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Atlas Incinerators ApS

Masnedøvej 73
4760 Vordingborg
Central Business Registration No
31083176

Annual report 2016/17

The Annual General Meeting adopted the annual report on 21.11.2017

Chairman of the General Meeting

____
Name: Karsten Lindved

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Entity details

Entity
Atlas Incinerators ApS
Masnedøvej 73
4760 Vordingborg

Central Business Registration No: 31083176
Registered in: Vordingborg
Financial year: 01.07.2016 - 30.06.2017

Website: www.atlasinc.dk
E-mail: atlas@atlasinc.dk

Board of Directors
Søren Klarskov Vilby, Chairman
Thomas Marstrand, Vice-chairman
Kristian la Cour
Bo Kristensen
Liselotte Grønborg Lundberg

Executive Board
Bo Kristensen, Chief Executive Officer
Karsten Lindved

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
Postbox 200
6701 Esbjerg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Atlas Incinerators ApS for the financial year 01.07.2016 - 30.06.2017.

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 30.06.2017 and of the results of its operations for the financial year 01.07.2016 - 30.06.2017.

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.

Vordingborg, 21.11.2017

Executive Board

Bo Kristensen Chief Executive Officer	Karsten Lindved

Board of Directors

Søren Klarskov Vilby Chairman	Thomas Marstrand Vice-chairman	Kristian la Cour
Bo Kristensen	Liselotte Grønborg Lundberg	

Independent auditor's report

To the shareholders of Atlas Incinerators ApS

Opinion

We have audited the financial statements of Atlas Incinerators ApS for the financial year 01.07.2016 - 30.06.2017, 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, the financial statements give a true and fair view of the Entity’s financial position at 30.06.2017 and of the results of its operations for the financial year 01.07.2016 - 30.06.2017 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.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Esbjerg, 21.11.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Jørn Jepsen
statsautoriseret revisor

Kim Ladegaard
statsautoriseret revisor

Management commentary

	2016/17 DKK'000	2015/16 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000
Financial highlights					
Key figures					
Gross profit	20.953	35.693	21.847	39.150	25.852
Operating profit/loss	9.774	(27.599)	(4.415)	(11.622)	(1.735)
Net financials	(2.994)	931	(7.085)	(6.516)	(3.905)
Profit/loss for the year	7.324	(12.708)	5.679	(21.225)	(5.364)
Total assets	111.389	107.377	141.606	127.009	138.376
Investments in property, plant and equipment	722	7.109	1.771	679	566
Equity	70.582	63.331	76.380	69.620	38.772
Employees in average	15	70	73	79	68
Ratios					
Return on equity (%)	10,9	(18,2)	7,8	(39,2)	(12,9)
Equity ratio (%)	63,4	59,0	53,9	54,8	28,0

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	**Calculation formula**	**Ratios**
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities
The Company's main activity is production, development and sale of incinerators for the maritime sector.

The Company contributes to environmental protection through its actions and positions.

The Company's main customer base covers marine and offshore industries.

Development in activities and finances
Results for the year 2016/17 amounted to a profit of DKK 7,324k compared to a loss of DKK 12,708k for the year 2015/16.

Management considers the performance for the year unsatisfactory.

Profit/loss for the year in relation to expected developments
During the year, the Company has not seen earnings in line with expectations.

Outlook
The expectations for 2017/18 remain positive.

Particular risks
Business risks
The Company's most important business risk is linked to its ability to be strongly positioned on the markets in which the Company sells its products. During the financial year, the Company strengthened its position on these markets through group establishment with companies having a similar customer base.

Currency risks
The Company does most of its trade abroad, and a significant part of its revenue is invoiced in foreign currencies.

The Company evaluates on a current basis the need for use of financial instruments to hedge net positions and future transactions.

Liquidity
Management assesses that Atlas Incinerators ApS has the necessary funds available to meet the continued development of its activities.

Intellectual capital resources
Compared to the Company's operating risk, it is important to maintain a market leadership. This is done by attraction and continuous training and education of intellectual capital resources in accordance with market requirements as well as focused sale and marketing.

Environmental performance
The Company is eco-conscious and works on a current basis to improve the environmental impact of both its own operating activities as well as its customers.

Management commentary

Research and development activities
It is important to the Company to remain a market-leading manufacturer. This is done by current product development taking the market requirements into consideration.

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 2016/17

	Notes	2016/17 DKK'000	2015/16 DKK'000
Gross profit		**20.953**	**35.693**
Staff costs	1	(9.398)	(34.021)
Depreciation, amortisation and impairment losses	2	(1.781)	(29.271)
Operating profit/loss		**9.774**	**(27.599)**
Income from investments in group enterprises		(2.449)	1.514
Other financial income from group enterprises		260	0
Other financial income		334	870
Financial expenses from group enterprises		(650)	(380)
Other financial expenses		(489)	(1.073)
Profit/loss before tax		**6.780**	**(26.668)**
Tax on profit/loss for the year	3	544	13.960
Profit/loss for the year	4	**7.324**	**(12.708)**

Balance sheet at 30.06.2017

	Notes	2016/17 DKK'000	2015/16 DKK'000
Completed development projects		1.546	668
Acquired intangible assets		91	148
Goodwill		13.270	13.968
Intangible assets	5	**14.907**	**14.784**
Land and buildings		25.701	26.088
Plant and machinery		31	41
Other fixtures and fittings, tools and equipment		116	239
Leasehold improvements		279	0
Property, plant and equipment	6	**26.127**	**26.368**
Investments in group enterprises		495	3.017
Fixed asset investments	7	**495**	**3.017**
Fixed assets		**41.529**	**44.169**
Raw materials and consumables		6.980	5.885
Work in progress		1.283	700
Manufactured goods and goods for resale		663	746
Prepayments for goods		2.519	2.845
Inventories		**11.445**	**10.176**
Trade receivables		7.823	8.173
Contract work in progress		0	321
Receivables from group enterprises		20.640	11.918
Deferred tax		18.299	20.000
Other receivables		853	531
Income tax receivable		10.355	11.003
Prepayments	8	212	136
Receivables		**58.182**	**52.082**
Cash		**233**	**950**
Current assets		**69.860**	**63.208**
Assets		**111.389**	**107.377**

Balance sheet at 30.06.2017

	Notes	2016/17 DKK'000	2015/16 DKK'000
Contributed capital		19.797	19.797
Reserve for net revaluation according to the equity method		(414)	(341)
Reserve for development expenditure		941	0
Retained earnings		45.258	43.875
Proposed dividend		5.000	0
Equity		**70.582**	**63.331**
Other provisions	9	0	536
Provisions		**0**	**536**
Bank loans		390	129
Prepayments received from customers		2.464	0
Contract work in progress		0	1.483
Trade payables		5.481	3.060
Payables to group enterprises		30.793	34.480
Other payables		1.679	4.358
Current liabilities other than provisions		**40.807**	**43.510**
Liabilities other than provisions		**40.807**	**43.510**
Equity and liabilities		**111.389**	**107.377**
Contingent liabilities	10		
Mortgages and securities	11		
Group relations	12		

Statement of changes in equity for 2016/17

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000
Equity beginning of year	19.797	(341)	0	43.875
Exchange rate adjustments	0	(73)	0	0
Profit/loss for the year	0	0	941	1.383
Equity end of year	**19.797**	**(414)**	**941**	**45.258**

	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	0	63.331
Exchange rate adjustments	0	(73)
Profit/loss for the year	5.000	7.324
Equity end of year	**5.000**	**70.582**

Notes

	2016/17 DKK'000	2015/16 DKK'000
1. Staff costs		
Wages and salaries	8.210	30.788
Pension costs	681	3.337
Other social security costs	185	613
Other staff costs	322	1.114
Staff costs classified as assets	0	(1.831)
	9.398	**34.021**
Average number of employees	**15**	**70**

	2016/17 DKK'000	2015/16 DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	818	6.100
Depreciation of property, plant and equipment	963	1.851
Profit/loss from sale of intangible assets and property, plant and equipment	0	21.320
	1.781	**29.271**

	2016/17 DKK'000	2015/16 DKK'000
3. Tax on profit/loss for the year		
Tax on current year taxable income	(2.027)	(8.110)
Change in deferred tax for the year	1.701	(5.850)
Adjustment concerning previous years	(218)	0
	(544)	**(13.960)**

	2016/17 DKK'000	2015/16 DKK'000
4. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	5.000	0
Retained earnings	2.324	(12.708)
	7.324	**(12.708)**

Notes

	Completed development projects DKK'000	Acquired intangible assets DKK'000	Goodwill DKK'000
5. Intangible assets			
Cost beginning of year	668	148	13.968
Additions	941	0	0
Cost end of year	**1.609**	**148**	**13.968**
Amortisation for the year	(63)	(57)	(698)
Amortisation and impairment losses end of year	**(63)**	**(57)**	**(698)**
Carrying amount end of year	**1.546**	**91**	**13.270**

The capitalised development costs relate to the development of a new incinerator that will entail lower production costs and improve its design so that Atlas' incinerators remain among the leading in the market. We expect the development project to be completed in Q3 2018.

Notes

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
6. Property, plant and equipment				
Cost beginning of year	32.589	41	239	0
Transfers	0	0	(92)	92
Additions	510	0	0	212
Cost end of year	**33.099**	**41**	**147**	**304**
Depreciation and impairment losses beginning of the year	(6.501)	0	0	0
Depreciation for the year	(897)	(10)	(31)	(25)
Depreciation and impairment losses end of the year	**(7.398)**	**(10)**	**(31)**	**(25)**
Carrying amount end of year	**25.701**	**31**	**116**	**279**

	Investments in group enterprises DKK'000
7. Fixed asset investments	
Cost beginning of year	3.017
Cost end of year	**3.017**
Exchange rate adjustments	(73)
Amortisation of goodwill	(93)
Impairment losses relating to goodwill	(465)
Share of profit/loss for the year	(1.891)
Impairment losses end of year	**(2.522)**
Carrying amount end of year	**495**

Notes

	Registered in	Corporate form	Equity interest %
Investments in group enterprises comprise:			
Atlas Incinerators Invest ApS	Vordingborg	ApS	100,0

8. Prepayments

Prepayments comprise sundry prepaid expenses, including insurance etc.

9. Other provisions

Other provisions include warrenty provisions.

	2016/17 DKK'000	2015/16 DKK'000
10. Contingent liabilities		
Recourse and non-recourse guarantee commitments	233	1.315
Contingent liabilities in total	**233**	**1.315**
Recourse and non-recourse guarantee commitments	48.419	57.852
Hereof contingent liabilities to group enterprises	**48.419**	**57.852**

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

Notes

11. Mortgages and securities

Bank debt is secured by way of a deposited mortgage deed registered to the mortgagor on property and plant of DKK 17,551k nominal.

The carrying amount of mortgaged properties amounts to DKK 25,701k.

Bank debt concerning own and group enterprises is secured by way of a deposited investments in group enterprises.

The carrying amount of mortgaged shares amounts to DKK 496k.

12. Group relations

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

G&O Investment A/S

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.

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

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

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

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

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

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

Income statement
Gross profit or loss
Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, cost of raw materials and consumables and external expenses.

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

Accounting policies

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.

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 property, plant and equipment.

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

Other financial income from group enterprises
Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

Other financial income
Other financial income comprises interest income, net capital gains on transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Financial expenses from group enterprises
Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

Accounting policies

Other financial expenses
Other financial expenses comprise interest expenses, net capital losses on transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

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

The Entity is jointly taxed with the parant company and all its 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
Goodwill
Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation period is usually five years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

Goodwill is amortised over 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

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.

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 3-5 years. Completed development projects are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Intellectual property rights acquired are measured at cost less accumulated amortisation. Licences are amortised on a straight-line basis using their estimated useful lives, which are 3-15 years, but over no more than 20 years.

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

Property, plant and equipment
Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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:

Buildings	10-40 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-5 years

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

Accounting policies

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

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

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.

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.

Income tax payable or receivable

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

Prepayments

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

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.

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments.

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

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

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

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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

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.

Cash flow statement
The annual report does not include a cash flow statement, as this statement has been included in the consolidated cash flow statement of the Parent.