



Probeco A/S

Bornholmsvej 2
9670 Løgstør
CVR No. 26535735

Annual report 2023

The Annual General Meeting adopted the annual report on 24.04.2024

Kim Berg
Conductor

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Entity details

Entity

Probeco A/S
Bornholmsvej 2
9670 Løgstør

Business Registration No.: 26535735
Registered office: Vesthimmerland
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Guy Marcel Georges Raynaud
Kim Fuglsang Berg Steffensen
Hans Arne Lyhr

Executive Board

Kim Fuglsang Berg Steffensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Østre Havnepromenade 26, 4th floor
9000 Aalborg

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Probeco A/S for the financial year 01.01.2023 - 31.12.2023.

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 31.12.2023 and of the results of its operations and cash flows for the financial year 01.01.2023 - 31.12.2023.

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.

Løgstør, 24.04.2024

Executive Board

Kim Fuglsang Berg Steffensen

Board of Directors

Guy Marcel Georges Raynaud

Kim Fuglsang Berg Steffensen

Hans Arne Lyhr

Independent auditor's report

To the shareholders of Probeco A/S

Opinion

We have audited the financial statements of Probeco A/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement 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 31.12.2023 and of the results of its operations and cash flows for the financial year 01.01.2023 - 31.12.2023 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 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.

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.

Aalborg, 24.04.2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Sami Nikolai El-Galaly

State Authorised Public Accountant

Identification No (MNE) mne42793

Management commentary

Financial highlights

	2023	2022	2021	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	48,386	46,815	46,750	39,636	39,769
Operating profit/loss	10,481	10,587	10,591	5,534	5,762
Net financials	(770)	(533)	(435)	(499)	(688)
Profit/loss for the year	7,217	7,752	7,917	3,925	3,948
Total assets	85,270	80,490	64,795	51,031	45,829
Investments in property, plant and equipment	6,789	12,582	7,936	5,299	2,809
Equity	40,892	34,644	27,562	20,092	17,068
Ratios					
Return on equity (%)	19.11	24.92	33.23	21.12	24.81
Equity ratio (%)	47.96	43.04	42.54	39.37	37.24

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

Return on equity (%):

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

Average equity

Equity ratio (%):

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

Total assets

Primary activities

The Company's primary activity is to make and sell office and hobby market products for export.

Development in activities and finances

The Company's year saw a net gain of DKK 7,217 k. This performance is regarded as satisfactory.

Profit/loss for the year in relation to expected developments

This year's financial result comprises DKK 7,217 k, which is in line with the expectations for the year.

Outlook

The Executive Board assesses the outlook as good and expect for the financial year 2024 a satisfactory result in line with 2023.

Environmental performance

Probeco A/S is an environmentally conscious company, which through its activities continuously undertakes to create positive environmental improvement, taking into consideration legal requirements, resources and other relevant provisions to which the company is subject. Moreover, the Company offers all customers ecofriendly plastic, cardboard and paper-based products. Probeco A/S will continuously reduce the amount of combustible waste through sorting and recycling.

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 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss	1	48,386,106	46,815,261
Staff costs	2	(30,764,330)	(31,004,755)
Depreciation, amortisation and impairment losses	3	(7,140,315)	(5,223,543)
Operating profit/loss		10,481,461	10,586,963
Other financial income	4	675,700	191,621
Other financial expenses	5	(1,445,629)	(724,250)
Profit/loss before tax		9,711,532	10,054,334
Tax on profit/loss for the year	6	(2,494,499)	(2,302,080)
Profit/loss for the year	7	7,217,033	7,752,254

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Completed development projects	9	53,294	228,777
Intangible assets	8	53,294	228,777
Plant and machinery		30,833,740	27,699,753
Other fixtures and fittings, tools and equipment		707,542	564,567
Leasehold improvements		163,023	163,778
Property, plant and equipment in progress		3,461,429	6,782,450
Prepayments for property, plant and equipment		0	123,970
Property, plant and equipment	10	35,165,734	35,334,518
Receivables from group enterprises		0	443,283
Investments in associates		115,506	115,506
Deposits		1,167,298	2,501,064
Financial assets	11	1,282,804	3,059,853
Fixed assets		36,501,832	38,623,148
Raw materials and consumables		10,025,082	8,941,070
Work in progress		3,187,378	3,631,678
Manufactured goods and goods for resale		1,549,231	1,410,658
Prepayments for goods		3,762,125	3,312,448
Inventories		18,523,816	17,295,854

Trade receivables		9,050,128	8,917,517
Receivables from group enterprises		17,425,719	12,566,079
Receivables from associates		876,308	942,037
Other receivables		125,973	335,063
Prepayments	12	94,345	89,876
Receivables		27,572,473	22,850,572
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Cash		2,671,799	1,720,271
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Current assets		48,768,088	41,866,697
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Assets		85,269,920	80,489,845
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Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		3,490,000	3,490,000
Reserve for development expenditure		41,569	178,451
Retained earnings		32,367,463	30,006,991
Proposed dividend		4,993,443	968,500
Equity		40,892,475	34,643,942
Deferred tax	13	2,763,000	2,119,000
Provisions		2,763,000	2,119,000
Lease liabilities		12,295,039	12,382,337
Other payables		2,377,904	2,644,539
Non-current liabilities other than provisions	14	14,672,943	15,026,876
Current portion of non-current liabilities other than provisions	14	4,355,920	6,570,114
Bank loans		5,132,271	4,081,358
Payables to other credit institutions		4,585,365	0
Deposits		640,747	1,324,718
Trade payables		5,575,482	7,666,374
Payables to group enterprises		337,009	1,414,011
Tax payable		1,095,141	1,337,098
Other payables		5,219,567	6,306,354
Current liabilities other than provisions		26,941,502	28,700,027
Liabilities other than provisions		41,614,445	43,726,903
Equity and liabilities		85,269,920	80,489,845
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Assets charged and collateral	18		
Related parties with controlling interest	19		
Non-arm's length related party transactions	20		

Statement of changes in equity for 2023

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	3,490,000	178,451	30,006,991	968,500	34,643,942
Ordinary dividend paid	0	0	0	(968,500)	(968,500)
Transfer to reserves	0	(136,882)	136,882	0	0
Profit/loss for the year	0	0	2,223,590	4,993,443	7,217,033
Equity end of year	3,490,000	41,569	32,367,463	4,993,443	40,892,475

Cash flow statement for 2023

	Notes	2023 DKK	2022 DKK
Operating profit/loss		10,481,461	10,586,963
Amortisation, depreciation and impairment losses		7,140,315	5,223,543
Working capital changes	15	(5,092,285)	(7,216,518)
Cash flow from ordinary operating activities		12,529,491	8,593,988
Financial income received		684,125	120,756
Financial expenses paid		(1,445,629)	(724,250)
Taxes refunded/(paid)		(2,092,456)	(1,930,900)
Cash flows from operating activities		9,675,531	6,059,594
Acquisition etc of intangible assets		(37,250)	(70,195)
Acquisition etc of property, plant and equipment		(6,788,799)	(12,581,780)
Sale of property, plant and equipment		30,000	0
Deposits		557,760	0
Cash flows from investing activities		(6,238,289)	(12,651,975)
Free cash flows generated from operations and investments before financing		3,437,242	(6,592,381)
Loans raised		4,864,631	11,574,918
Repayments of loans etc		(7,432,758)	(5,627,360)
Dividend paid		(968,500)	(669,600)
Other cash flows from financing activities		1,050,913	1,467,217
Cash flows from financing activities		(2,485,714)	6,745,175
Increase/decrease in cash and cash equivalents		951,528	152,794
Cash and cash equivalents beginning of year		1,720,271	1,567,477
Cash and cash equivalents end of year		2,671,799	1,720,271
Cash and cash equivalents at year-end are composed of:			
Cash		2,671,799	1,720,271
Cash and cash equivalents end of year		2,671,799	1,720,271

Notes

1 Gross profit/loss

The company has received other salary refunds (sick day refunds etc.) amounting to DKK 403,564 (2022: DKK 601,295) and lease amounting to DKK 2,560,428 (2022: DKK 1,129,255).

2 Staff costs

	2023	2022
	DKK	DKK
Wages and salaries	27,579,118	27,981,902
Pension costs	2,341,457	2,102,185
Other social security costs	843,755	920,668
	30,764,330	31,004,755
Average number of full-time employees	59	60

According to section 98B(2)no.2 of the Danish Financial Statement Act, remuneration to management has not been disclosed for 2020 and 2019, because it will lead to an individual's remuneration disclosed. The Board of Directors does not receive remuneration.

3 Depreciation, amortisation and impairment losses

	2023	2022
	DKK	DKK
Amortisation of intangible assets	212,733	284,178
Depreciation of property, plant and equipment	6,923,085	4,939,365
Profit/loss from sale of intangible assets and property, plant and equipment	4,497	0
	7,140,315	5,223,543

4 Other financial income

	2023	2022
	DKK	DKK
Financial income from group enterprises	651,459	172,592
Other interest income	5,893	2,555
Other financial income	18,348	16,474
	675,700	191,621

5 Other financial expenses

	2023	2022
	DKK	DKK
Other interest expenses	953,736	623,604
Other financial expenses	491,893	100,646
	1,445,629	724,250

6 Tax on profit/loss for the year

	2023	2022
	DKK	DKK
Current tax	1,899,141	1,825,080
Change in deferred tax	644,000	477,000
Adjustment concerning previous years	(48,642)	0
	2,494,499	2,302,080

7 Proposed distribution of profit and loss

	2023	2022
	DKK	DKK
Ordinary dividend for the financial year	4,993,443	968,500
Retained earnings	2,223,590	6,783,754
	7,217,033	7,752,254

8 Intangible assets

	Completed development projects DKK
Cost beginning of year	504,930
Additions	37,250
Disposals	(417,347)
Cost end of year	124,833
Amortisation and impairment losses beginning of year	(276,153)
Amortisation for the year	(212,733)
Reversal regarding disposals	417,347
Amortisation and impairment losses end of year	(71,539)
Carrying amount end of year	53,294

9 Development projects

Completed development projects comprises implementation of new production method and new products delivered to one of the Company's clients.

10 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Property, plant and equipment in progress DKK	Prepayments for property, plant and equipment DKK
Cost beginning of year	60,851,674	2,735,572	324,017	6,782,450	123,970
Transfers	6,782,450	123,970	0	(6,782,450)	(123,970)
Additions	2,949,180	303,879	74,311	3,461,429	0
Disposals	(509,059)	(34,003)	(46,012)	0	0
Cost end of year	70,074,245	3,129,418	352,316	3,461,429	0
Depreciation and impairment losses beginning of year	(33,151,921)	(2,171,005)	(160,239)	0	0
Depreciation for the year	(6,563,146)	(284,873)	(75,066)	0	0
Reversal regarding disposals	474,562	34,002	46,012	0	0
Depreciation and impairment losses end of year	(39,240,505)	(2,421,876)	(189,293)	0	0
Carrying amount end of year	30,833,740	707,542	163,023	3,461,429	0
Recognised assets not owned by entity	19,913,013	198,193	0	3,224,379	0

11 Financial assets

	Receivables from group enterprises DKK	Investments in associates DKK	Deposits DKK
Cost beginning of year	443,283	115,506	2,501,064
Exchange rate adjustments	(3,223)	0	0
Additions	0	0	126,484
Disposals	(440,060)	0	(1,460,250)
Cost end of year	0	115,506	1,167,298
Carrying amount end of year	0	115,506	1,167,298

Investments in associates	Registered in	Corporate form	Equity interest %
T3L USA Inc.	USA	Inc.	25

12 Prepayments

Prepayments consists of prepaid costs.

13 Deferred tax

	2023	2022
	DKK	DKK
Intangible assets	(5,500)	(18,000)
Property, plant and equipment	5,858,000	6,299,000
Liabilities other than provisions	(3,089,500)	(4,162,000)
Deferred tax	2,763,000	2,119,000

	2023	2022
	DKK	DKK
Changes during the year		
Beginning of year	2,119,000	1,642,000
Recognised in the income statement	644,000	477,000
End of year	2,763,000	2,119,000

14 Non-current liabilities other than provisions

	Due within 12	Due within 12	Due after	Outstanding
	months	months	more than 12	after 5 years
	2023	2022	months	2023
	DKK	DKK	DKK	DKK
Lease liabilities	4,355,920	6,536,363	12,295,039	433,004
Other payables	0	33,751	2,377,904	2,377,904
	4,355,920	6,570,114	14,672,943	2,810,908

15 Changes in working capital

	2023	2022
	DKK	DKK
Increase/decrease in inventories	(17,097)	(1,359,032)
Increase/decrease in receivables	(4,721,901)	(7,454,546)
Increase/decrease in trade payables etc	(353,287)	1,597,060
	(5,092,285)	(7,216,518)

16 Unrecognised rental and lease commitments

	2023	2022
	DKK	DKK
Liabilities under rental or lease agreements until maturity in total	4,193,926	4,886,816

17 Contingent liabilities

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

18 Assets charged and collateral

Bank debt is secured by way of floating company charge for DKK 5,500k and of a deposited mortgage deed registered to the mortgager for DKK 9,000k. Floating company charge and deposited mortgage deed is related to operating equipment, intangible assets and inventories at a carrying amount of DKK 48.799k.

Other credit institutions are secured by trade receivables of DKK 9,367k.

The company is liable for affiliates' debts to bank connections. As of 31th of December 2023 Bank debt in affiliated companies amounts to DKK 0.

19 Related parties with controlling interest

T3L Holding SAS, France, wholly owns the shares of the Entity and thus has control over the Entity.

20 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.

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.

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.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, 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 is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

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 normal inventory writedowns.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and normal writedowns of the relevant inventories.

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 intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income

Other financial income comprises interest income.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and 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

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed.

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. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

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

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives of the assets. The amortisation period is 5 years. For development projects, protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights.

Property, plant and equipment

Plant and machinery as well as 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. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

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:

	Useful life
Plant and machinery	5 - 8 years
Other fixtures and fittings, tools and equipment	2 - 5 years
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually. Residual value max is 20 % of cost for plant and machinery.

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

Investments in associates

Investments in associates are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Investments in associates fall within the definitions of both participating interests and associates, yet in the financial statements they have been presented as investments in associates because this designation reflects more accurately the Company's involvement in the relevant entities.

Receivables

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

Inventories

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Prepayments

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

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 the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary

differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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.

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

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.

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

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk.