



Au2mate A/S

Frichsvej 11
8600 Silkeborg
CVR No. 26198402

Annual report 2019

The Annual General Meeting adopted the
annual report on 25.05.2020

Kenneth Aaby Sachse
Chairman

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Entity details

Entity

Au2mate A/S
Frichsvej 11
8600 Silkeborg

CVR No.: 26198402
Registered office: Silkeborg
Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Kenneth Aaby Sachse, Chairman
Bo Damgaard
Carl Erik Skovgaard
Henrik Skov Andersen
Karl Klaus Bruno Dam

Executive Board

Carsten Gisselmann Jensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P. O. Box 1600
0900 Copenhagen C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Au2mate A/S for the financial year 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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.

Silkeborg, 20.03.2020

Executive Board

Carsten Gisselmann Jensen

Board of Directors

Kenneth Aaby Sachse
Chairman

Bo Damgaard

Carl Erik Skovgaard

Henrik Skov Andersen

Karl Klaus Bruno Dam

Independent auditor's report

To the shareholders of Au2mate A/S

Opinion

We have audited the financial statements of Au2mate A/S for the financial year 01.01.2019 - 31.12.2019, 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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 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:

- 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.

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.

København, 20.03.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Nikolaj Thomsen

State Authorised Public Accountant
Identification No (MNE) mne33276

Peter Mølkjær

State Authorised Public Accountant
Identification No (MNE) mne24821

Management commentary

Financial highlights

	2019 DKK'000	2018 DKK'000	2017/18 DKK'000	2016/17 DKK'000	2015/16 DKK'000
Key figures					
Gross profit/loss	64,698	16,795	64,792	60,575	58,856
Operating profit/loss	7,705	2,357	9,981	10,662	13,094
Net financials	(50)	(22)	(76)	3,195	2,506
Profit/loss for the year	9,550	2,397	11,192	11,512	12,688
Total assets	60,749	52,343	56,869	47,416	49,481
Investments in property, plant and equipment	699	203	830	633	1,315
Equity	32,900	23,277	20,899	21,748	22,858
Ratios					
Return on equity (%), 2018 recalculated to est. 12 months	34.00	43.41	52.49	51.62	57.70
Equity ratio (%)	54.16	44.47	36.75	45.87	46.20

The period 2018 consists of 3 months, why it is not directly comparable.

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

Return on equity (%):

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

Equity ratio (%):

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

Primary activities

The Company's main activities are sale, development and production of process automation solutions for domestic and foreign customers.

Development in activities and finances

The Company's income statement for 2019 shows a profit of DKK 9,550k, and the Company's balance sheet at 31.12.2019 shows equity of DKK 32,890k.

The profit in 2019 is considered satisfactory and in line with the Company's expectations from the financial statement 2018.

The comparative figures cover a period of 3 months and are therefore not directly comparable.

Uncertainty relating to recognition and measurement

The Company is an order-producing project enterprise. The value of work in progress is recognized based on the stage of completion and associated with estimates / uncertainties.

Outlook

For the financial year 2020 the Company expects a level of activity and earnings in line with 2019.

Particular risks

Operating risks

In this financial period, the activity of the Company has been sale, development and production of process automation solutions for domestic and foreign customers. The Management assesses that the Company is not exposed to any significant operating risks.

Market risks

The activity of the Company lies within the growing global industrial automation market. Consequently, the Management assesses that the Company is not exposed to any significant market risks.

Interest rate risks

The Management assesses that the Company is not exposed to any significant interest rate risks.

Foreign exchange risks

Practically the entire revenue takes place in DKK and EUR, thus Management assesses that profit/loss for the year and cash flow are not significantly affected by exchange rate fluctuations.

In general, exchange rate fluctuation relating to investments in subsidiaries abroad are not hedged, as it is the Company's opinion that an ongoing hedging of such long-term investments would not be optimum keeping risks and costs in mind.

Credit risks

The customer portfolio of the Company primarily consists of large well-reputed enterprises and groups, which are assessed as having a high credit rating. When trading with enterprises located in political unstable countries an assessment will be made whether the contract will be conditional upon an approved letter of credit.

Intellectual capital resources

The Company's most important assets are the employees. Great importance is attached to the employees possessing the highest professional level possible, so supplementary training and knowledge sharing are prioritized. Among other things, knowledge sharing takes place by means of internal courses and speeches, where employees with knowledge within specific areas share their knowledge with the remaining employees, who are to work with the areas in question. Furthermore, skills enhancement is obtained by Au2mate's partnership with leading suppliers. As Au2mate is partner with the leading suppliers, Au2mate's employees are trained within the newest technologies.

Environmental performance

The Company is conscious about the responsibility in relation to the external as well as the internal environment and takes the necessary consideration when executing the individual tasks. The Company's environmental impact is assessed to be low.

Events after the balance sheet date

The spread of COVID-19 throughout the world can potentially have an influence on the business for the company in 2020.

Year to date 2020, the spread of COVID-19 has not impacted the company significantly, however at this time it is not possible to predict the influence in the coming months.

As the potential impact is unknown at this time, this has not been included when setting the expectations for activity and earnings in 2020.

Other than the above no events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Income statement for 2019

	Notes	2019 DKK	2018 DKK
Gross profit/loss		64,698,279	16,795,220
Staff costs	1	(55,553,487)	(14,044,131)
Depreciation, amortisation and impairment losses	2	(1,439,647)	(393,922)
Operating profit/loss		7,705,145	2,357,167
Income from investments in group enterprises		3,611,784	588,572
Other financial income	3	24,373	124
Other financial expenses	4	(73,948)	(21,830)
Profit/loss before tax		11,267,354	2,924,033
Tax on profit/loss for the year	5	(1,717,161)	(526,684)
Profit/loss for the year	6	9,550,193	2,397,349

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK	2018 DKK
Other fixtures and fittings, tools and equipment		2,223,860	2,964,777
Property, plant and equipment	7	2,223,860	2,964,777
Investments in group enterprises		5,040,314	1,355,463
Deposits		880,251	879,876
Other financial assets	8	5,920,565	2,235,339
Fixed assets		8,144,425	5,200,116
Trade receivables		24,258,912	19,697,103
Contract work in progress	9	9,384,814	10,365,485
Receivables from group enterprises		2,302,932	3,243,775
Income tax receivable		0	234
Prepayments	10	475,363	845,567
Receivables		36,422,021	34,152,164
Other investments		29,172	28,224
Other investments		29,172	28,224
Cash		16,153,207	12,962,298
Current assets		52,604,400	47,142,686
Assets		60,748,825	52,342,802

Equity and liabilities

	Notes	2019 DKK	2018 DKK
Contributed capital		3,000,000	3,000,000
Reserve for net revaluation according to the equity method		4,440,314	755,463
Retained earnings		15,459,448	19,521,039
Proposed dividend		10,000,000	0
Equity		32,899,762	23,276,502
Deferred tax	11	6,438,000	5,676,380
Other provisions	12	1,491,000	1,506,000
Provisions		7,929,000	7,182,380
Other payables		1,748,740	0
Non-current liabilities other than provisions	13	1,748,740	0
Contract work in progress	9	2,401,896	1,112,387
Trade payables		3,550,865	6,225,821
Payables to group enterprises		496,892	2,636,912
Payables to shareholders and management		0	40,190
Joint taxation contribution payable		960,491	0
Other payables		9,791,743	10,853,552
Deferred income	14	969,436	1,015,058
Current liabilities other than provisions		18,171,323	21,883,920
Liabilities other than provisions		19,920,063	21,883,920
Equity and liabilities		60,748,825	52,342,802
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Assets charged and collateral	17		
Non-arm's length related party transactions	18		
Group relations	19		

Statement of changes in equity for 2019

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	3,000,000	755,463	19,521,039	0	23,276,502
Exchange rate adjustments	0	73,067	0	0	73,067
Transfer to reserves	0	3,611,784	(3,611,784)	0	0
Profit/loss for the year	0	0	(449,807)	10,000,000	9,550,193
Equity end of year	3,000,000	4,440,314	15,459,448	10,000,000	32,899,762

Notes

1 Staff costs

	2019	2018
	DKK	DKK
Wages and salaries	47,992,282	11,853,559
Pension costs	5,711,351	1,570,751
Other social security costs	662,722	156,726
Other staff costs	1,187,132	463,095
	55,553,487	14,044,131

Average number of full-time employees	81	82
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	Remuneration of management 2019 DKK	Remuneration of management 2018 DKK
Total amount for management categories	2,120,248	300,000
	2,120,248	300,000

Remuneration of Management is presented on a total amount for management categories with reference to Section 98b (3) of Danish Financial Statements Act.

2 Depreciation, amortisation and impairment losses

	2019	2018
	DKK	DKK
Depreciation of property, plant and equipment	1,439,647	393,922
	1,439,647	393,922

3 Other financial income

	2019	2018
	DKK	DKK
Other interest income	703	124
Exchange rate adjustments	22,722	0
Fair value adjustments	948	0
	24,373	124

4 Other financial expenses

	2019	2018
	DKK	DKK
Other interest expenses	73,948	9,737
Exchange rate adjustments	0	2,985
Fair value adjustments	0	9,108
	73,948	21,830

5 Tax on profit/loss for the year

	2019	2018
	DKK	DKK
Current tax	960,491	0
Change in deferred tax	761,620	526,684
Adjustment concerning previous years	(4,950)	0
	1,717,161	526,684

6 Proposed distribution of profit and loss

	2019	2018
	DKK	DKK
Ordinary dividend for the financial year	10,000,000	0
Retained earnings	(449,807)	2,397,349
	9,550,193	2,397,349

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	10,522,937
Additions	698,730
Disposals	(292,721)
Cost end of year	10,928,946
Depreciation and impairment losses beginning of year	(7,558,160)
Depreciation for the year	(1,439,647)
Reversal regarding disposals	292,721
Depreciation and impairment losses end of year	(8,705,086)
Carrying amount end of year	2,223,860

8 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	600,000	879,876
Additions	0	375
Cost end of year	600,000	880,251
Revaluations beginning of year	755,463	0
Exchange rate adjustments	73,067	0
Share of profit/loss for the year	3,611,784	0
Revaluations end of year	4,440,314	0
Carrying amount end of year	5,040,314	880,251

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Au2mate International ApS	Silkeborg	ApS	100
Au2mate Process Automation Partner Sverige AB	Sverige	AB	80
Process Automation Partner FZ-LLC	Dubai	LLC	80
Au2mate Ltd.	England	Ltd.	80
Au2mate Norge AS	Norge	AS	60

9 Contract work in progress

	2019	2018
	DKK	DKK
Contract work in progress	76,129,595	66,082,503
Progress billings regarding contract work in progress	(69,146,677)	(56,829,405)
Transferred to liabilities other than provisions	2,401,896	1,112,387
	9,384,814	10,365,485

10 Prepayments

Prepayments consists of prepaid expenses related to the Company's activities.

11 Deferred tax

	2019	2018
	DKK	DKK
Property, plant and equipment	(241,000)	26,857
Receivables	7,007,000	6,958,770
Provisions	(328,000)	(331,320)
Tax losses carried forward	0	(977,927)
Deferred tax	6,438,000	5,676,380

	2019	2018
	DKK	DKK
Changes during the year		
Beginning of year	5,676,380	5,150,000
Recognised in the income statement	761,620	526,380
End of year	6,438,000	5,676,380

12 Other provisions

Other provisions comprise expected guarantee costs relating to previously recognised revenue.

13 Non-current liabilities other than provisions

	Due after more than 12 months 2019 DKK
Other payables	1,748,740
	1,748,740

14 Deferred income

Deferred income consists of preinvoiced service contracts with customers.

15 Unrecognised rental and lease commitments

	2019 DKK	2018 DKK
Liabilities under rental or lease agreements until maturity in total	8,896,957	9,444,659

16 Contingent liabilities

	2019 DKK	2018 DKK
Recourse and non-recourse guarantee commitments	812,500	1,495,303
Contingent liabilities	812,500	1,495,303

The Entity participates in a Danish joint taxation arrangement where N. Foss & Co. A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore secondarily liable for income taxes etc for the jointly taxed entities, which is limited to the equity interest by which the entity participates in the Group, as well as secondarily liable for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements

17 Assets charged and collateral

Bank loans are secured by a term life insurance of DKK 720k nominal.

18 Non-arm's length related party transactions

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.

19 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
N. Foss & Co. A/S, Hillerød

Accounting policies

Reporting class

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

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

Consolidated financial statements

Referring to section 112 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Non-comparability

As the Company, last year, has entered into a group, the Company's financial year has been changed to the group financial period, which means last year period, only covers 3 months.

Recognition and measurement

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

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

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

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

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

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Cost of sales

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

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

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

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including payables and transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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

The Entity is jointly taxed with all Danish group enterprises. 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**Property, plant and equipment**

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-10 years
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Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables

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

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

Income tax payable or receivable

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

Prepayments

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

Other investments

Other current asset investments comprise listed securities measured at fair value (market price) at the balance sheet date.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

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 taxbase is calculated based on the planned use of each asset or the planned settlement of each liability.

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

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.

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

Other financial liabilities

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

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for

prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

Referring to Section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared as the Company is included in the cash flows of the higher-level N. Foss & Co. A/S Group.