

Hitachi Rail RCS Denmark ApS

Industriparken 39, DK-2750 Ballerup

**Annual Report for
1 January 2024 - 31 March 2025**

CVR No. 27 34 86 45

The Annual Report was presented and adopted at the
Annual General Meeting of the company on
30/09/2025

Brian Dalsgaard Hansen
Chairman of the general meeting

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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Hitachi Rail RCS Denmark ApS for the financial year 1 January 2024 - 31 March 2025.

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 March 2025 of the Company and of the results of the Company operations for 2024/25.

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.

Ballerup, 30 September 2025

Executive Board

Brian Dalsgaard Hansen
CEO

Board of Directors

Brian Dalsgaard Hansen
Chairman

Johannes Boyer

Hans-Jürgen Ernst Wagner

Independent Auditor's report

To the shareholders of Hitachi Rail RCS Denmark ApS

Opinion

We have audited the financial statements of Hitachi Rail RCS Denmark ApS for the financial year 1 January 2024 – 31 March 2025, which comprise 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 financial position of the Company at 31 March 2025 and of the results of the Company's operations for the financial year 1 January 2024 – 31 March 2025 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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.

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 as to 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and 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.

Independent Auditor's report

- 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 note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on Management's Review

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 statements 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 Statements Act. We did not identify any material misstatement of the Management's review.

Vejle, 30 September 2025

EY Godkendt Revisionspartnerselskab

CVR No 30 70 02 28

Lene Kamper Jørgensen
State Authorised Public Accountant
mne34456

Company information

The Company	Hitachi Rail RCS Denmark ApS Industriparken 39 DK-2750 Ballerup CVR No: 27 34 86 45 Financial period: 1 January 2024 - 31 March 2025 Incorporated: 15 September 2003 Financial year: 22th financial year Municipality of reg. office: Ballerup
Board of Directors	Brian Dalsgaard Hansen, chairman Johannes Boyer Hans-Jürgen Ernst Wagner
Executive Board	Brian Dalsgaard Hansen
Auditors	EY Godkendt Revisionspartnerselskab Lysholt Allé 10 7100 Vejle

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

(TDKK)	2024/25 15 months	2023 12 months	2022 12 months	2021 12 months	2020 12 months
Key figures					
Profit/loss					
Revenue	360,624	299,309	293,756	345,792	271,032
Profit/loss of primary operations	123,425	85,648	67,332	92,456	61,352
Profit/loss of financial income and expenses	5,380	2,878	-368	-452	-615
Net profit/loss for the year	100,468	69,094	52,400	71,863	47,370
Balance sheet					
Balance sheet total	218,215	187,165	211,500	233,601	255,768
Investment in property, plant and equipment	0	0	0	1,189	226
Equity	101,694	70,319	53,026	72,870	48,385
Number of employees	51	55	54	55	55
Ratios					
Gross margin	48.1%	41.6%	35.7%	36.7%	36.3%
Profit margin	34.2%	28.6%	22.9%	26.7%	22.6%
Return on assets	56.6%	45.8%	31.8%	39.6%	24.0%
Solvency ratio	46.6%	37.6%	25.1%	31.2%	18.9%
Return on equity	116.8%	112.0%	83.2%	118.5%	80.9%

Management's review

Key activities

The Company's activity is primarily related to the delivery and operation of a new electronic travel card system for all Danish public transport operators. The objective is to create one common ticketing system, which will simplify and improve the public transportation in Denmark. The System is nationwide and a final software release was delivered and taken into use in November 2015. The activities will continue to be operation and maintenance of the system and the delivery of additional requested functionality.

Development in the year

The income statement of the Company for 2024/25 shows a profit of DKK 100,468,111, which is in line with the expectations, and at 31 March 2025 the balance sheet of the Company shows a positive equity of DKK 101,693,601, which is also in line with the expectations.

Operating risks

The Company has back-to-back agreements with Hitachi Rail RCS France SAS and Kyndryl Denmark ApS in relation to a supplier agreement with Rejsekort & Rejseplan A/S (RKRK). The Company has no other special operating, market, foreign exchange, interests or credit risks.

Targets and expectations for the year ahead

Management will fulfil all obligations under the main RKRK contract, consistent with prior years' performance. For the next 12 months, management does not anticipate material growth or further modernization projects, as RKRK has adopted an alternative strategic direction.

Research and development

The Company has no research and development activities.

External environment

The Company is environmentally conscious and currently works on reducing environmental impacts from the operations of the Company.

As a minimum the Company complies with current legislations the area.

Current working environment legislation is complied with, and work is goal oriented towards improving the working environment.

Intellectual capital resources

It is essential for the Company to attract and maintain competent employees, and therefore resources are invested in training of the Company's employees at all levels. It is the Company's policy that all employees should develop in their positions.

Outlook

The company anticipates a profit before tax in the range of 50 million DKK to 55 million DKK for the financial year ending March 31, 2026. This projection reflects management's expectations based on current market conditions and the company's operational plans for the upcoming year.

Management's review

Change in ownership and Reporting period adjustment

On 31 May 2024, Hitachi Rail completed the acquisition of Thales' Ground Transportation Systems (GTS) business for a total enterprise value of €1.66 billion. As part of this global transaction, the Danish entity formerly known as Revenue Collection Systems ApS became part of the Hitachi Rail group and was subsequently renamed Hitachi Rail RCS Denmark ApS.

This acquisition forms part of Hitachi Rail's strategic ambition to strengthen its signalling and integrated mobility systems business across Europe and globally. The integration of the Danish operations brings local expertise in ticketing and payment collection, as well as long-standing customer relationships within the Danish transport infrastructure sector.

As a result of the acquisition, Hitachi Rail RCS Denmark ApS has aligned its financial year-end with that of its ultimate parent company, Hitachi, Ltd., to facilitate joint tax reporting and compliance requirements in Denmark. Consequently, the current reporting period represents a transitional financial year covering 15 months, from 1 January 2024 to 31 March 2025, instead of the standard 12-month period. Subsequent financial years will follow a 1 April to 31 March cycle in line with the Hitachi Group's global reporting calendar.

There is no material change to the operational structure in Denmark, and activities continue uninterrupted, supporting the performance of the existing contract in a seamless manner and customer relationship with the same dedication and commitment.

Subsequent events

On 31 May 2025, Rejsekort & Rejseplan A/S formally issued a 12-month termination notice for the Maintenance part of the Contract, in accordance with the contractual terms. The termination will take effect on 31 May 2026. The Maintenance component represents approximately 28% of the total contractual value.

Income statement 1 January 2024 - 31 March 2025

(DKK)	Note	2024/25 15 months	2023 12 months
Revenue		360,623,854	299,309,468
Expenses for raw materials and consumables		-165,237,689	-146,349,642
Other external expenses		-21,749,256	-28,582,366
Gross profit		173,636,909	124,377,460
Staff expenses	3	-48,928,696	-38,610,305
Depreciation and impairment losses of property, plant and equipment	4	-148,708	-118,966
Impairment of current assets		-1,134,101	0
Profit/loss before financial income and expenses		123,425,404	85,648,189
Financial income	5	5,521,747	3,368,994
Financial expenses	6	-141,881	-491,043
Profit/loss before tax		128,805,270	88,526,140
Tax on profit/loss for the year	7	-28,337,159	-19,432,430
Net profit/loss for the year	8	100,468,111	69,093,710

Balance sheet 31 March 2025

Assets

(DKK)	Note	2024/25	2023
Land and buildings		454,268	545,123
Other fixtures and fittings, tools and equipment		289,257	347,110
Property, plant and equipment	9	743,525	892,233
Deposits	10	449,498	448,907
Fixed asset investments		449,498	448,907
Fixed assets		1,193,023	1,341,140
Trade receivables		20,170,031	4,254,961
Contract work in progress	11	111,786	2,112,548
Receivables from group enterprises	12	127,842,216	173,878,852
Other receivables		3,026	200,967
Deferred tax asset	13	10,610	13,658
Prepayments	14	754,553	1,086,246
Receivables		148,892,222	181,547,232
Cash at bank and in hand	15	68,129,512	4,276,710
Current assets		217,021,734	185,823,942
Assets		218,214,757	187,165,082

Balance sheet 31 March 2025

Liabilities and equity

(DKK)	Note	2024/25	2023
Share capital		125,000	125,000
Retained earnings		1,100,490	1,100,490
Proposed dividend for the year		100,468,111	69,093,710
Equity		101,693,601	70,319,200
Prepayments received from customers		524,156	9,639,005
Trade payables		9,630,820	15,323,692
Contract work in progress	11	91,783,078	75,880,100
Payables to group enterprises		501,625	13,435,272
Corporation tax		8,067,067	559,418
Other payables		6,014,410	2,008,395
Short-term debt		116,521,156	116,845,882
Debt		116,521,156	116,845,882
Liabilities and equity		218,214,757	187,165,082
Unusual conditions	1		
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Statement of changes in equity

(DKK)	Share capital	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January	125,000	1,100,490	69,093,710	70,319,200
Ordinary dividend paid	0	0	-69,093,710	-69,093,710
Net profit/loss for the year	0	0	100,468,111	100,468,111
Equity at 31 March	125,000	1,100,490	100,468,111	101,693,601

The share capital comprises 250 shares of nominal value of DKK 500 each. All shares are rank equally.

Notes to the Financial Statements

1. Unusual conditions

The financial position at 31 March 2025 of the Company and the results of the activities of the Company for the financial year for 2024/25 have not been affected by any unusual events.

2. Subsequent events

After the balance sheet date, the customer exercised its right to terminate the Maintenance agreement with effect from 31 May 2026, in accordance with the contractual 12-month notice period. The agreement accounts for approximately 28% of the total contract value and is considered material to the assessment of future operations.

3. Staff expenses

(DKK)	2024/25 15 months	2023 12 months
Wages and salaries	44,638,084	35,411,326
Pensions	3,030,211	2,436,329
Other social security expenses	1,217,967	599,119
Other staff expenses	42,434	163,531
	48,928,696	38,610,305
Including remuneration to the Executive Board:		
Executive board	0	1,460,908
	0	1,460,908
Average number of employees	51	55

4. Depreciation and impairment losses of property, plant and equipment

(DKK)	2024/25 15 months	2023 12 months
Depreciation of property, plant and equipment	148,708	118,966
	148,708	118,966

Notes to the Financial Statements

5. Financial income

(DKK)	2024/25	2023
	15 months	12 months
Interest from group enterprises	3,431,865	3,353,873
Other financial income	2,085,222	13,301
Exchange gains	4,660	1,820
	5,521,747	3,368,994

6. Financial expenses

(DKK)	2024/25	2023
	15 months	12 months
Other financial expenses	141,881	491,043
	141,881	491,043

7. Income tax expense

(DKK)	2024/25	2023
	15 months	12 months
Current tax for the year	28,334,111	19,470,244
Deferred tax for the year	3,048	10,498
Adjustment of deferred tax concerning previous years	0	-48,312
	28,337,159	19,432,430

8. Profit allocation

(DKK)	2024/25	2023
	15 months	12 months
Proposed dividend for the year	100,468,111	69,093,710
	100,468,111	69,093,710

Notes to the Financial Statements

9. Property, plant and equipment

(DKK)	Land and buildings	Other fixtures and fittings, tools and equipment
Cost at 1 January	726,833	869,315
Cost at 31 March	726,833	869,315
Impairment losses and depreciation at 1 January	181,710	522,205
Depreciation for the year	90,855	57,853
Impairment losses and depreciation at 31 March	272,565	580,058
Carrying amount at 31 March	454,268	289,257
Amortised over	10 years	3 years

10. Other fixed asset investments

(DKK)	Deposits
Cost at 1 January	448,907
Additions for the year	591
Cost at 31 March	449,498
Carrying amount at 31 March	449,498

11. Contract work in progress

(DKK)	2024/25	2023
Selling price of work in progress	2,058,383,754	1,698,706,067
Payments received on account	-2,150,055,046	-1,772,473,619
	-91,671,292	-73,767,552
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	111,786	2,112,548
Prepayments received recognised in debt	-91,783,078	-75,880,100
	-91,671,292	-73,767,552

Notes to the Financial Statements

12. Receivables from group enterprises

The company has entered into an agreement for a cash pool arrangement, where Hitachi Rail GTS Holding Ltd. is the account holder and Hitachi Rail RCS Denmark ApS is a sub-account holder along with the company's other affiliated companies. Hitachi Rail RCS Denmark ApS's accounts in the cash pool arrangement, which are recorded under receivables from group enterprises, amount to a receivable of 126.644 TDKK as of March 31, 2025 (as of December 31, 2023: receivable of 164.431 TDKK).

13. Deferred tax asset

(DKK)	2024/25	2023
Deferred tax asset at 1 January	13,658	-24,156
Adjustment to deferred tax for prior years	0	48,312
Amounts recognised in the income statement for the year	-3,048	-10,498
Deferred tax asset at 31 March	10,610	13,658

14. Prepayments

(DKK)	2024/25	2023
Insurance	51,362	0
Other prepayments	703,191	1,086,246
	754,553	1,086,246

15. Cash at bank and in hand

(DKK)	2024/25	2023
Bank	68,129,512	4,276,710
	68,129,512	4,276,710

Notes to the Financial Statements

16. Contingent assets, liabilities and other financial obligations

(DKK)	2024/25	2023
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Between 1 and 5 years	6,574,406	5,892,233
After 5 years	2,049,894	3,519,766
	8,624,300	9,411,999

Other contingent liabilities

The Company is subject to Danish joint taxation for two distinct periods within the current transitional financial year (1 January 2024 to 31 March 2025). From 1 January 2024 to 31 May 2024, the Company was jointly taxed with other Danish entities within the Thales Group, with Ground Transportation Systems Denmark A/S.

Following the acquisition by Hitachi Rail on 31 May 2024, the Company became part of the Hitachi Group's Danish joint taxation arrangement. For the period 1 June 2024 to 31 March 2025, the Company was jointly taxed with other Danish entities within Hitachi Group.

For both periods, the Company is jointly and severally liable with the other jointly taxed Danish entities for Danish corporate income tax and withholding taxes, including tax on dividends, royalties, and interest. Any future corrections to corporate or withholding taxes for the relevant periods may lead to additional tax liabilities for the Company under the respective joint taxation regimes.

17. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
Hitachi Rail GTS Denmark A/S, Industriparken 39, 2750 Ballerup	Owner
Transactions	
During the year, the Company had following transactions with related parties:	
Purchase of goods/services: DKK 90,414,371	
Reimbursement of expenses: DKK 8,346,750	
Cost sharing-Support Services: DKK 4,201,168	
Corporate cost sharing: DKK 14,876,203	
Receivables from group enterprises: DKK 127,842,216	
Payable to group enterprises: DKK 501,625	
Cash pooling interest income: DKK 3,431,865	
Consolidated Financial Statements	
The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:	
Name	Place of registered office
Hitachi Ltd. Japan 6-6, Marunouchi 1-chome, Chiyoda-Ku, Tokyo 100-8280, Japan	Tokyo, Japan

Notes to the Financial Statements

18. Accounting policies

The Annual Report of Hitachi Rail RCS Denmark ApS for 2024/25 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2024/25 are presented in DKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Hitachi Ltd. Japan 6-6, Marunouchi 1-chome, Chiyoda-Ku, Tokyo 100-8280, Japan, the Company has not prepared a cash flow statement.

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, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been 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. Gains and losses 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.

Income statement

Revenue

The net turnover is recognised in the profit and loss account when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services.

IFRS 15 rules applied and Revenue is recognized based on cost-to-cost method.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Notes to the Financial Statements

18. Accounting policies (continued)

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expense, 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 intangible assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

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 Danish group companies. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance sheet

Property, plant and equipment

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 buildings	10 years
Other fixtures and fittings, tools and equipment	3 years

Notes to the Financial Statements

18. Accounting policies (continued)

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amount of fixed assets is tested annually for indication of impairment other than the decrease in value reflected by amortisation/depreciation made.

Impairment tests are conducted on individual assets or cash-generating units when there is indication of impairment. Write-down is made to the lower of the recoverable amount and carrying amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows on the disposal of the asset or the group of assets after the end of the useful life. Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Other fixed asset investments

Fixed asset investments consist of deposit.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include loss at completion on contracts. Provisions are measured and recognised based on experience with loss on contracts.

Notes to the Financial Statements

18. Accounting policies (continued)

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 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 liabilities

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

Leases (IAS 17)

Leases are classified as either finance leases or operating leases in accordance with IAS 17. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. All other leases are classified as operating leases. Disclosure related to lease obligations towards the parent entity are presented under "Contingent assets, liabilities and other financial obligations"

The Company only has operating leases. Lease payments made under operating leases are recognised as an expense in the income statement on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the user's benefit.

Financial Highlights

Explanation of financial ratios

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit/loss of primary operations} \times 100 / \text{Revenue}$
Return on assets	$\text{Profit/loss of primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$