<b>288.145</b>	<b>288.144</b>
Revaluations, opening balance 1 April 2020	-288.140	-281.732
Impairment losses	0	-6.408
<b>Writedown 31 March 2021</b>	<b>-288.140</b>	<b>-288.140</b>
<b>Carrying amount, 31 March 2021</b>	<b>5</b>	<b>4</b>

### Financial highlights for the enterprises according to the latest approved annual reports

	<b>Equity interest</b>	<b>Equity t.EUR</b>	<b>Results for the year t.EUR</b>
Investments in subsidiaries			
Suzlon Wind Energy Corporation, USA	100 %	-20.318	832
Suzlon Energy Australia PTY ltd., Australia	100 %	1.315	-670
Suzlon Wind Energy Nicaragua S.A., Nicaragua	100 %	-2.484	-788
Suzlon Wind Energy Romania SRL, Romania	100 %	1.026	315
Suzlon Wind Energy Sanayi ve Ticaret Sirketi, Turkey	100 %	4.508	1.304
Suzlon Energy Portugal - Energia Eolica Lda., Portugal	100 %	1.818	344
Suzlon Wind Energy Espana S.L.U., Spain	100 %	3.900	-626
Suzlon Rotor Corporation, USA	100 %	-5.996	0
Suzlon Energy Korea Co Ltd., Korea	100 %	0	0
Suzlon Energy Eolica do Brasil Ltda., Brazil	95,04 %	-32.627	-3.831
Suzlon Wind Energy BH d.o.o., Bosnia and Herzegovina	50 %	-101	89



## Notes

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All amounts in t.EUR.

	<u>31/3 2021</u>	<u>31/3 2020</u>
<b>7. Equity investments in associates</b>		
Cost 1 April 2020	179	179
<b>Cost 31 March 2021</b>	<b>179</b>	<b>179</b>
Revaluations, opening balance 1 April 2020	-179	-179
<b>Writedown 31 March 2021</b>	<b>-179</b>	<b>-179</b>
<b>Carrying amount, 31 March 2021</b>	<b>0</b>	<b>0</b>

### Financial highlights for the enterprises according to the latest approved annual reports

	<b>Equity interest</b>	<b>Equity t.EUR</b>	<b>Results for the year t.EUR</b>
Investments in associates			
Div Wind OOD Dabrava, Bulgaria	100 %	-341	-27

	<u>31/3 2021</u>	<u>31/3 2020</u>
<b>8. Other receivables</b>		
Cost 1 April 2020	110	117
Disposals during the year	-74	-7
<b>Cost 31 March 2021</b>	<b>36</b>	<b>110</b>
<b>Carrying amount, 31 March 2021</b>	<b>36</b>	<b>110</b>

### 9. Assets charged and collateral Contingent liabilities

	<u>31/3 2021 EUR in thousands</u>
Lease liabilities	93
<b>Total contingent liabilities</b>	<b>93</b>

## Notes

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All amounts in EUR.

### 9. Assets charged and collateral (continued)

#### Contingent liabilities (continued)

Recourse guarantee commitments:

The Company has issued guarantees through banks and insurance companies covering contractual obligations for a total value of EUR 19 million.

The Company issues a number of guarantees to subsidiaries and customers in the Group, primarily regarding service of wind turbine systems. However, claims arising from complaints, etc. will often be reinvoiced to subcontractors.

### 10. Related parties

#### Controlling interest

Suzlon Energy A/S' related parties comprise the following:

Suzlon Energy Ltd. c/o Navitas - Navitas House, Robision Rd Floreal, Republic of Mauritius - Participating interest

Suzlon Energy Ltd. - 5th Floor, Godrej Millinium, 9 Koregaon Park rd. Pune - 411001 India - Participation interest.

#### Consolidated financial statements

Copies of the consolidated financial statements of Suzlon Energy Ltd. may be ordered at the following address: 5th Floor, Godrej Millinium, 9 Koregaon Park rd. Pune - 411001 India - [www.suzlon.com](http://www.suzlon.com)

## **Accounting policies**

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The annual report for Suzlon Energy A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from the previous year, and the annual report is presented in euro (EUR).

### **Consolidated financial statements**

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Suzlon Energy A/S and subsidiaries are included in the consolidated financial statements of Suzlon Energy Ltd.

### **Income statement**

#### **Revenue**

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Income from the sale of wind turbine projects, etc. is recognised in revenue with reference to the stage of completion of the project, when a reliable result of operations is available.

The stage of completion is based on incurred costs in relation to the expected total costs however, complete sets of wind turbines are included in the calculation of the stage of completion. Extra work and services are included provided that they are agreed with the customer.

If a project cannot be made up reliably, the project earnings are recognized concurrently with the total costs. If it is ascertained that a contract will result in a loss, the total loss is expensed immediately.

Income from the sale of spare parts is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably. VAT, indirect taxes and discounts are excluded from the revenue.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

#### **Cost of sales**

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

#### **Other external costs**

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

## **Accounting policies**

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### **Staff costs**

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

### **Depreciation, amortisation, and writedown for impairment**

Depreciation, amortisation and impairment losses relating to plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year.

### **Impairment losses on financial assets**

Impairment losses on financial assets comprise impairment losses on financial assets which are not measured at fair value on a current basis.

### **Financial income and expenses**

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies etc.

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies etc.

### **Income from investments in group enterprises comprises**

Income from investments in group enterprises comprises dividends etc received from the individual group enterprises in the financial year.

Dividend from equity investments is recognised in the financial year in which the dividend is declared.

### **Tax on net profit or loss for the year**

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

## **Statement of financial position**

### **Intangible assets**

#### **Intellectual property rights etc**

Intellectual property rights etc comprise of software licences.

Intellectual property rights acquired are measured at cost less accumulated amortisation.

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

## **Accounting policies**

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### **Property, plant, and equipment**

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Leasehold improvements	3-7 years
Other fixtures and fittings, tools and equipment	3-7 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### **Investments**

#### **Equity investments in group enterprises and associates**

Equity investments in group enterprises and associates are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

### **Inventories**

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

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

### **Receivables**

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired, an impairment loss is recognised on an individual basis.

## **Accounting policies**

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Receivables in respect of which is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors domicile and credit ratings in line with the Companys risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

### **Prepayments and accrued income**

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

### **Cash on hand and demand deposits**

Cash on hand and demand deposits comprise cash at bank and on hand.

### **Liabilities other than provisions**

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.