

---

# *Amphenol Cabelcon ApS*

Industriparken 10, DK-4760 Vordingborg

## Annual Report for 2022

---

CVR No. 17 37 66 32

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 23/6 2023

Richard Adam Norwitt  
Chairman of the  
general meeting



# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	1
Independent Auditor's Report	2
<b>Management's Review</b>	
Company information	4
Financial Highlights	5
Management's Review	6
<b>Financial Statements</b>	
Income Statement 1 January - 31 December	7
Balance sheet 31 December	8
Statement of changes in equity	10
Notes to the Financial Statements	11

# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Amphenol Cabelcon ApS for the financial year 1 January - 31 December 2022.

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 2022 of the Company and of the results of the Company operations for 2022.

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.

Vordingborg, 23 June 2023

## Executive Board

Amy Elise Andersen  
CEO

## Board of Directors

Richard Adam Norwitt  
Chairman

Craig Anthony Lampo

# Independent Auditor's report

To the shareholder of Amphenol Cabelcon ApS

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Amphenol Cabelcon ApS for the financial year 1 January - 31 December 2022, 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' 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 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 Financial Statements Act.

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

## Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

# Independent Auditor's report

## Auditor's responsibilities for the audit of the Financial Statements

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

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

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

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, 23 June 2023

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Kaare von Cappeln

State Authorised Public Accountant

mne11629

Thomas Lauritsen

State Authorised Public Accountant

mne34342

## Company information

<b>The Company</b>	Amphenol Cabelcon ApS Industriparken 10 DK-4760 Vordingborg  CVR No: 17 37 66 32 Financial period: 1 January - 31 December Incorporated: 1 November 1993 Financial year: 29th financial year Municipality of reg. office: Vordingborg
<b>Board of Directors</b>	Richard Adam Norwitt, chairman Craig Anthony Lampo
<b>Executive Board</b>	Amy Elise Andersen
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup
<b>Lawyers</b>	Kromann Reumert

## Financial Highlights

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

	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Gross profit/loss	20,254	26,254	29,339	35,602	44,977
Profit/loss before financial income and expenses	8,102	10,458	8,630	3,834	10,814
Profit/loss of financial income and expenses	-891	-155	-900	475	-619
Net profit/loss	5,585	8,053	6,020	3,349	7,787
<b>Balance sheet</b>					
Balance sheet total	109,690	111,139	128,775	124,481	136,377
Investment in property, plant and equipment	737	5,513	1,438	2,287	4,560
Equity	77,955	72,370	64,317	58,297	54,948
Number of employees	66	68	76	89	87
<b>Ratios</b>					
Return on assets	7.4%	9.4%	6.7%	3.1%	7.9%
Solvency ratio	71.1%	65.1%	49.9%	46.8%	40.3%
Return on equity	7.4%	11.8%	9.8%	5.9%	28.3%
Return on equity	6.6%	11.8%	9.8%	5.9%	15.3%

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

## Market overview

The Company is engaged in the development, manufacturing, and sale of connectors for the cable television and telecommunications industries. The Company's products are primarily sold within the European market.

## Earnings for the year

The income statement of the Company for 2022 shows a profit of TDKK 5,585 (2021: TDKK 8,053) and as of 31 December 2022 the balance sheet of the Company shows equity of TDKK 77,955 (2021: TDKK 72,370).

The financial year 2022 was impacted by a lower order intake due to the global economic situation, market conditions in Europe related to the Ukraine war and increased price levels of raw metals and transportation. Thus, the revenue and operating profit landed below expectations – revenue -10% vs 2021 (expectations of +5 to 10%) and operating profit showed a drop -37% vs 2021 (expectations +25% to 50%). The company carried out organizational changes according to plan and ensured cost reductions.

The management considers the Company's result not acceptable.

## Expectations for the coming year

Taking the current business environment and the year-end result of 2022 (Net profit TDKK 5,585) into consideration, the management expects the same outlook and net profit level for 2023 TDKK 4,500-5,500.

Forecasting continues to be in focus together with operational optimization, SCM-and inventory management.

The revenue estimate for 2023 is expected to be in the same range as for 2022 +/- 5% based on a slimmer organizational structure.

## Research and development

The Company has maintained its level of development in order to penetrate new markets, partly as current product customization, which is normal for the industry, partly through the optimization of products, both in terms of technology and complexity.

## Environment, Health and Safety

Since 2002, the Company has been certified according to the ISO 14001 standard. In addition, the Company complies with standards that in many areas are beyond standards of local legislation. The Company is dedicated to improving the health and safety standards within the Company, and the outstanding level of excellence was maintained again during 2021.

## Knowledge resources

The strong segment position of the Company is a result of the total knowledge resources in the organization. It is a management objective that knowledge about products, manufacturing and market conditions are shared across the organization. An additional Management objective is to continuously ensure a high degree of quality awareness in all processes.

## Subsequent events

There are no subsequent events to be mentioned.



## Income statement 1 January - 31 December

	Note	2022	2021
		TDKK	TDKK
<b>Gross profit</b>		<b>20,254</b>	<b>26,254</b>
Distribution expenses	1	-3,748	-4,413
Administrative expenses	1	-8,404	-11,383
<b>Profit/loss before financial income and expenses</b>		<b>8,102</b>	<b>10,458</b>
Financial income	2	36	178
Financial expenses	3	-927	-333
<b>Profit/loss before tax</b>		<b>7,211</b>	<b>10,303</b>
Tax on profit/loss for the year	4	-1,626	-2,250
<b>Net profit/loss for the year</b>	5	<b>5,585</b>	<b>8,053</b>

# Balance sheet 31 December

## Assets

	Note	2022 TDKK	2021 TDKK
Acquired patents		203	343
<b>Intangible assets</b>	6	<b>203</b>	<b>343</b>
Land and buildings		8,628	9,494
Plant and machinery		3,554	4,459
Other fixtures and fittings, tools and equipment		2,431	3,233
Property, plant and equipment in progress		668	562
<b>Property, plant and equipment</b>	7	<b>15,281</b>	<b>17,748</b>
<b>Fixed assets</b>		<b>15,484</b>	<b>18,091</b>
<b>Inventories</b>	8	<b>44,142</b>	<b>50,492</b>
Trade receivables		21,939	27,432
Receivables from group enterprises		2,045	9
Other receivables		1,288	333
Deferred tax asset	9	650	313
Prepayments	10	550	518
<b>Receivables</b>		<b>26,472</b>	<b>28,605</b>
<b>Cash at bank and in hand</b>		<b>23,592</b>	<b>13,951</b>
<b>Current assets</b>		<b>94,206</b>	<b>93,048</b>
<b>Assets</b>		<b>109,690</b>	<b>111,139</b>

## Balance sheet 31 December

### Liabilities and equity

	Note	2022 TDKK	2021 TDKK
Share capital		500	500
Retained earnings		77,455	71,870
<b>Equity</b>		<b>77,955</b>	<b>72,370</b>
Other provisions	11	227	227
<b>Provisions</b>		<b>227</b>	<b>227</b>
Other payables		2,153	2,192
<b>Long-term debt</b>	12	<b>2,153</b>	<b>2,192</b>
Trade payables		8,895	13,931
Payables to group enterprises		13,000	13,000
Corporation tax		149	1,924
Other payables	12	7,311	7,495
<b>Short-term debt</b>		<b>29,355</b>	<b>36,350</b>
<b>Debt</b>		<b>31,508</b>	<b>38,542</b>
<b>Liabilities and equity</b>		<b>109,690</b>	<b>111,139</b>
Contingent assets, liabilities and other financial obligations	13		
Related parties	14		
Subsequent events	15		
Accounting Policies	16		

## Statement of changes in equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	500	71,870	72,370
Net profit/loss for the year	0	5,585	5,585
<b>Equity at 31 December</b>	<b>500</b>	<b>77,455</b>	<b>77,955</b>

# Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>1. Staff</b>		
Wages and salaries	35,833	36,582
Pensions	2,721	2,911
Other social security expenses	1,593	2,095
	<u>40,147</u>	<u>41,588</u>
Wages and salaries, pensions, other social security expenses and other staff expenses are recognised in the following items:		
Production expenses	33,373	33,309
Distribution expenses	2,203	2,793
Administrative expenses	4,571	5,486
	<u>40,147</u>	<u>41,588</u>
Including remuneration to the Executive Board:		
Executive board	1,795	
	<u>1,795</u>	
Average number of employees	<u>66</u>	<u>68</u>

Remuneration to the Executive Board for 2021 has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>2. Financial income</b>		
Interest received from group enterprises	0	12
Other financial income	36	0
Exchange gains	0	166
	<u>36</u>	<u>178</u>

## Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>3. Financial expenses</b>		
Interest paid to group enterprises	286	133
Exchange adjustments, expenses	<u>641</u>	<u>200</u>
	<u><b>927</b></u>	<u><b>333</b></u>

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>4. Income tax expense</b>		
Current tax for the year	1,903	2,780
Deferred tax for the year	-337	-530
Adjustment of tax concerning previous years	<u>60</u>	<u>0</u>
	<u><b>1,626</b></u>	<u><b>2,250</b></u>

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>5. Profit allocation</b>		
Retained earnings	<u>5,585</u>	<u>8,053</u>
	<u><b>5,585</b></u>	<u><b>8,053</b></u>

## Notes to the Financial Statements

### 6. Intangible fixed assets

	Acquired patents
	TDKK
Cost at 1 January	2,479
Cost at 31 December	2,479
Impairment losses and amortisation at 1 January	2,136
Amortisation for the year	140
Impairment losses and amortisation at 31 December	2,276
<b>Carrying amount at 31 December</b>	<b>203</b>
Amortised over	5 years

### 7. Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	37,698	62,139	12,965	562
Additions for the year	0	0	0	737
Disposals for the year	-281	-44	-388	0
Transfers for the year	310	267	54	-631
Cost at 31 December	37,727	62,362	12,631	668
Impairment losses and depreciation at 1 January	28,204	57,680	9,732	0
Depreciation for the year	1,176	1,143	856	0
Reversal of impairment and depreciation of sold assets	-281	-15	-388	0
Impairment losses and depreciation at 31 December	29,099	58,808	10,200	0
<b>Carrying amount at 31 December</b>	<b>8,628</b>	<b>3,554</b>	<b>2,431</b>	<b>668</b>
Depreciated over	10-25 years	3-12 years	3-8 years	

## Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>8. Inventories</b>		
Raw materials and consumables	10,450	11,744
Work in progress	16,997	10,960
Finished goods and goods for resale	16,695	27,788
	<u>44,142</u>	<u>50,492</u>

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>9. Deferred tax asset</b>		
Deferred tax asset at 1 January	313	-217
Amounts recognised in the income statement for the year	337	530
<b>Deferred tax asset at 31 December</b>	<u>650</u>	<u>313</u>

## 10. Prepayments

Prepayments consist of prepaid expenses concerning insurance premiums, edb service and exhibitions etc.

## 11. Other provisions

The Company provides warranties on some of its products and is therefore obliged to repair or replace goods which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, other provisions have been recognised for expected warranty claims.

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
Warrant claims	227	227
	<u>227</u>	<u>227</u>

The provisions are expected to mature as follows:

Within 1 year	0	0
After 5 years	227	227
	<u>227</u>	<u>227</u>



# Notes to the Financial Statements

## 12. Long-term debt

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

The debt falls due for payment as specified below:

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>Other payables</b>		
After 5 years	0	0
Between 1 and 5 years	2,153	2,192
Long-term part	2,153	2,192
Within 1 year	0	0
Other short-term payables	7,311	7,495
	<u>9,464</u>	<u>9,687</u>

<u>2022</u>	<u>2021</u>
TDKK	TDKK

## 13. Contingent assets, liabilities and other financial obligations

### Charges and security

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

Land and buildings with a carrying amount of	8,628	9,494
Plant and machinery with a carrying amount of	3,554	4,459

### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	107	236
Between 1 and 5 years	11	80
	<u>118</u>	<u>316</u>

### Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Mocorp Holding A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

# Notes to the Financial Statements

## 14. Related parties and disclosure of consolidated financial statements

### Transactions

Purchase of services from parent is TDKK 529 in 2022 (2021 TDKK 588)

Sale of services to parent is TDKK 0 in 2022 (2021 TDKK 206)

Interest received from parent is TDKK 0 in 2022 (2021 TDKK 12)

Purchase of goods from other related parties is TDKK 83 in 2022 (2021 TDKK 1.376)

Sale of goods to other related parties is TDKK 5.854 in 2022 (2021 TDKK 1.848)

Cost of management fee to other related parties is TDKK 0 in 2022 (2021 TDKK 1.716)

Salaries and remuneration to other related parties is TDKK 0 in 2022 (2021 TDKK 150)

### Consolidated Financial Statements

The Company is a wholly owned subsidiary of Amphenol Technologies Holding GmbH, Germany.

The Company and the parent company are part of the consolidated accounts of the ultimate parent company Amphenol Inc. The consolidated accounts for this company can be obtained by written application to Amphenol Inc., Wallingford, Amphenol, Connecticut 06492, USA or [www.amphenol.com](http://www.amphenol.com)

<u>Name</u>	<u>Place of registered office</u>
Amphenol Inc	Wallingford, Connecticut 06492, USA

## 15. Subsequent events

No circumstances have occurred after the balance sheet date that have a significant influence on the assessment of the annual report.

# Notes to the Financial Statements

## 16. Accounting policies

The Annual Report of Amphenol Cabelcon ApS for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Financial Statements for 2022 are presented in TDKK.

### 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 , 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.

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.

### 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.

### 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

### Net sales

Revenue from sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk has been made before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

### Production expenses

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, etc, as well as operation, administration and management of factories.

Cost of sales also includes research and development costs that do not qualify for capitalisation as well as amortisation of capitalised development costs.

# Notes to the Financial Statements

## Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue and cost of sales.

## 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 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 wholly owned Danish and subsidiaries of Amphenol Inc. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## Balance sheet

### Intangible fixed assets

Intangible assets is measured at cost less accumulated amortisation. Intangible assets is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

### 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. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

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:

Production buildings	10-25 years
Plant and machinery	3-12 years
Other fixtures and fittings, tools and equipment	3-8 years

Depreciation period and residual value are reassessed annually.

# Notes to the Financial Statements

## Impairment of fixed assets

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

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

## 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 of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

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

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

## 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, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

## Prepayments

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

## 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 warranty obligations in respect of repair work within the warranty period. Provisions are measured and recognised based on experience with guarantee work.

## Deferred tax assets and liabilities

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

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

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

# Notes to the Financial Statements

## 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

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

## Financial Highlights

### Explanation of financial ratios

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