
Autronica Fire and Security A/S

Industriholmen 17-19, DK-2650 Hvidovre

Annual Report for 1 January - 31 December 2016

CVR No 15 20 25 13

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
15/5 2017

Michael Keldsen
Chairman



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Autronica Fire and Security A/S for the financial year 1 January - 31 December 2016.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Company and of the results of the Company operations for 2016.

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.

Hvidovre, 15 May 2017

Direktion

Frode Lund

Bestyrelse

Michael Keldsen
Chairman

Frode Lund

Edgar Skjervold

Lars-Erik Tietze
Staff Representative

Henrik Strunge
Staff Representative

Independent Auditor's Report

To the Shareholder of Autronica Fire and Security A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Autronica Fire and Security A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

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 about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the

Independent Auditor's Report

Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 15 May 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jan Wright
statsautoriseret revisor

Thomas Lauritsen
statsautoriseret revisor

Company Information

The Company

Autronica Fire and Security A/S
Industriholmen 17-19
DK-2650 Hvidovre

Telephone: + 45 36 86 96 00
E-mail: info@autronicafire.dk
Website: www.autronicafire.dk

CVR No: 15 20 25 13
Financial period: 1 January - 31 December
Municipality of reg. office: Hvidovre

Board of Directors

Michael Keldsen, Chairman
Frode Lund
Edgar Skjervold
Lars-Erik Tietze
Henrik Strunge

Executive Board

Frode Lund

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Lawyers

Kromann Reumert
Sundkrogsgade 5
DK-2100 København Ø

Bankers

Nordea
Commercial Banking Sjælland
Vesterbrogade 8
DK-0900 København C

Financial Highlights

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

	2016	2015	2014	2013	2012
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	34.912	34.220	34.354	35.315	34.596
Profit/loss before financial income and expenses	9.507	6.146	5.647	6.217	6.608
Net financials	-50	51	-10	84	-226
Net profit/loss for the year	7.359	4.677	4.237	4.679	4.774
Balance sheet					
Balance sheet total	65.173	59.512	58.324	66.168	60.126
Equity	44.447	37.088	34.111	34.473	34.094
Number of employees	58	62	64	62	61
Ratios					
Return on assets	14,6%	10,3%	9,7%	9,4%	11,0%
Solvency ratio	68,2%	62,3%	58,5%	52,1%	56,7%
Return on equity	18,1%	13,1%	12,4%	13,6%	14,0%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Main activity

Autronica Fire and Security A/S is a trading and engineering company undertaking sales, installation, service and administration within the areas of Fire Detection, Voice Alarm, Emergency Lightning and Fire Suppression Systems.

Development in the year

The income statement of the Company for 2016 shows a profit of DKK 7,358,977, and at 31 December 2016 the balance sheet of the Company shows equity of DKK 44,446,664.

During 2016 Autronica Fire and Security A/S experienced a satisfying development of the Company's activities. In the Management's opinion the expectations for 2016 were fulfilled.

Capital resources

The Board of Directors considers the capital base of the Company to be fully sufficient. The Company has no interest-bearing debt.

Targets and expectations for the year ahead

The management expects a result for the financial year 2017, similar to 2016.

External environment

Autronica Fire and Security A/S operates as a Company that in every respect is aware of and pays attention to the environment. The Company naturally complies with all acts and provisions that apply to the external as well the working environment.

Intellectual capital resources

Our philosophy is simple: Autronica Fire and Security A/S does not compromise its quality objective. Autronica Fire and Security A/S represents innovation, quality and service; not only in respect of the Company's products, but also in respect of project processing. Autronica Fire and Security A/S works together with the customers as partners and endeavours to deliver the best and cheapest solution, which corresponds to the customer's needs. This philosophy places heavy demands on the intellectual capital resources in respect to employees, business processes and distributors.

Autronica Fire and Security A/S' quality system (ACE) and the ISO 9001:2015 certification must document the Company's business processes and ensure that these work in the most optimal way - and continuously are improved.

Uncertainty relating to recognition and measurement

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

Management's Review

Unusual events

The financial position at 31 December 2016 of the Company and the results of the activities of the Company for the financial year for 2016 have not been affected by any unusual events.

Income Statement 1 January - 31 December

	Note	2016 DKK	2015 DKK
Gross profit/loss		34.911.932	34.220.051
Distribution expenses		-8.685.030	-10.735.303
Administrative expenses	1	<u>-16.720.260</u>	<u>-17.339.090</u>
Operating profit/loss		9.506.642	6.145.658
Profit/loss before financial income and expenses		9.506.642	6.145.658
Financial income	2	2.461	100.211
Financial expenses	3	<u>-52.430</u>	<u>-49.094</u>
Profit/loss before tax		9.456.673	6.196.775
Tax on profit/loss for the year	4	<u>-2.097.696</u>	<u>-1.519.744</u>
Net profit/loss for the year		<u>7.358.977</u>	<u>4.677.031</u>

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	7.400.000	0
Retained earnings	<u>-41.023</u>	<u>4.677.031</u>
	<u>7.358.977</u>	<u>4.677.031</u>

Balance Sheet 31 December

Assets

	Note	2016 DKK	2015 DKK
Land and buildings		1.171.472	1.210.181
Plant and machinery		43.940	58.587
Other fixtures and fittings, tools and equipment		0	0
Leasehold improvements		45.871	198.571
Property, plant and equipment	6	1.261.283	1.467.339
Other receivables		514.581	512.044
Fixed asset investments	7	514.581	512.044
Fixed assets		1.775.864	1.979.383
Inventories		8.741.179	9.041.904
Trade receivables		13.063.941	13.561.522
Contract work in progress	8	5.941.848	2.440.048
Receivables from group enterprises		24.542.285	23.514.869
Other receivables		18.710	12.793
Deferred tax asset	9	802.027	794.846
Prepayments		759.300	747.665
Receivables		45.128.111	41.071.743
Cash at bank and in hand		9.527.781	7.418.923
Currents assets		63.397.071	57.532.570
Assets		65.172.935	59.511.953

Balance Sheet 31 December

Liabilities and equity

	Note	2016 DKK	2015 DKK
Share capital		8.308.000	8.308.000
Retained earnings		28.738.664	28.779.687
Proposed dividend for the year		7.400.000	0
Equity	10	44.446.664	37.087.687
Provisions for guarantee		905.000	1.461.000
Provisions		905.000	1.461.000
Trade payables		4.896.678	4.618.536
Contract work in progress, liabilities	8	582.648	889.917
Payables to group enterprises		1.061.258	2.516.767
Corporation tax		1.030.655	167.788
Other payables		11.087.854	11.631.653
Deferred income	12	1.162.178	1.138.605
Short-term debt		19.821.271	20.963.266
Debt		19.821.271	20.963.266
Liabilities and equity		65.172.935	59.511.953
Subsequent events	15		
Distribution of profit	5		
Contingent assets, liabilities and other financial obligations	13		
Related parties	14		

Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	8.308.000	28.779.687	0	37.087.687
Net profit/loss for the year	0	-41.023	7.400.000	7.358.977
Equity at 31 December	8.308.000	28.738.664	7.400.000	44.446.664

Notes to the Financial Statements

	2016	2015
	DKK	DKK
1 Staff		
Wages and Salaries	31.096.792	32.004.457
Pensions	2.494.987	2.677.221
Other social security expenses	818.376	858.727
	<u>34.410.155</u>	<u>35.540.405</u>
Average number of employees	<u>58</u>	<u>62</u>
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.		
2 Financial income		
Interest received from group enterprises	2.461	2.006
Exchange adjustments	0	98.205
	<u>2.461</u>	<u>100.211</u>
3 Financial expenses		
Other financial expenses	51.310	49.094
Exchange adjustments	1.120	0
	<u>52.430</u>	<u>49.094</u>
4 Tax on profit/loss for the year		
Current tax for the year	2.090.037	1.336.958
Deferred tax for the year	-7.181	182.786
Adjustment of tax concerning previous years	14.840	0
	<u>2.097.696</u>	<u>1.519.744</u>

Notes to the Financial Statements

	2016 DKK	2015 DKK
5 Distribution of profit		
Proposed dividend for the year	7.400.000	0
Retained earnings	-41.023	4.677.031
	7.358.977	4.677.031

6 Property, plant and equipment

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost at 1 January	2.079.236	682.972	149.305	1.671.706
Cost at 31 December	2.079.236	682.972	149.305	1.671.706
Impairment losses and depreciation at 1 January	869.055	624.385	149.305	1.473.136
Depreciation for the year	38.709	14.647	0	152.699
Impairment losses and depreciation at 31 December	907.764	639.032	149.305	1.625.835
Carrying amount at 31 December	1.171.472	43.940	0	45.871
Depreciated over	50 years	3-5 years	5 years	10 years

7 Fixed asset investments

	Other receiv- ables DKK
Cost at 1 January	512.044
Additions for the year	2.537
Cost at 31 December	514.581
Carrying amount at 31 December	514.581

Notes to the Financial Statements

	2016	2015
	DKK	DKK
8 Contract work in progress		
Selling price of work in progress	14.121.360	7.135.624
Payments received on account	-8.762.160	-5.585.493
	5.359.200	1.550.131
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	5.941.848	2.440.048
Prepayments received recognised in debt	-582.648	-889.917
	5.359.200	1.550.131
9 Deferred tax asset		
Deferred tax asset at 1 January	794.846	977.632
Amounts recognised in the income statement for the year	7.181	-182.786
Deferred tax asset at 31 December	802.027	794.846
Property, plant and equipment	205.015	237.831
Fixed asset investments	-394.242	-345.100
Pensions	-612.800	-687.577
Transferred to deferred tax asset	802.027	794.846
	0	0
Deferred tax asset		
Calculated tax asset	802.027	794.846
Carrying amount	802.027	794.846

The Company has recognised the tax assets as the Company historically has gained a surplus and expect to do this in the years to come. Based on that the Company expect to utilize the tax asset.

10 Equity

The share capital consists of 83,080 shares of a nominal value of DKK 100. No shares carry any special rights.

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

Notes to the Financial Statements

	<u>2016</u>	<u>2015</u>
	DKK	DKK
11 Provision for guarantee		
Provision for guarantee	<u>905.000</u>	<u>1.461.000</u>
	<u>905.000</u>	<u>1.461.000</u>

Provision comprises expected warranty claims. The calculation is based on actual costs of repairs under warranty.

12 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

13 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	2.305.936	2.227.745
Between 1 and 5 years	<u>1.850.258</u>	<u>2.522.144</u>
	<u>4.156.194</u>	<u>4.749.889</u>

Other contingent liabilities

The company's bankers have as at 31 December 2016 issued bank guarantees totalling DKK 2.660.937 to suppliers and customers (DKK 2.409.626 as at 31 December 2015).

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group, with Otis A/S as administration company. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income.

Notes to the Financial Statements

14 Related parties

Other related parties

The Company's other related parties with significant influence include the Board of Directors. Related parties also include companies in which the above persons have significant interests.

Transactions

Transactions with closely related parties are made at market conditions, except from remuneration to the Executive Board and the Board of Directors.

Consolidated Financial Statements

The Company is included in the Group Annual Report of:

<u>Name</u>	<u>Place of registered office</u>
United Technologies Corporation	USA

The Group Annual Report of United Technologies Corporation may be obtained at the following address:

United Technologies Corporation
United Technologies Building
Hartford, CT 06101
USA

15 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Accounting Policies

Basis of Preparation

The Annual Report of Autronica Fire and Security A/S for 2016 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.

Financial Statements for 2016 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 United Technologies Corporation, the Company has not prepared a cash flow statement.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

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, herunder afskrivninger, nedskrivninger og hensatte forpligtelser samt tilbageførsler som følge af ændrede regnskabsmæssige skøn af beløb, der tidligere har været indregnet i resultatopgørelsen.

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.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Accounting Policies

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

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

Gross profit/loss

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

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

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.

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.

Accounting Policies

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation. Finally, provisions for losses on contract work are recognised.

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments, as well as extra payments and repayment under the onaccount taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and 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.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with its parents company, UTC FS Denmark Holding A/S as well as the other subsidiaries and other Danish group companies. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses). The jointly taxed enterprises have adopted the on-account taxation scheme. Otis A/S acts as the administration company.

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.

Accounting Policies

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:

Buildings	50 years
Equipment	5 years
Plant and machinery	5 years
IT	3 years
Leasehold improvements	10 years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 12,900 are expensed in the year of acquisition.

Impairment of fixed assets

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

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Fixed asset investments

Fixed asset investments consist of rental deposits which are recognised and measured at amortised cost. Depreciation are not depreciated.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

The cost of goods for resale, raw materials and consumables equals landed cost.

Accounting Policies

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. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Contract work in progress

Contract work in progress regarding service 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.

Equity

Dividend

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

Warranty commitments include liabilities for improvement of work within the warranty period of 1-5 years. The provision for liabilities is measured and recognised on the basis of experience with warranty work.

Accounting Policies

Deferred tax assets and liabilities

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

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

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

Current tax receivables and liabilities

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

Financial debts

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$