

Kvadrat Soft Cells A/S

Lundbergsvej 10

8400 Ebeltoft

Business Registration No

28989520

Annual report 2018

The Annual General Meeting adopted the annual report on 29.04.2019

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: 01.01.2018 - 31.12.2018

Board of Directors

Søren Stenderup Jensen, Chairman

Anders Byriel

Finn Jespersen

Jacob Lahn Sloth

John Charles Thorpe

Mads Bo Nygård

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 01.01.2018 - 31.12.2018.

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

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

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

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

Ebeltoft, 29.04.2019

Executive Board

Arne Molberg
CEO

Board of Directors

Søren Stenderup Jensen
Chairman

Anders Byriel

Finn Jespersen

Jacob Lahn Sloth

John Charles Thorpe

Mads Bo Nygård

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 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, 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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for qualified opinion

As stated in note 1, the value of one of the contract works in progress and related inventories, totalling DKK 8,405k, 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.

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.

Aarhus, 29.04.2019

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

Result for the year amounts to DKK 5,804k, which is considered satisfactory. An result on the same level is expected for the coming financial year.

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 3,943k under contract work in progress and DKK 4,463k 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 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Gross profit		22.843.990	9.528.335
Staff costs	2	(13.601.691)	(10.789.609)
Depreciation, amortisation and impairment losses	3	(1.982.982)	(1.786.109)
Other operating expenses		<u>(193.972)</u>	<u>(238.601)</u>
Operating profit/loss		7.065.345	(3.285.984)
Income from investments in group enterprises		1.056.071	(602.831)
Other financial income		319.465	2.985
Other financial expenses		<u>(1.285.225)</u>	<u>(1.196.272)</u>
Profit/loss before tax		7.155.656	(5.082.102)
Tax on profit/loss for the year	4	<u>(1.351.750)</u>	<u>966.780</u>
Profit/loss for the year		5.803.906	(4.115.322)
Proposed distribution of profit/loss			
Transferred to reserve for net revaluation according to the equity method		273.988	(2.209)
Transferred to other statutory reserves		364.896	0
Retained earnings		<u>5.165.022</u>	<u>(4.113.113)</u>
		5.803.906	(4.115.322)

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Completed development projects		938.064	940.493
Acquired intangible assets		335.251	605.958
Intangible assets	5	1.273.315	1.546.451
Leasehold improvements		1.264.458	2.172.572
Property, plant and equipment	6	1.264.458	2.172.572
Investments in group enterprises		48.223.063	46.198.723
Deposits		300.214	300.214
Fixed asset investments	7	48.523.277	46.498.937
Fixed assets		51.061.050	50.217.960
Raw materials and consumables		5.253.462	4.558.663
Inventories		5.253.462	4.558.663
Trade receivables		12.522.863	5.385.088
Contract work in progress	8	3.942.727	11.345.844
Receivables from group enterprises		17.900.388	10.079.244
Other receivables		133.872	2.127.253
Joint taxation contribution receivable		0	815.766
Prepayments		717.019	1.001.649
Receivables		35.216.869	30.754.844
Cash		2.953	4.848
Current assets		40.473.284	35.318.355
Assets		91.534.334	85.536.315

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Contributed capital		1.250.000	1.250.000
Reserve for development expenditure		606.884	483.981
Retained earnings		2.802.091	(2.604.924)
Equity		4.658.975	(870.943)
Deferred tax	9	1.282.000	3.578.000
Other provisions		1.697.542	0
Provisions		2.979.542	3.578.000
Bank loans		32.200.000	36.800.000
Non-current liabilities other than provisions	10	32.200.000	36.800.000
Current portion of long-term liabilities other than provisions	10	4.600.000	4.600.000
Bank loans		26.542.874	24.117.753
Prepayments received from customers		3.368.626	2.385.550
Trade payables		2.653.600	1.816.280
Payables to group enterprises		852.619	4.758.349
Joint taxation contribution payable		3.647.750	0
Other payables	11	10.030.348	8.351.326
Current liabilities other than provisions		51.695.817	46.029.258
Liabilities other than provisions		83.895.817	82.829.258
Equity and liabilities		91.534.334	85.536.315
Uncertainty relating to recognition and measurement	1		
Unrecognised rental and lease commitments	12		
Contingent liabilities	13		
Assets charged and collateral	14		
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Statement of changes in equity for 2018

	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	0	483.981	(2.604.924)
Exchange rate adjustments	0	(273.988)	0	0
Transfer to reserves	0	0	(241.993)	241.993
Profit/loss for the year	0	273.988	364.896	5.165.022
Equity end of year	1.250.000	0	606.884	2.802.091
				Total DKK
Equity beginning of year				(870.943)
Exchange rate adjustments				(273.988)
Transfer to reserves				0
Profit/loss for the year				5.803.906
Equity end of year				4.658.975

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 3,943k under contract work in progress and DKK 4,463k 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.

	2018	2017
	DKK	DKK
2. Staff costs		
Wages and salaries	12.584.506	9.967.165
Pension costs	908.979	738.963
Other social security costs	108.206	83.481
	13.601.691	10.789.609
 Average number of employees	 17	 14

	2018	2017
	DKK	DKK
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	990.951	1.050.827
Depreciation of property, plant and equipment	992.031	735.282
	1.982.982	1.786.109

	2018	2017
	DKK	DKK
4. Tax on profit/loss for the year		
Current tax	3.647.750	(815.766)
Change in deferred tax	(2.296.000)	(151.014)
	1.351.750	(966.780)

Notes

	Completed develop- ment projects DKK	Acquired intangible assets DKK
5. Intangible assets		
Cost beginning of year	6.176.230	5.925.907
Additions	467.815	250.000
Cost end of year	6.644.045	6.175.907
Amortisation and impairment losses beginning of year	(5.235.737)	(5.319.949)
Amortisation for the year	(470.244)	(520.707)
Amortisation and impairment losses end of year	(5.705.981)	(5.840.656)
Carrying amount end of year	938.064	335.251
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		2.907.854
Additions		83.917
Cost end of year		2.991.771
Depreciation and impairment losses beginning of year		(735.282)
Depreciation for the year		(992.031)
Depreciation and impairment losses end of year		(1.727.313)
Carrying amount end of year		1.264.458

Notes

	Invest- ments in group enterprises DKK	Deposits DKK
7. Fixed asset investments		
Cost beginning of year	47.015.201	300.214
Additions	839.295	0
Cost end of year	47.854.496	300.214
Revaluations beginning of year	(816.478)	0
Exchange rate adjustments	(273.988)	0
Amortisation of goodwill	(4.354.392)	0
Share of profit/loss for the year	5.410.463	0
Dividend	(1.294.580)	0
Investments with negative equity value transferred to provisions	1.697.542	0
Revaluations end of year	368.567	0
Carrying amount end of year	48.223.063	300.214
Goodwill or negative goodwill recognized during the financial year	34.835.128	-
	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
Kvadrat Soft Cells Hong Kong Ltd.	Hong Kong	100,0
Kvadrat Soft Cells A/S Inc.	USA	100,0
	2018 DKK	2017 DKK
8. Contract work in progress		
Contract work in progress	22.293.403	45.936.865
Progress billings regarding contract work in progress	(18.350.676)	(34.591.021)
	3.942.727	11.345.844

Notes

	2018	2017
	DKK	DKK
9. Deferred tax		
Intangible assets	206.374	206.908
Property, plant and equipment	(104.324)	(12.090)
Receivables	1.179.950	3.383.182
	1.282.000	3.578.000

Changes during the year

Beginning of year	3.578.000
Recognised in the income statement	(2.296.000)
End of year	1.282.000

	Due within 12 months 2018 DKK	Due within 12 months 2017 DKK	Due after more than 12 months 2018 DKK	Outstanding after 5 years DKK
10. Liabilities other than provisions				
Bank loans	4.600.000	4.600.000	32.200.000	13.800.000
	4.600.000	4.600.000	32.200.000	13.800.000

	2018	2017
	DKK	DKK
11. Other payables		
VAT and duties	799.424	0
Wages and salaries, personal income taxes, social security costs, etc payable	6.418.234	5.743.526
Holiday pay obligation	1.645.023	1.461.403
Other costs payable	1.167.667	1.146.397
	10.030.348	8.351.326

	2018	2017
	DKK	DKK
12. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	981.914	1.785.331

Notes

13. 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 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.

14. Assets charged and collateral

On behalf of the Company, the Company's bank has provided performance guarantees to a third party totalling DKK 1.545k.

15. 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.

16. Group relations

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).

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.

Accounting policies

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 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.

The Entity is jointly taxed with the ultimate 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).

Accounting policies

Balance sheet

Intellectual property rights etc

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

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

Leasehold improvements 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:

Leasehold improvements	3-5 years
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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.

Accounting policies

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.

Prepayments

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

Accounting policies

Cash

Cash comprises cash in bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-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 provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

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

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

Other financial liabilities

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

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.

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.