

Bloomingville A/S
Lene Haus Vej 3 - 5
7430 Ikast
Business Registration No
27919081

Annual report 2018

The Annual General Meeting adopted the annual report on 26.03.2019

Chairman of the General Meeting

Name: Eugene Lee Wang

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2018	8
Balance sheet at 31.12.2018	9
Statement of changes in equity for 2018	11
Cash flow statement 2018	12
Notes	13
Accounting policies	18

Entity details

Entity

Bloomingville A/S
Lene Haus Vej 3 - 5
7430 Ikast

Central Business Registration No (CVR): 27919081
Registered in: Ikast-Brande
Financial year: 01.01.2018 - 31.12.2018

Board of Directors

Eugene Lee Wang, Chairman
Robert Lee Wang
Robert David McIntire

Executive Board

Lars Krog, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Papirfabrikken 26
8600 Silkeborg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Bloomingtonville 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 and cash flows 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.

Ikast, 26.03.2019

Executive Board

Lars Krog
CEO

Board of Directors

Eugene Lee Wang
Chairman

Robert Lee Wang

Robert David McIntire

Independent auditor's report

To the shareholders of Bloomingville A/S

Opinion

We have audited the financial statements of Bloomingville A/S for the financial year 01.01.2018 - 31.12.2018, 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 31.12.2018 and of the results of its operations and cash flows 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.

Silkeborg, 26.03.2019

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556

Hans Trærup

State Authorised Public Accountant

Identification No (MNE) mne10648

Jesper Stier

State Authorised Public Accountant

Identification No (MNE) mne42245

Management commentary

	2018	2017	2016	2015	2014
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Gross profit	42.935	40.150	59.861	68.482	53.155
Operating profit/loss	5.326	3.838	25.269	36.061	28.974
Net financials	(440)	(1.000)	1.076	2.180	360
Profit/loss for the year	3.797	2.195	20.606	29.444	21.940
Total assets	92.150	76.827	92.956	86.846	56.298
Investments in property, plant and equipment	1.713	1.629	4.761	2.744	2.122
Equity	57.258	51.569	72.214	61.207	42.262
Cash flows from (used in) investing activities	(1.401)	(1.627)	(4.511)	(2.952)	(2.416)
Ratios					
Return on equity (%)	7,0	3,5	30,9	56,9	65,3
Equity ratio (%)	62,1	67,1	77,7	70,5	75,1

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

Ratios	Calculation formula	Calculation formula reflects
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

The Company's primary activities are brand development and wholesale trading of house interior and furniture products.

Development in activities and finances

The Company's income statement for 2018 shows a profit after tax of 3,797 tDKK, which is an increase of more than 70%.

In 2018, the Company focused on sales efforts with existing product portfolio on existing markets. Both revenue and gross profit showed growth in 2018.

The performance is considered satisfactory.

Targets and outlook for the coming year

The Company expects a positive development of revenue for 2019 with a growth rate of 5-10%, due to continued focus on optimizing the product portfolio, servicing existing and developing new markets. Profit after tax is expected to grow with minimum 50%, with an unchanged number of employees for 2019.

Unusual circumstances

The Company's assets, liabilities and financial position at 31 December 2018 as well as the results of the Company's activities and cash flows for 2018 have not been affected by unusual circumstances.

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 DKK</u>	<u>2017 DKK</u>
Gross profit		42.934.752	40.149.526
Staff costs	1	(34.509.023)	(33.064.883)
Depreciation, amortisation and impairment losses		<u>(3.099.358)</u>	<u>(3.246.767)</u>
Operating profit/loss		5.326.371	3.837.876
Other financial income		1.789.863	1.271.059
Other financial expenses		<u>(2.230.272)</u>	<u>(2.271.513)</u>
Profit/loss before tax		4.885.962	2.837.422
Tax on profit/loss for the year	2	<u>(1.088.649)</u>	<u>(642.872)</u>
Profit/loss for the year	3	<u>3.797.313</u>	<u>2.194.550</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Acquired patents		58.082	85.247
Intangible assets	4	58.082	85.247
Other fixtures and fittings, tools and equipment		2.843.119	4.411.289
Leasehold improvements		168.574	271.816
Property, plant and equipment	5	3.011.693	4.683.105
Deposits		1.368.595	1.396.361
Fixed asset investments	6	1.368.595	1.396.361
Fixed assets		4.438.370	6.164.713
Manufactured goods and goods for resale		64.475.657	46.066.527
Prepayments for goods		479.853	1.875.511
Inventories		64.955.510	47.942.038
Trade receivables		16.220.178	14.321.141
Other receivables	7	2.781.641	2.956.326
Prepayments	8	3.733.020	3.538.241
Receivables		22.734.839	20.815.708
Cash		21.229	1.904.113
Current assets		87.711.578	70.661.859
Assets		92.149.948	76.826.572

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Contributed capital		500.000	500.000
Retained earnings		51.758.466	51.069.020
Proposed dividend		5.000.000	0
Equity		57.258.466	51.569.020
Deferred tax	9	2.370.342	1.357.664
Provisions		2.370.342	1.357.664
Finance lease liabilities		535.775	809.433
Non-current liabilities other than provisions	10	535.775	809.433
Current portion of long-term liabilities other than provisions	10	267.740	542.091
Bank loans		14.093.304	0
Prepayments received from customers		902.947	1.541.086
Trade payables		6.363.409	7.184.687
Payables to group enterprises		6.777.872	7.345.635
Income tax payable		609.649	527.872
Other payables		2.970.444	5.949.084
Current liabilities other than provisions		31.985.365	23.090.455
Liabilities other than provisions		32.521.140	23.899.888
Equity and liabilities		92.149.948	76.826.572
Contingent liabilities	12		
Assets charged and collateral	13		
Transactions with related parties	14		
Group relations	15		

Statement of changes in equity for 2018

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	500.000	51.069.020	0	51.569.020
Fair value adjustments of hedging instruments	0	2.425.811	0	2.425.811
Tax of entries on equity	0	(533.678)	0	(533.678)
Profit/loss for the year	0	(1.202.687)	5.000.000	3.797.313
Equity end of year	500.000	51.758.466	5.000.000	57.258.466

Cash flow statement for 2018

	Notes	2018 DKK	2017 DKK
Operating profit/loss		5.326.371	3.837.876
Amortisation, depreciation and impairment losses		3.099.358	3.246.767
Working capital changes	11	(20.917.083)	10.739.839
Cash flow from ordinary operating activities		(12.491.354)	17.824.482
Financial income received		1.789.863	1.264.708
Financial income paid		(2.230.272)	(2.265.162)
Income taxes refunded/(paid)		(527.872)	(4.540.231)
Other cash flows from operating activities		0	(700.000)
Cash flows from operating activities		(13.459.635)	11.583.797
Acquisition etc of property, plant and equipment		(1.743.519)	(1.629.086)
Sale of property, plant and equipment		342.738	1.640
Cash flows from investing activities		(1.400.781)	(1.627.446)
Repayment of debt to group enterprises		(567.763)	(154.365)
Reduction of lease commitments		(548.009)	(742.697)
Dividend paid		0	(12.500.000)
Cash flows from financing activities		(1.115.772)	(13.397.062)
Increase/decrease in cash and cash equivalents		(15.976.188)	(3.440.711)
Cash and cash equivalents beginning of year		1.904.113	5.344.824
Cash and cash equivalents end of year		(14.072.075)	1.904.113
Cash and cash equivalents at year-end are composed of:			
Cash		21.229	1.904.113
Short-term debt to banks		(14.093.304)	0
Cash and cash equivalents end of year		(14.072.075)	1.904.113

Notes

	2018	2017
	DKK	DKK
1. Staff costs		
Wages and salaries	28.672.313	27.257.047
Pension costs	3.623.129	3.347.051
Other social security costs	533.789	552.005
Other staff costs	1.679.792	1.908.780
	34.509.023	33.064.883
 Average number of employees	 72	 72

	Remunera- tion of manage- ment 2018 DKK	Remunera- tion of manage- ment 2017 DKK
Total amount for management categories	1.851.261	2.802.372
	1.851.261	2.802.372

Special incentive programmes

The Executive Board has an incentive programme consisting of a share bonus agreement. The bonus agreement was effective as from 1 January 2015.

	2018	2017
	DKK	DKK
2. Tax on profit/loss for the year		
Current tax	609.649	527.872
Change in deferred tax	479.000	115.000
	1.088.649	642.872
 3. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	5.000.000	0
Retained earnings	(1.202.687)	2.194.550
	3.797.313	2.194.550

Notes

	Acquired patents	
	DKK	
4. Intangible assets		
Cost beginning of year		178.815
Additions		30.300
Cost end of year		209.115
Amortisation and impairment losses beginning of year		(93.568)
Amortisation for the year		(57.465)
Amortisation and impairment losses end of year		(151.033)
Carrying amount end of year		58.082
	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
5. Property, plant and equipment		
Cost beginning of year	14.533.625	1.258.187
Additions	1.696.575	16.644
Disposals	(1.229.720)	0
Cost end of year	15.000.480	1.274.831
Depreciation and impairment losses beginning of year	(10.122.336)	(986.371)
Depreciation for the year	(2.823.473)	(119.886)
Reversal regarding disposals	788.448	0
Depreciation and impairment losses end of year	(12.157.361)	(1.106.257)
Carrying amount end of year	2.843.119	168.574
Recognised assets not owned by entity	484.195	-

Notes

	Deposits
	DKK
6. Fixed asset investments	
Cost beginning of year	1.396.361
Additions	(27.766)
Cost end of year	1.368.595
Carrying amount end of year	1.368.595

7. Other receivables

Other receivable rent totals DKK 1,836k of which DKK 351k falls due in the next financial year. An amount of DKK 0k falls due after 5 years from the balance sheet date.

The Company hedges foreign currency risks on expected transactions in USD within the next year through currency options.

		Contractual value 2018 DKK'000	Fair value recog- nised in other receivables 2018 DKK'000
	Period		
Currency options	0-6 months	16.111	296
		16.111	296

Forward exchange contracts relate to hedging of goods purchased, see the Company's policy in this respect. Fair value adjustments are recognised in equity and are expected to be realised and recognised in the income statement after the balance sheet date. The forward exchange contracts have been concluded with the Company's usual bank.

8. Prepayments

Prepayments consist of prepayments relating to fairs, catalogues for the new year and prepayments relating to costs in the subsequent financial year.

Notes

	2018	2017
	DKK	DKK
9. Deferred tax		
Intangible assets	(12.995)	(6.925)
Property, plant and equipment	(189.997)	81.498
Inventories	1.922.738	1.436.720
Provisions	(88.000)	(88.000)
Liabilities other than provisions	(70.250)	(297.335)
Other taxable temporary differences	808.846	231.706
	2.370.342	1.357.664

Changes during the year

Beginning of year	1.357.664
Recognised in the income statement	479.000
Recognised directly in equity	533.678
End of year	2.370.342

	Due within 12 months	Due within 12 months	Due after more than 12 months
	2018	2017	2018
	DKK	DKK	DKK
10. Liabilities other than provisions			
Finance lease liabilities	267.740	542.091	535.775
	267.740	542.091	535.775

	2018	2017
	DKK	DKK
11. Change in working capital		
Increase/decrease in inventories	(17.013.472)	10.543.664
Increase/decrease in receivables	(1.623.587)	722.142
Increase/decrease in trade payables etc	(2.280.024)	(525.967)
	(20.917.083)	10.739.839

12. Contingent liabilities

Operating rental and lease commitments total DKK 58k of which DKK 58k falls due in the next financial year, whereas DKK 0k falls due more than five years after the balance sheet date.

The Company has entered into a tenancy agreement with an annual rent of DKK 2,660k. The tenancy cannot be terminated by the tenant to be vacated not earlier than 1 June 2021.

Notes

The Company has entered into a business agreement on outsourcing of IT. Relating contingent liabilities amount to DKK 261k. The agreement may be terminated by 6 months' notice not to expire earlier than 30 June 2019.

The Entity participates in a Danish joint taxation arrangement in which BV Holding Company ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore alternatively liable from the financial year 2013 for income taxes etc for the jointly taxed entities, but only for the share by which the Entity is included in the Group, and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

13. Assets charged and collateral

Bank debt is secured on a floating charge of nominal DKK 14,000k. The charge covers unsecured claims from sale of goods and services, operating equipment, finished goods inventories as well as goodwill, domain names and rights relating to certain acts.

At 31 December 2018, the carrying amount of mortgaged assets relating to the floating charge consists of:

- Trade receivables, DKK 16,620k.
- Other fixtures and fittings, tools and equipment, DKK 2,843k.
- Inventories, DKK 64,076k.

14. Transactions with related parties

All transactions with related parties have been conducted on an arm's length basis.

15. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Regent Holding Company, LLC. 6000 Freeport Avenue, Memphis, TN 38141.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
BV Holding Company ApS, Lene Haus Vej 3-5, 7430 Ikast

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 (medium).

The accounting policies applied to these financial statements are consistent with those applied last year, however, some account items have been changed by reclassification.

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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods, other operating income, cost of raw materials and consumables and external expenses.

Revenue

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.

Accounting policies

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 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 as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation 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 plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of 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, net capital losses on transactions in foreign currencies, amortisation of financial liabilities 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 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).

Accounting policies

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise acquired intellectual property.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration.

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

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	3-5 years
Leasehold improvements	3 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.

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

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.

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

Receivables

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

Prepayments

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

Accounting policies

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.

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-based value of assets is calculated based on the planned use of each asset.

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.

Finance lease liabilities

Lease commitments 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 commitments 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.

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 payable or receivable 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 as well as 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 acquisition and divestment activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and plant and equipment, including acquisition of assets held under finance leases.

Accounting policies

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 and payment of dividend.

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