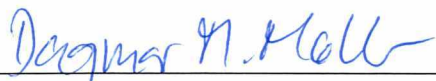


DISA Industries A/S
Højager 8
2630 Taastrup
Business Registration No
18802996

Annual report 2018

The Annual General Meeting adopted the annual report on 15.03.2019

Chairman of the General Meeting



Name: Dagmar Munkgård Møller

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Entity details

Entity

DISA Industries A/S
Højager 8
2630 Taastrup

Central Business Registration No (CVR): 18802996

Founded: 07.09.1995

Registered in: Høje Taastrup

Financial year: 01.01.2018 - 31.12.2018

Board of Directors

Peter Holm Larsen, Chairman
Dagmar Munkgård Møller
Cherie Greek Hylleborg
Ulla Hartvig Plathe Tønnesen
Jan Vilmar Thomsen

Executive Board

Ulla Hartvig Plathe Tønnesen, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of DISA Industries A/S for the financial year 01.01.2018 - 31.12.2018.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

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

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

Taastrup, 15.03.2019

Executive Board



Ulla Hartvig Plathe Tønnesen
CEO

Board of Directors



Peter Holm Larsen
Chairman



Dägmar Munkgård Møller



Cherie Greek Hylleborg



Ulla Hartvig Plathe Tønnesen



Jan Vilmar Thomsen

Independent auditor's report

To the shareholders of DISA Industries A/S

Opinion

We have audited the financial statements of DISA Industries A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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:

Independent auditor's report

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

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 the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

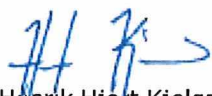
Independent auditor's report

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Copenhagen, 15.03.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556



Henrik Hjøft Kjelgaard
State Authorised Public Accountant
Identification No (MNE) mne29484



Casper Hjerresen Christensen
State Authorised Public Accountant
Identification No (MNE) mne41363

Management commentary

	2018	2017	2016	2015	2014
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Revenue	698.538	670.717	670.025	763.005	695.693
Gross profit/loss	300.138	251.829	281.172	302.590	270.549
Operating profit/loss	114.627	70.977	79.395	103.261	79.751
Net financials	10.003	(6.340)	6.215	10.281	(1.472)
Profit/loss for the year	95.066	50.585	66.676	86.671	58.880
Total assets	722.504	657.349	629.205	593.080	518.341
Investments in property, plant and equipment	0	544	5.564	426	5.651
Equity	474.799	380.142	329.295	262.458	174.193
Ratios					
Gross margin (%)	43,0	37,5	42,0	39,7	38,9
Net margin (%)	13,6	7,5	10,0	11,4	8,5
Return on equity (%)	22,2	14,3	22,5	39,7	40,4
Equity ratio (%)	65,7	57,8	52,3	44,3	33,6

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

DISA Industries A/S manufactures and sells equipment to iron and metal foundries casting in sand.

Development in activities and finances

The profit for the year after tax was DKK 95,066 thousand compared to a profit of DKK 50,585 thousand in 2017.

The revenue in 2018 of DKK 698,538 thousand was nearly as expected in the outlook in the financial statement for 2017.

Outlook

The revenue for 2019 is expected to be lower than 2018 due to lower machinery sale.

Intellectual capital resources

The Company wishes to continue its effort to strengthen its staff of highly competent employees.

Environmental performance

DISA Industries A/S are still certified under ISO 14001 and the ISO 9001 certificate was upgraded in 2018 to version 2015.

Statutory report on corporate social responsibility

For disclosure of corporate social responsibility, please refer to the Annual Report 2018 for Norican Global A/S, which prepares consolidated financial statements for the largest and smallest group that DISA Industries A/S is included in.

Statutory report on the underrepresented gender

The Company's ambition is for each gender to represent a minimum of 25 percent of the workforce. The Company strives towards achieving this ambition by recruitment, taking into account the industry in which DISA operates where the basis for candidates is predominantly male. Both male and female employees are encouraged to apply for internally advertised positions and to develop their competencies and careers. In all cases, we will employ the person best qualified for the job. Currently, the DISA Board of Directors consists of two male and three female members.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2018

	<u>Notes</u>	<u>2018</u> <u>DKK'000</u>	<u>2017</u> <u>DKK'000</u>
Revenue	2	698.538	670.717
Other operating income		4.006	4.103
Cost of sales		(310.172)	(334.970)
Other external expenses	3	<u>(92.234)</u>	<u>(88.021)</u>
Gross profit/loss		300.138	251.829
Staff costs	4	(168.987)	(162.548)
Depreciation, amortisation and impairment losses		<u>(16.524)</u>	<u>(18.304)</u>
Operating profit/loss		114.627	70.977
Other financial income	5	11.974	7.813
Other financial expenses		<u>(1.971)</u>	<u>(14.153)</u>
Profit/loss before tax		124.630	64.637
Tax on profit/loss for the year	6	<u>(29.564)</u>	<u>(14.052)</u>
Profit/loss for the year	7	<u>95.066</u>	<u>50.585</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK'000</u>	<u>2017 DKK'000</u>
Completed development projects		27.759	8.946
Acquired intangible assets		575	658
Development projects in progress		<u>1.533</u>	<u>27.546</u>
Intangible assets	8	<u>29.867</u>	<u>37.150</u>
Plant and machinery		4.461	6.758
Other fixtures and fittings, tools and equipment		1.368	3.396
Leasehold improvements		<u>7.546</u>	<u>8.714</u>
Property, plant and equipment	9	<u>13.375</u>	<u>18.868</u>
Receivables from group enterprises		209.346	208.898
Deposits		<u>4.961</u>	<u>4.880</u>
Fixed asset investments	10	<u>214.307</u>	<u>213.778</u>
Fixed assets		<u>257.549</u>	<u>269.796</u>
Raw materials and consumables		2.937	2.744
Work in progress		29.754	39.083
Manufactured goods and goods for resale		69.396	57.330
Prepayments for goods		<u>280</u>	<u>128</u>
Inventories		<u>102.367</u>	<u>99.285</u>
Trade receivables		53.199	40.494
Receivables from group enterprises		28.420	30.115
Other receivables		3.634	1.499
Prepayments	11	<u>1.215</u>	<u>1.492</u>
Receivables		<u>86.468</u>	<u>73.600</u>
Cash		<u>276.120</u>	<u>214.668</u>
Current assets		<u>464.955</u>	<u>387.553</u>
Assets		<u>722.504</u>	<u>657.349</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018</u> <u>DKK'000</u>	<u>2017</u> <u>DKK'000</u>
Contributed capital	12	30.000	30.000
Reserve for development expenditure		14.240	14.131
Retained earnings		<u>430.559</u>	<u>336.011</u>
Equity		<u>474.799</u>	<u>380.142</u>
Deferred tax	13	7.508	9.770
Other provisions	14	<u>11.375</u>	<u>11.446</u>
Provisions		<u>18.883</u>	<u>21.216</u>
Prepayments received from customers		37.414	75.535
Trade payables		34.049	41.650
Payables to group enterprises		42.966	45.361
Income tax payable		29.865	16.035
Other payables		<u>84.528</u>	<u>77.410</u>
Current liabilities other than provisions		<u>228.822</u>	<u>255.991</u>
Liabilities other than provisions		<u>228.822</u>	<u>255.991</u>
Equity and liabilities		<u>722.504</u>	<u>657.349</u>
Events after the balance sheet date	1		
Financial instruments	15		
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Assets charged and collateral	18		
Related parties with controlling interest	19		
Transactions with related parties	20		
Group relations	21		

Statement of changes in equity for 2018

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	30.000	14.131	336.011	380.142
Fair value adjustments of hedging instruments	0	0	(409)	(409)
Transfer to reserves	0	109	(109)	0
Profit/loss for the year	0	0	95.066	95.066
Equity end of year	30.000	14.240	430.559	474.799

Notes

1. Events after the balance sheet date

No events have occurred after the balance sheet date that could materially influence the financial position at 31 December 2018 or the expected development.

	2018	2017
	DKK'000	DKK'000
2. Revenue		
Denmark	3.736	2.874
Other countries	694.802	667.843
	698.538	670.717

With reference to Section 96 of the Danish Financial Statements Act, we do not provide information on the analysis of revenue by business area as this information may cause substantial damage to the Company.

	2018	2017
	DKK'000	DKK'000
3. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	266	246
Other services	105	81
	371	327

	2018	2017
	DKK'000	DKK'000
4. Staff costs		
Wages and salaries	156.483	149.689
Pension costs	10.353	10.277
Other social security costs	2.151	2.582
	168.987	162.548

Average number of employees	255	266
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	Remunera- tion of manage- ment 2018 DKK'000	Remunera- tion of manage- ment 2017 DKK'000
Total amount for management categories	1.429	1.984
	1.429	1.984

Notes

	2018	2017	
	DKK'000	DKK'000	
5. Other financial income			
Financial income arising from group enterprises	7.577	7.568	
Other interest income	4.397	245	
	11.974	7.813	
	2018	2017	
	DKK'000	DKK'000	
6. Tax on profit/loss for the year			
Current tax	29.865	16.035	
Change in deferred tax	(2.262)	(1.752)	
Adjustment concerning previous years	1.961	(231)	
	29.564	14.052	
	2018	2017	
	DKK'000	DKK'000	
7. Proposed distribution of profit/loss			
Retained earnings	95.066	50.585	
	95.066	50.585	
	Completed develop- ment projects DKK'000	Acquired intangible assets DKK'000	Develop- ment projects in progress DKK'000
8. Intangible assets			
Cost beginning of year	40.959	17.887	36.334
Transfers	36.334	0	(36.334)
Additions	1.161	335	1.533
Cost end of year	78.454	18.222	1.533
Amortisation and impairment losses beginning of year	(32.013)	(17.229)	(8.788)
Transfers	(8.788)	0	8.788
Amortisation for the year	(9.894)	(418)	0
Amortisation and impairment losses end of year	(50.695)	(17.647)	0
Carrying amount end of year	27.759	575	1.533

Notes

Development projects

The Company's development projects relate to the development of new types of machinery for iron and metal foundries with a special focus on using the latest technology, including significant automatisations of the machines.

The projects are proceeding according to plan and are expected to be completed within 1-6 years, and there is an expected market for the projects.

	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000
9. Property, plant and equipment			
Cost beginning of year	55.514	18.354	14.482
Disposals	0	(466)	0
Cost end of year	55.514	17.888	14.482
Depreciation and impairment losses beginning of year	(48.756)	(14.958)	(5.768)
Depreciation for the year	(2.297)	(2.028)	(1.168)
Reversal regarding disposals	0	466	0
Depreciation and impairment losses end of year	(51.053)	(16.520)	(6.936)
Carrying amount end of year	4.461	1.368	7.546

	Receivables from group enterprises DKK'000	Deposits DKK'000
10. Fixed asset investments		
Cost beginning of year	208.898	4.880
Exchange rate adjustments	448	0
Additions	0	81
Cost end of year	209.346	4.961
Carrying amount end of year	209.346	4.961

11. Prepayments

Prepayments relate to prepaid borrowing costs.

Notes

	<u>Number</u>	<u>Par value DKK'000</u>	<u>Nominal value DKK'000</u>
12. Contributed capital			
Ordinary shares	30.000	1000	30.000
	30.000		30.000

	<u>2018 DKK'000</u>	<u>2017 DKK'000</u>
13. Deferred tax		
Intangible assets	6.497	8.173
Property, plant and equipment	1.165	1.751
Liabilities other than provisions	(154)	(154)
	7.508	9.770

Changes during the year

Beginning of year	9.770
Recognised in the income statement	(2.262)
End of year	7.508

14. Other provisions

Other provisions are related to guarantee commitments on delivered machines, DKK 11,375 thousand. (DKK 11,446 thousand in 2017).

15. Financial instruments

The Company utilises forward currency delivery contracts to hedge future transactions and cash flows. The Company is party to a variety of foreign currency forward contracts in the management of exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Company's principal markets and are designated and effective as hedging instruments carried at fair value. At 31 December 2018 the outstanding forward contracts relates to agreed orders on delivery of machinery to customers in the US. All forward contracts outstanding at 31 December 2018 mature within a period of one year.

	<u>2018 DKK'000</u>	<u>2017 DKK'000</u>
16. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	69.315	77.368

Notes

17. Contingent liabilities

The entity participates in a Danish joint taxation arrangement in which Nortre Administration ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the joint taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

18. Assets charged and collateral

The Company has performance and payment guarantees of DKK 30,518 thousand and contractual liabilities of DKK 16,757 thousand. The Company's cash is included in a cash pool arrangement with the other affiliated companies.

19. Related parties with controlling interest

The Company is owned by DISA Holding A/S, Taastrup, Denmark (55%) and DISA Industries AG, CH-8048 Zürich, Switzerland (45%). The ultimate owner of the Company is Altor Fund IV Holding AB. Other related parties comprise the Company's Executive Board and Board of Directors, and companies in which of principal shareholder exercises control, and their subsidiaries.

20. Transactions with related parties

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

21. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Norican Global A/S, Taastrup, Denmark

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Norican Global A/S, Taastrup, Denmark

Accounting policies

Reporting class

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

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

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

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

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

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

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

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue recognised in the income statement when delivery is made and risk has passed to the buyer in relation to the applicable delivery terms. Revenue is recognised exclusive of VAT, charges and sale discounts.

Accounting policies

Other operating income

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

Cost of sales

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

Other external expenses

Other external expenses include costs relating to distribution, sale, advertising, administration, premises, loss on bad debts, operating lease expenses and similar expenses.

Payments relating to operating lease agreements and other rental agreements are recognised in the income statement over the term of the contract. The Company's total liability for operating lease and rental agreements is disclosed under contingencies.

Staff costs

Staff costs comprise wages and salaries including holiday pay and pensions and other costs for social security etc. for the Company's employees. Repayments from public authorities are included in staff costs.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on payables and foreign currency transactions realised and unrealised gains arising from investments in financial assets, as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, foreign currency transactions, financial expenses of finance leases, realised and unrealized losses arising from investments in financial assets, as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Accounting policies

Tax on profit/loss for the year

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

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc

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

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is usually 8 years, but may in certain cases be up to 20 years if the longer amortisation period is found better to reflect the use that the Company can make of the developed product etc. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. Development projects are written down to the lower of recoverable amount and carrying amount.

Intellectual property rights acquired, which consist of patents and licenses, are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licenses are amortised over the term of the agreement, but over no more than 20 years.

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

Property, plant and equipment

Plants and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The cost comprises the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost prices includes

Accounting policies

cost of materials, components, subcontractors, direct payroll and indirect production costs. Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value as follows:

Plant and machinery	10-15 years
Other fixtures and fittings, tools and equipment	4-8 years
Leasehold improvements	13 years

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Receivables

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

Inventories

Inventories are measured at cost using the FIFO principle. If the net realisable value is lower than cost, write-down is provided to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment in the production process, cost of factory administration and Management.

The net realisable value of inventories is stated as the sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

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

Accounting policies

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments.

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

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

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Income tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, the cash flow statement of DISA Industries A/S has been omitted.