

Knorr-Bremse Rail Systems Denmark ApS

Otto Busses Vej 27
2450 København SV
CVR No. 41777583

Annual report 2024

The Annual General Meeting adopted the annual report on 10.06.2025

Christian Algreen-Ussing

Chairman of the General Meeting

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Entity details

Entity

Knorr-Bremse Rail Systems Denmark ApS

Otto Busses Vej 27

2450 København SV

Business Registration No.: 41777583

Date of foundation: 21.10.2020

Registered office: Copenhagen

Financial year: 01.01.2024 - 31.12.2024

Board of Directors

Cora Hentrich-Henne

Christian Algreen-Ussing

Kathrin Liliane Moder

Executive Board

Anders Vedsted Nørrelund

Auditors

KPMG

Statusautoriseret

Revisionspartnerselskab

Dampfærgevej 28

DK-2100 København Ø

CVR No.: 25 57 81 98

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Knorr-Bremse Rail Systems Denmark ApS for the financial year 01.01.2024 - 31.12.2024.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024.

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

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

Copenhagen, 10.06.2025

Executive Board

Anders Vedsted Nørrelund

Board of Directors

Cora Hentrich-Henne

Christian Algreen-Ussing

Kathrin Liliane Moder

Independent auditor's report

To the shareholders of Knorr-Bremse Rail Systems Denmark ApS

Opinion

We have audited the financial statements of Knorr-Bremse Rail Systems Denmark ApS for the financial year 1 January – 31 December 2024 comprising income statement, balance sheet, statement of changes in equity, and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2024 and of the results of the Company's operations for the financial year 1 January – 31 December 2024 in accordance with the Danish Financial Statements Act.

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' 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 on the management commentary

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statement, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the 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, that 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 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Knorr-Bremse Rail Systems Denmark ApS | 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, 10.06.2025

KPMG Statsautoriseret Revisionspartnerselskab

CVR No. 25578198

Sara Carstensen

State Authorised Public Accountant

mne34191

Andreas Lottrup Windahl

State Authorised Public Accountant

mne51550

Management commentary

Financial highlights

	2024	2023	2022	2020/2021
	DKK'000	DKK'000	DKK'000	DKK'000
Key figures				
Revenue	766,655	682,303	641,549	0
Gross profit/loss	178,665	188,223	80,173	(10)
Operating loss	(95,434)	(37,578)	(120,091)	(10)
Net financials	(11,917)	(6,142)	(78)	0
Loss for the year	(122,550)	(34,105)	(93,732)	(8)
Total assets	591,026	526,906	444,122	42
Equity	74,556	197,106	231,211	32
Investments in property, plant and equipment	4,133	9,133	218,660	0
Average number of employees	429	412	398	1
Ratios				
Gross margin (%)	23.30	27.59	12.50	(infinity)
EBIT margin (%)	(12.45)	(5.51)	(18.72)	(infinity)
Net margin (%)	(15.99)	(5.00)	(14.61)	(infinity)
Equity ration (%)	12.61	37.41	52.06	76.19

Gross margin (%):

$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$

Revenue

EBIT margin (%):

$\frac{\text{Operating profit/loss} * 100}{\text{Revenue}}$

Revenue

Net margin (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Revenue}}$

Revenue

Equity ratio (%)

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Total assets

Primary activities

The Company's purpose is to carry out repair, refurbishment, and maintenance activities and other related activities at the board's discretion.

Development in activities and finances

The income statement for 2024 shows a loss of DKK 122,550 thousand against a loss of DKK 34,105 thousand last year, and the balance sheet on 31 December 2024 shows equity of DKK 74,556 thousand.

The revenue of DKK 766,655 thousand was less than expected mainly due to an unfavourable impact caused by the deployment of the new SAP solution in April. However, the production recovered to a higher output level in the last quarter of 2024. The revenue ended 12.4 % higher than in 2023.

Management considers the Company's financial performance in the year as being unsatisfactory.

Loss for the year in relation to expected developments

The loss in 2024 of DKK 122,550 thousand (2023: DKK -34,105 thousand) was not satisfactory. Compared to the expectations for 2024 we saw the delivery performance impacted by issues from the forecasting process through the logistic flows into the warehouses and out to the production sites during a 4-5 month period after the SAP implementation. Together with the additional implementation costs and the use of temporary resources which negatively impacted the result for the year by around DKK 62,500 thousand. In addition to the result a negative impact of DKK 25,000 thousand coming from revaluation of the deferred tax asset.

Uncertainty relating to recognition and measurement

The preparation of the annual report requires Management to make assumptions and estimates that affect the application of accounting policies and reported amounts of assets and liabilities, income, and expenses.

In the financial statements for 2024, the following assumptions and uncertainties were not valid as they have significantly impacted the recognition of assets and liabilities in the financial statements:

The deferred tax asset is mainly related to provisions for differences in the inventory valuation and carry forward of tax losses. The deferred tax asset is expected to start being realised within 2-3 years.

Outlook

The Company expects to see a higher activity in 2025 with a growth in the revenue in the range of 15-25%, coming from existing and new customers together with Knorr-Bremse group's global Boost program. The operational result is expected to be close to zero with the full result being negative in the range DKK 10,000 - 20,000 thousand after investment in systems, structures and organisational development.

Use of financial instruments

The Company trades primarily in DKK and has loans in EURO and is consequently not exposed significantly to foreign exchange risk.

Knowledge resources

The Company is operating in a specialized industry where the knowledge resources primarily relate to skilled employees and related professional business partners. The Company focuses continuously on maintaining and developing the employee competencies.

Environmental performance

The Company is focusing on reducing the energy consumption as well as the environmental impact on the surroundings of the workshops located in Copenhagen and Aarhus.

These activities are handled by the local HSE organisation as well as activities initiated under the Health, Safety, and Environment (HSE) Policy of the Knorr-Bremse Group. For further information see the Sustainability Report 2024 for the Knorr-Bremse Group, authored by Knorr-Bremse AG (<https://www.knorr-bremse.com/en/responsibility/>).

Research and development activities

The Knorr-Bremse Group maintain investments in R&D activities, but the Company have limited research and development activities on its own.

Statutory report on corporate social responsibility

As part of the Knorr-Bremse Group we take part in delivering the responsibility for society and for our employees that has been defined. For further information see the Sustainability Report 2024 for the Knorr-Bremse Group, authored by Knorr-Bremse AG (<https://www.knorr-bremse.com/en/responsibility/>).

Statutory report on the underrepresented gender

Supreme management body	2024	2023
Total number of members	4	4
Underrepresented gender (%)	50	0
Target figures (%)	50	20
Year of expected achievement of target figures	2024	2024

The Knorr-Bremse Group supports gender equality and has set itself the goal of increasing the share of women in the workforce and management, supporting women's careers more strongly, and attracting qualified women. Targets that apply globally were set for the Knorr-Bremse Group in 2022: 25% women in the workforce and 20% in management levels 1 to 4 by the end of the third quarter of 2027.

The target for female representation in the Board of Directors was met in 2024.

Other management levels	2024	2023
Total number of members	10	12
Underrepresented gender (%)	33	33
Target figures (%)	20	20

Other management levels have been defined as managers in level 1 or 2 and with a direct reference to the managing director.

The target for female representation in the other management levels was met in 2023.

The company is considering which local plans to put in place to generally increase the share of women in the workforce, well knowing that the industry in the past has been dominated by male employees.

For further information see the Sustainability Report 2024 for the Knorr-Bremse Group (<https://www.knorrbremse.com/en/responsibility/>).

Statutory report on diversity

We align with the fundamental principle for the Knorr-Bremse Group of equal treatment of all our employees – irrespective of gender, age, country of origin, sexual identity, state of health, religion, or beliefs.

For further information see the Sustainability Report 2024 for the Knorr-Bremse Group, authored by Knorr-Bremse AG (<https://www.knorr-bremse.com/en/responsibility/>).

Statutory report on data ethics policy

The Group data protection guideline is the foundation for all data protection measures in the company and imposes binding specifications and processes for implementation of the statutory requirements. Furthermore, the protection of personality rights and privacy of each individual is an important element of our internal Code of Conduct.

For further information see the Sustainability Report 2024 for the Knorr-Bremse Group, authored by Knorr-Bremse AG (<https://www.knorr-bremse.com/en/responsibility/>).

Events after the balance sheet date

No significant events have occurred after the balance sheet date until the day of signing of the Annual report.

Income statement

	Notes	2024 DKK'000	2023 DKK'000
Revenue	2	766,655	682,303
Other operating income		6,991	5,307
Cost of sales		(436,549)	(330,655)
Other external expenses	3	(158,432)	(168,732)
Gross profit		178,665	188,223
Staff costs	4	(266,358)	(217,797)
Depreciation, amortisation and impairment losses	5	(7,741)	(8,004)
Operating loss		(95,434)	(37,578)
Other financial income	6	685	25
Other financial expenses	7	(12,602)	(6,167)
Loss before tax		(107,351)	(43,720)
Tax on loss for the year	8	(15,199)	9,615
Loss for the year	9	(122,550)	(34,105)

Balance sheet at 31.12.2024

Assets

	Notes	2024 DKK'000	2023 DKK'000
Acquired intangible assets		536	1,073
Intangible assets	10	536	1,073
Other fixtures and fittings, tools and equipment		27,006	21,783
Property, plant and equipment in progress		282	8,577
Property, plant and equipment	11	27,288	30,360
Deposits	12	590	602
Deferred tax	13	20,853	36,052
Financial assets		21,443	36,654
Fixed assets		49,267	68,087
Raw materials and consumables		262,985	171,067
Work in progress		51,079	99,912
Inventories		314,064	270,979
Trade receivables		126,949	129,499
Receivables from group enterprises		952	3,403
Other receivables		21,501	28,361
Prepayments	14	1,426	1,979
Receivables		150,828	163,242
Cash		76,867	24,598
Current assets		541,759	458,819
Assets		591,026	526,906

Equity and liabilities

	Notes	2024 DKK'000	2023 DKK'000
Contributed capital	15	40	40
Retained earnings		74,516	197,066
Equity		74,556	197,106
Other provisions	16	3,675	1,951
Provisions		3,675	1,951
Trade payables		106,488	76,863
Payables to group enterprises		372,252	221,206
Other payables	17	34,055	29,780
Current liabilities other than provisions		512,795	327,849
Liabilities other than provisions		512,795	327,849
Equity and liabilities		591,026	526,906

Events after the balance sheet date	1
Contingent liabilities	18
Related parties with controlling interest	19
Transactions with related parties	20
Group relations	21

Statement of changes in equity

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year (01.01.2024)	40	197,066	197,106
Loss for the year	0	(122,550)	(122,550)
Equity end of year (31.12.2024)	40	74,516	74,556

Notes

1 Events after the balance sheet date

No significant events have occurred after the balance sheet date until the day of signing of the Annual report.

2 Revenue

	2024	2023
	DKK'000	DKK'000
Denmark	715,682	617,519
Sweden	47,543	55,293
Norway	2,335	0
Germany	9	8,806
Rest of the world	1,086	685
Total revenue by geographical market	766,655	682,303
Spareparts	41,229	48,457
Maintenance	725,014	626,783
Warranties	0	(1,916)
Recycling	364	188
Intercompany	48	8,791
Total revenue by activity	766,655	682,303

3 Fees to the auditor appointed by the Annual General Meeting

With reference to the Danish Financial Statement Act § 96, section 3, fee paid to auditors appointed at the annual general meeting is not disclosed.

4 Staff costs

	2024	2023
	DKK'000	DKK'000
Wages and salaries	232,756	189,554
Pension costs	29,797	24,553
Other social security costs	3,805	3,690
	266,358	217,797
Number of employees at balance sheet date	442	400
Average number of full-time employees	429	412

With reference to the Danish Financial Statement Act § 98b, section 3, remuneration to management is not disclosed.

5 Depreciation, amortisation and impairment losses

	2024	2023
	DKK'000	DKK'000
Amortisation of intangible assets	536	569
Depreciation of property, plant and equipment	7,205	7,435
	7,741	8,004

6 Other financial income

	2024	2023
	DKK'000	DKK'000
Exchange rate adjustments	178	0
Other interest income	438	0
Other financial income	69	25
	685	25

7 Other financial expenses

	2024	2023
	DKK'000	DKK'000
Financial expenses from group enterprises	11,859	5,880
Other interest expenses	0	48
Exchange rate adjustments	743	239
	12,602	6,167

8 Tax on profit/loss for the year

	2024	2023
	DKK'000	DKK'000
Change in deferred tax	15,199	(9,615)
	15,199	(9,615)

9 Proposed distribution of profit and loss

	2024	2023
	DKK'000	DKK'000
Retained earnings	(122,550)	(34,105)
	(122,550)	(34,105)

10 Intangible assets

	Acquired intangible assets DKK'000
Cost beginning of year	1,642
Cost end of year	1,642
Amortisation beginning of year	(570)
Amortisation for the year	(536)
Amortisation and impairment losses end of year	(1,106)
Carrying amount end of year	536

11 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	219,216	8,577
Additions	1,025	3,108
Transfers	11,403	(11,403)
Cost end of year	231,644	282
Depreciation and impairment losses beginning of year	(197,433)	0
Depreciation for the year	(7,205)	0
Depreciation and impairment losses end of year	(204,638)	0
Carrying amount end of year	27,006	282

12 Deposits

	2024 DKK'000	2023 DKK'000
Cost beginning of year	602	0
Additions	0	602
Disposals	(12)	0
Cost end of year	590	602

13 Deferred tax

	2024	2023
	DKK'000	DKK'000
Intangible assets	(125)	(236)
Property, plant and equipment	191	(686)
Inventories	17,688	17,688
Provisions	809	429
Tax losses carried forward	41,017	18,857
Adjustment to valuation of tax losses	(38,727)	0
Deferred tax	20,853	36,052

	2024	2023
	DKK'000	DKK'000
Changes during the year		
Beginning of year	36,052	26,437
Recognised in the income statement	(15,199)	9,615
End of year	20,853	36,052

Deferred tax assets

The deferred tax asset recognised by the company relates to temporary differences in the balance sheet evaluation and to tax losses carried forward. The company's long-term budgets show that the company will start utilising the tax losses within the coming years but based on the business development in 2024 and the impact from delayed investments a decision has been made to reduce the value of deferred tax asset to 35% of deferred tax in total. This is considered a likely amount of the deferred tax to be consumed within the coming 5 years.

As long-term budgets are subject to estimates, there is a natural uncertainty linked to the company's ability to realise their long-term budgets.

14 Prepayments

Prepayments are mainly insurance and software licenses for the coming financial year.

15 Share capital

	Par value	Nominal value	Recorded par value
	DKK'000	DKK'000	DKK'000
Share capital	40	40	40
	40	40	40

16 Other provisions

Other provisions comprises of warranty provisions.

17 Other payables

	2024	2023
	DKK'000	DKK'000
Wages and salaries, personal income taxes, social security costs, etc payable	21,712	17,591
Other costs payable	12,343	12,189
	34,055	29,780

18 Contingent liabilities

	2024	2023
	DKK'000	DKK'000
Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	46,516	51,645

19 Related parties with controlling interest

Knorr-Bremse Systeme für Schienenfahrzeuge GmbH
 Moosacher Strasse 80
 80809 München
 Germany

20 Transactions with related parties

	2024	2023
	DKK'000	DKK'000
Purchase of goods	34,843	45,953
Purchase of services	21,161	13,823
Sale of goods	48	0
Sale of services	2,988	8,716

21 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
 Knorr-Bremse AG, Moosacher Strasse 80, 80809 München, Germany

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
 Knorr-Bremse Systeme für Schienenfahrzeuge GmbH, Moosacher Strasse 80, 80809 München, Germany

Copies of the consolidated financial statements of Knorr-Bremse Systeme für Schienenfahrzeuge GmbH may be ordered at the following address:

Moosacher Strasse 80, 80809 München. Germany

Accounting policies

Reporting class

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

Recognition and measurement

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

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

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

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

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

Income statement

Revenue

Revenue from repair and maintenance of train equipment etc. is recognised as the production is carried out, whereby the turnover corresponds to the sales value of the work carried out for the year (the production cost). Revenue from the provision of preparation services is recognised in net revenue at the time the preparation service is delivered.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including salary refunds.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal inventory write downs.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and normal write downs of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's normal activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write downs of receivables recognised in current assets.

Staff costs

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

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income

Other financial income comprises, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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

Balance sheet

Intellectual property rights etc

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

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

Property, plant and equipment

Plant and machinery, and 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.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

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
Other fixtures and fittings, tools and equipment	3-15 years

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.

Deferred tax

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

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

Inventories

Inventories are measured at the lower of cost using the moving average 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 write downs for bad and doubtful debts.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

On acquisition of enterprises and investments in group enterprises, provisions are made for costs relating to restructuring in the acquired enterprise that were decided and published at the acquisition date at the latest.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Other financial liabilities

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

Cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Knorr-Bremse AG.