

Kvadrat Soft Cells A/S

Lundbergsvej 10

8400 Ebeltoft

Business Registration No

28989520

Annual report 2017

The Annual General Meeting adopted the annual report on 31.05.2018

Chairman of the General Meeting

Name: Søren Stenderup Jensen

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Entity details

Entity

Kvadrat Soft Cells A/S
Lundbergsvej 10
8400 Ebeltøft

Central Business Registration No (CVR): 28989520
Registered in: Syddjurs
Financial year: 01.01.2017 - 31.12.2017

Board of Directors

Søren Stenderup Jensen, Chairman
Jacob Lahn Sloth
Anders Byriel
Mads Bo Nygård
Kim Graven Nielsen
John Charles Thorpe

Executive Board

Arne Molberg, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Kvadrat Soft Cells A/S for the financial year 01.01.2017 - 31.12.2017.

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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

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.

Ebeltoft, 31.05.2018

Executive Board

Arne Molberg
CEO

Board of Directors

Søren Stenderup Jensen
Chairman

Jacob Lahn Sloth

Anders Byriel

Mads Bo Nygård

Kim Graven Nielsen

John Charles Thorpe

Independent auditor's report

To the shareholders of Kvadrat Soft Cells A/S

Qualified opinion

We have audited the financial statements of Kvadrat Soft Cells A/S for the financial year 01.01.2017 - 31.12.2017, 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, except for the possible effect of the matter described in the Basis for qualified opinion section, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Basis for qualified opinion

As stated in note 1, the value of one of the contract works in progress and related inventories, totalling DKK 15,721k, is subject to significant uncertainty. We have not been able to obtain adequate assurance about the value of the construction contract and the related inventories. We therefore modify our opinion in respect of the stated construction contract and the related inventories.

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

Independent auditor's report

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

Independent auditor's report

Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 31.05.2018

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR)

33963556

Michael Bach

State Authorised Public Accountant

Identification No (MNE) mne19691

Jens Lauridsen

State Authorised Public Accountant

Identification No (MNE) mne34323

Management commentary

Primary activities

The Company's objective consist in development, production, marketing and sale of building components.

Development in activities and finances

Loss for the year amounts to DKK 4,115k, which is considered unsatisfactory.

An improved result is expected for the coming financial year.

The company has lost more than 50% of its contributed capital. Management expects equity to be restored through the company's future earnings.

Uncertainty relating to recognition and measurement

The Company's contract work in progress is measured at the selling price of work carried out at the balance sheet date based on the stage of completion.

One of the contract works in progress and related inventories have become subject to uncertainty as certain contract elements have been violated due to significant delays in delivery and payment. The contract is recognised in the financial statements at DKK 11,346k under contract work in progress and DKK 4,375k under inventories.

It is still Management's assessment that delivery and payment, except for the delay, will be effected in accordance with the terms of the contract. Management has therefore maintained the valuation and recognition under the stage-of-completion method.

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 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Gross profit		9.528.335	19.868.540
Staff costs	2	(10.789.609)	(8.646.434)
Depreciation, amortisation and impairment losses	3	(1.786.109)	(1.351.373)
Other operating expenses		<u>(238.601)</u>	<u>0</u>
Operating profit/loss		(3.285.984)	9.870.733
Income from investments in group enterprises		(602.831)	722.172
Other financial income		2.985	706.244
Other financial expenses		<u>(1.196.272)</u>	<u>(526.083)</u>
Profit/loss before tax		(5.082.102)	10.773.066
Tax on profit/loss for the year	4	<u>966.780</u>	<u>(2.273.396)</u>
Profit/loss for the year		<u>(4.115.322)</u>	<u>8.499.670</u>
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		0	15.000.000
Transferred to reserve for net revaluation according to the equity method		(2.209)	3.410.120
Retained earnings		<u>(4.113.113)</u>	<u>(9.910.450)</u>
		<u>(4.115.322)</u>	<u>8.499.670</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Completed development projects		940.493	1.410.737
Acquired intangible assets		605.958	1.077.946
Intangible assets	5	1.546.451	2.488.683
Leasehold improvements		2.172.572	2.377.204
Property, plant and equipment	6	2.172.572	2.377.204
Investments in group enterprises		46.198.723	4.115.940
Deposits		300.214	302.650
Fixed asset investments	7	46.498.937	4.418.590
Fixed assets		50.217.960	9.284.477
Raw materials and consumables		4.558.663	5.023.080
Inventories		4.558.663	5.023.080
Trade receivables		5.385.088	12.751.748
Contract work in progress	8	11.345.844	8.050.620
Receivables from group enterprises		10.079.244	2.619.330
Other receivables		2.127.253	1.076.727
Joint taxation contribution receivable		815.766	0
Prepayments	9	1.001.649	850.309
Receivables		30.754.844	25.348.734
Cash	10	4.848	44.754.977
Current assets		35.318.355	75.126.791
Assets		85.536.315	84.411.268

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Contributed capital		1.250.000	1.250.000
Reserve for net revaluation according to the equity method		0	51.510
Reserve for development expenditure		483.981	725.975
Retained earnings		(2.604.924)	1.266.195
Proposed dividend		0	15.000.000
Equity		<u>(870.943)</u>	<u>18.293.680</u>
Deferred tax	11	<u>3.578.000</u>	<u>3.729.014</u>
Provisions		<u>3.578.000</u>	<u>3.729.014</u>
Bank loans		<u>36.800.000</u>	<u>0</u>
Non-current liabilities other than provisions	12	<u>36.800.000</u>	<u>0</u>
Current portion of long-term liabilities other than provisions	12	4.600.000	0
Bank loans		24.117.753	51.862.428
Prepayments received from customers		2.385.550	0
Trade payables		1.816.280	2.739.322
Payables to group enterprises		4.758.349	2.160.446
Other payables		<u>8.351.326</u>	<u>5.626.378</u>
Current liabilities other than provisions		<u>46.029.258</u>	<u>62.388.574</u>
Liabilities other than provisions		<u>82.829.258</u>	<u>62.388.574</u>
Equity and liabilities		<u>85.536.315</u>	<u>84.411.268</u>
Uncertainty relating to recognition and measurement	1		
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Assets charged and collateral	15		
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Statement of changes in equity for 2017

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Reserve for development expenditure DKK	Retained earnings DKK
Equity beginning of year	1.250.000	51.510	725.975	1.266.195
Ordinary dividend paid	0	0	0	0
Exchange rate adjustments	0	(49.301)	0	0
Transfer to reserves	0	0	(241.994)	241.994
Profit/loss for the year	0	(2.209)	0	(4.113.113)
Equity end of year	1.250.000	0	483.981	(2.604.924)

	Proposed dividend DKK	Total DKK
Equity beginning of year	15.000.000	18.293.680
Ordinary dividend paid	(15.000.000)	(15.000.000)
Exchange rate adjustments	0	(49.301)
Transfer to reserves	0	0
Profit/loss for the year	0	(4.115.322)
Equity end of year	0	(870.943)

Notes

1. Uncertainty relating to recognition and measurement

The Company's contract work in progress is measured at the selling price of work carried out at the balance sheet date based on the stage of completion.

One of the contract works in progress and related inventories have become subject to uncertainty as certain contract elements have been violated due to significant delays in delivery and payment. The contract is recognised in the financial statements at DKK 11,346k under contract work in progress and DKK 4,375k under inventories.

It is still Management's assessment that delivery and payment, except for the delay, will be effected in accordance with the terms of the contract. Management has therefore maintained the valuation and recognition under the stage-of-completion method.

	2017	2016
	DKK	DKK
2. Staff costs		
Wages and salaries	9.967.165	7.964.254
Pension costs	738.963	611.075
Other social security costs	83.481	71.105
	10.789.609	8.646.434
 Average number of employees	 11	 10

	2017	2016
	DKK	DKK
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	1.050.827	1.351.373
Depreciation of property, plant and equipment	735.282	0
	1.786.109	1.351.373

	2017	2016
	DKK	DKK
4. Tax on profit/loss for the year		
Current tax	(815.766)	708.149
Change in deferred tax	(151.014)	1.475.990
Adjustment concerning previous years	0	89.257
	(966.780)	2.273.396

Notes

	Completed develop- ment projects DKK	Acquired intangible assets DKK
5. Intangible assets		
Cost beginning of year	6.176.230	5.817.312
Additions	0	108.595
Cost end of year	6.176.230	5.925.907
Amortisation and impairment losses beginning of year	(4.765.493)	(4.739.366)
Amortisation for the year	(470.244)	(580.583)
Amortisation and impairment losses end of year	(5.235.737)	(5.319.949)
Carrying amount end of year	940.493	605.958
Development projects consist of capitalised costs relating to development of new products as well as improvement of already existing products.		
		Leasehold improve- ments DKK
6. Property, plant and equipment		
Cost beginning of year		2.377.204
Additions		530.650
Cost end of year		2.907.854
Depreciation for the year		(735.282)
Depreciation and impairment losses end of year		(735.282)
Carrying amount end of year		2.172.572

Notes

	Invest- ments in group enterprises DKK	Deposits DKK
7. Fixed asset investments		
Cost beginning of year	860.600	302.650
Additions	46.154.601	0
Disposals	0	(2.436)
Cost end of year	47.015.201	300.214
Revaluations beginning of year	3.255.340	0
Exchange rate adjustments	(49.301)	0
Amortisation of goodwill	(4.354.392)	0
Share of profit/loss for the year	3.751.561	0
Dividend	(3.419.686)	0
Revaluations end of year	(816.478)	0
Carrying amount end of year	46.198.723	300.214
Goodwill or negative goodwill recognized during the financial year	39.189.520	-
	Registered in	Equity inte- rest %
Investments in group enterprises comprise:		
Kvadrat Soft Cells Sp. z.o.o.	Poland	100,0
Fabric Systems Limited	England	100,0
	2017 DKK	2016 DKK
8. Contract work in progress		
Contract work in progress	45.936.865	45.936.865
Progress billings regarding contract work in progress	(34.591.021)	(37.886.245)
	11.345.844	8.050.620

Notes

9. Prepayments

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

10. Cash

Cash recognised in the financial statements consists of funds deposited in a client account.

	2017	2016
	DKK	DKK
11. Deferred tax		
Intangible assets	206.908	206.652
Property, plant and equipment	(12.090)	139.181
Receivables	3.383.182	3.383.181
	3.578.000	3.729.014
Changes during the year		
Beginning of year	3.729.014	
Recognised in the income statement	(151.014)	
End of year	3.578.000	

	Due within 12	Due after more	
	months	than 12	
	2017	2017	Outstanding
	DKK	DKK	after 5 years
	DKK	DKK	DKK
12. Liabilities other than provisions			
Bank loans	4.600.000	36.800.000	18.400.000
	4.600.000	36.800.000	18.400.000

	2017	2016
	DKK	DKK
13. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	1.785.331	1.996.377

14. Contingent liabilities

The Company participates in a Danish joint taxation arrangement with Kvadrat Holding A/S serving as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore secondarily liable from the financial year 2013 for income taxes etc for the jointly taxed entities, with such liability being limited to the ownership interest by which the Entity is a member

Notes

of the Group, and from 01.07.2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends 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.

15. Assets charged and collateral

On behalf of the Company, the Company's bank has provided performance guarantees to a third party totalling DKK 1.837k.

16. Related parties with controlling interest

Related parties with controlling interest:

Kvadrat A/S, Lundbergsvej 10, 8400 Ebeltoft, Central Business Registration No 45 99 85 17

The Company does not disclose transactions with related parties in accordance with S 98c(7) of the Danish Financial Statements Act.

17. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Kvadrat Holding A/S, Lundbergsvej 10, 8400 Ebeltoft, Central Business Registration No 15 12 00 02

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Kvadrat A/S, Lundbergsvej 10, 8400 Ebeltoft, Central Business Registration No 45 99 85 17

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

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.

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.

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).

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Accounting policies

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 ordinary 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 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 property, plant and equipment.

Other operating expenses

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

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 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 securities, payables and 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.

Accounting policies

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

Balance sheet

Intellectual property rights etc

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

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 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.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 3-5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement.

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

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

Accounting policies

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 plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

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.

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.

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 as well as financing costs are recognised in the income statement as incurred.

Accounting policies

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for 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.

Prepayments

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

Cash

Cash comprises cash in 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 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.

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.