

**Kohsel A/S**  
Sønderskovvej 1  
8362 Hørning  
Business Registration No  
32517714

**Annual report**  
**01.05.2018 -**  
**30.04.2019**

The Annual General Meeting adopted the annual report on 01.10.2019

**Chairman of the General Meeting**

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Name: Carl Erik Skovgaard

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## Entity details

### Entity

Kohsel A/S  
Sønderskovvej 1  
8362 Hørning

Central Business Registration No (CVR): 32517714  
Registered in: Skanderborg  
Financial year: 01.05.2018 - 30.04.2019

### Board of Directors

Carl Erik Skovgaard  
Thomas Hougaard Bonde  
Jørgen Yde Jensen  
David Packness Meyer

### Executive Board

Morten Vestergaard Kohsel  
Henrik Sørensen

### 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 Kohsel A/S for the financial year 01.05.2018 - 30.04.2019.

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 30.04.2019 and of the results of its operations for the financial year 01.05.2018 - 30.04.2019.

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.

Hørning, 01.10.2019

### Executive Board

Morten Vestergaard Kohsel

Henrik Sørensen

### Board of Directors

Carl Erik Skovgaard

Thomas Hougaard Bonde

Jørgen Yde Jensen

David Packness Meyer

# Independent auditor's report

## To the shareholders of Kohsel A/S

### Opinion

We have audited the financial statements of Kohsel A/S for the financial year 01.05.2018 - 30.04.2019, 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 30.04.2019 and of the results of its operations for the financial year 01.05.2018 - 30.04.2019 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

## Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

### Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

## Independent auditor's report

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

Aarhus, 01.10.2019

### **Deloitte**

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556

Michael Bach

State Authorised Public Accountant

Identification No (MNE) mne19691

Søren Lassen

State Authorised Public Accountant

Identification No (MNE) mne18520

## Management commentary

	2018/19	2017/18	2016/17	2015/16	2014/15
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Financial highlights</b>					
<b>Key figures</b>					
Gross profit	38,040	31,467	40,391	33,999	32,719
Operating profit/loss	21,331	18,055	28,244	23,319	23,617
Net financials	41	(189)	(73)	34	26
Profit/loss for the year	16,622	13,919	21,959	18,207	18,068
Total assets	78,554	77,175	81,233	57,777	52,071
Investments in property, plant and equipment	659	330	840	420	0
Equity	51,393	49,772	36,853	36,493	32,286
<b>Ratios</b>					
Return on equity (%)	32.9	32.1	59.9	52.9	60.4
Equity ratio (%)	65.4	64.5	45.4	63.2	62.0

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

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



## Management commentary

### Primary activities

The Company's activity consists of development, production and marketing of transformers.

### Development in activities and finances

The Company realised a profit of DKK 16,622K for the financial year 2018/19. Management considers profit for the year satisfactory.

### Outlook

Management expects a profit for the coming year at the same level as in 2018/19.

### Particular risks

The Company's activity is not subject to any major operating risks, interest risks or credit risks.

For further information, see the Company's website [www.kohsel.dk](http://www.kohsel.dk)

### Intellectual capital resources

It is the Company's objective to deliver high-quality products. The Company's staff is working according to an extensive quality management system, ensuring optimum use of the Company's knowledge resources. During the year, the Company's quality system has been updated to the newest version ISO 9001 (2015).

The Company takes on responsibility for the working environment and focuses on employee health. The working environment meets the highest national requirements in Denmark, Latvia and Thailand. We attach importance to being an attractive workplace, contributing to the employees' health and well-being. During the year, a CSR audit was carried out with external partners (SGS) at the Company's production facilities in Thailand. This to ensure that all requirements are fulfilled.

### Environmental performance

Kohsel A/S is an environmentally conscious enterprise, which carries out ongoing improvements in relation to environmental considerations.

The Company's quality and environment handbook complies with the DS/ENISO 14001:2004 standard. The Company's departments in Denmark and Latvia were ISO 14001 (2015) environmentally certified in 2016/17.

### 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 2018/19

	<u>Notes</u>	<u>2018/19 DKK</u>	<u>2017/18 DKK</u>
<b>Gross profit</b>		<b>38,040,457</b>	<b>31,466,664</b>
Staff costs	1	(16,081,961)	(12,962,701)
Depreciation, amortisation and impairment losses	2	<u>(627,029)</u>	<u>(449,008)</u>
<b>Operating profit/loss</b>		<b>21,331,467</b>	<b>18,054,955</b>
Other financial income	3	206,065	97,174
Other financial expenses		<u>(164,812)</u>	<u>(286,244)</u>
<b>Profit/loss before tax</b>		<b>21,372,720</b>	<b>17,865,885</b>
Tax on profit/loss for the year	4	<u>(4,750,816)</u>	<u>(3,946,896)</u>
<b>Profit/loss for the year</b>	5	<u><b>16,621,904</b></u>	<u><b>13,918,989</b></u>

## Balance sheet at 30.04.2019

	<u>Notes</u>	<u>2018/19 DKK</u>	<u>2017/18 DKK</u>
Development projects in progress		1,522,845	0
<b>Intangible assets</b>	6	<b>1,522,845</b>	<b>0</b>
Land and buildings		2,106,570	2,344,013
Other fixtures and fittings, tools and equipment		803,966	534,419
<b>Property, plant and equipment</b>	7	<b>2,910,536</b>	<b>2,878,432</b>
Investments in group enterprises		490,144	490,144
<b>Fixed asset investments</b>	8	<b>490,144</b>	<b>490,144</b>
<b>Fixed assets</b>		<b>4,923,525</b>	<b>3,368,576</b>
Raw materials and consumables		23,926,825	18,219,139
Work in progress		1,528,815	2,944,205
Manufactured goods and goods for resale		6,476,928	5,479,678
Prepayments for goods		1,120,028	1,115,798
<b>Inventories</b>		<b>33,052,596</b>	<b>27,758,820</b>
Trade receivables		8,437,346	23,951,553
Receivables from group enterprises		17,163,081	17,902,942
Other receivables		1,506,174	6,764
Prepayments	9	678,048	1,540,880
<b>Receivables</b>		<b>27,784,649</b>	<b>43,402,139</b>
<b>Cash</b>	10	<b>12,793,342</b>	<b>2,645,424</b>
<b>Current assets</b>		<b>73,630,587</b>	<b>73,806,383</b>
<b>Assets</b>		<b>78,554,112</b>	<b>77,174,959</b>

## Balance sheet at 30.04.2019

	<u>Notes</u>	<u>2018/19 DKK</u>	<u>2017/18 DKK</u>
Contributed capital		700,000	700,000
Reserve for development expenditure		1,187,819	0
Retained earnings		41,505,674	34,071,589
Proposed dividend		<u>8,000,000</u>	<u>15,000,000</u>
<b>Equity</b>		<b><u>51,393,493</u></b>	<b><u>49,771,589</u></b>
Deferred tax	11	542,700	402,700
Other provisions	12	<u>965,000</u>	<u>965,000</u>
<b>Provisions</b>		<b><u>1,507,700</u></b>	<b><u>1,367,700</u></b>
Bank loans		6,061,902	9,905,128
Trade payables		12,993,599	10,690,149
Payables to group enterprises		0	875,434
Income tax payable		3,347,816	1,807,166
Other payables		<u>3,249,602</u>	<u>2,757,793</u>
<b>Current liabilities other than provisions</b>		<b><u>25,652,919</u></b>	<b><u>26,035,670</u></b>
<b>Liabilities other than provisions</b>		<b><u>25,652,919</u></b>	<b><u>26,035,670</u></b>
<b>Equity and liabilities</b>		<b><u>78,554,112</u></b>	<b><u>77,174,959</u></b>
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Related parties with controlling interest	15		
Transactions with related parties	16		
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## Statement of changes in equity for 2018/19

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK
Equity beginning of year	700,000	0	34,071,589
Ordinary dividend paid	0	0	0
Profit/loss for the year	0	1,187,819	7,434,085
<b>Equity end of year</b>	<b>700,000</b>	<b>1,187,819</b>	<b>41,505,674</b>

  

	Proposed dividend DKK	Total DKK
Equity beginning of year	15,000,000	49,771,589
Ordinary dividend paid	(15,000,000)	(15,000,000)
Profit/loss for the year	8,000,000	16,621,904
<b>Equity end of year</b>	<b>8,000,000</b>	<b>51,393,493</b>

## Notes

	<b>2018/19</b>	<b>2017/18</b>
	<b>DKK</b>	<b>DKK</b>
<b>1. Staff costs</b>		
Wages and salaries	14,085,896	11,249,848
Pension costs	1,600,393	1,368,054
Other social security costs	395,672	344,799
	<b>16,081,961</b>	<b>12,962,701</b>
 Average number of employees	 <b>26</b>	 <b>23</b>
	<b>Remunera-</b>	<b>Remunera-</b>
	<b>tion of</b>	<b>tion of</b>
	<b>manage-</b>	<b>manage-</b>
	<b>ment</b>	<b>ment</b>
	<b>2018/19</b>	<b>2017/18</b>
	<b>DKK</b>	<b>DKK</b>
Executive Board	2,186,784	2,391,958
Board of Directors	305,198	249,105
	<b>2,491,982</b>	<b>2,641,063</b>
	<b>2018/19</b>	<b>2017/18</b>
	<b>DKK</b>	<b>DKK</b>
<b>2. Depreciation, amortisation and impairment losses</b>		
Depreciation of property, plant and equipment	627,029	449,008
	<b>627,029</b>	<b>449,008</b>
	<b>2018/19</b>	<b>2017/18</b>
	<b>DKK</b>	<b>DKK</b>
<b>3. Other financial income</b>		
Financial income arising from group enterprises	78,932	70,440
Other interest income	127,133	26,734
	<b>206,065</b>	<b>97,174</b>

## Notes

	<b>2018/19</b>	<b>2017/18</b>
	<b>DKK</b>	<b>DKK</b>
<b>4. Tax on profit/loss for the year</b>		
Current tax	4,610,816	3,807,166
Change in deferred tax	109,000	139,730
Adjustment concerning previous years	31,000	0
	<b>4,750,816</b>	<b>3,946,896</b>

	<b>2018/19</b>	<b>2017/18</b>
	<b>DKK</b>	<b>DKK</b>
<b>5. Proposed distribution of profit/loss</b>		
Ordinary dividend for the financial year	8,000,000	15,000,000
Retained earnings	8,621,904	(1,081,011)
	<b>16,621,904</b>	<b>13,918,989</b>

### Dividend distributed after the balance sheet date

Extraordinary dividend	10,000,000	0
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	<b>Develop- ment projects in progress DKK</b>
<b>6. Intangible assets</b>	
Additions	1,522,845
<b>Cost end of year</b>	<b>1,522,845</b>
<b>Carrying amount end of year</b>	<b>1,522,845</b>

### Development projects

The Company's development projects consists of development of ERP system, which is still under development. The ERP-system is expected to be completed in the coming year.

## Notes

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK
<b>7. Property, plant and equipment</b>		
Cost beginning of year	6,327,821	6,358,708
Additions	0	659,133
Disposals	0	(4,140,280)
<b>Cost end of year</b>	<b>6,327,821</b>	<b>2,877,561</b>
Depreciation and impairment losses beginning of year	(3,983,808)	(5,824,289)
Depreciation for the year	(237,443)	(389,586)
Reversal regarding disposals	0	4,140,280
<b>Depreciation and impairment losses end of year</b>	<b>(4,221,251)</b>	<b>(2,073,595)</b>
<b>Carrying amount end of year</b>	<b>2,106,570</b>	<b>803,966</b>
		<b>Invest- ments in group enterprises DKK</b>
<b>8. Fixed asset investments</b>		
Cost beginning of year		490,144
<b>Cost end of year</b>		<b>490,144</b>
<b>Carrying amount end of year</b>		<b>490,144</b>
	<b>Registered in</b>	<b>Equity inte- rest %</b>
Investments in group enterprises comprise:		
Kohsel (Thailand) Co. Ltd.	Thailand	95.0
Sia Kohsel (2016 financial statements)	Latvia	100.0
KOHSEL GmbH	Tyskland	100.0



## Notes

### 9. Prepayments

Costs incurred relating to the subsequent financial year.

### 10. Cash

Cash includes a guarantee cover account on DKK 3,000 K, which has been provided as security towards AL Finans A/S in connection with a non recourse agreement relating to the Company's receivables.

	<b>2018/19</b>	<b>2017/18</b>
	<b>DKK</b>	<b>DKK</b>
<b>11. Deferred tax</b>		
Property, plant and equipment	393,529	63,724
Receivables	149,171	338,976
	<b>542,700</b>	<b>402,700</b>
<b>Changes during the year</b>		
Beginning of year	402,700	
Recognised in the income statement	140,000	
<b>End of year</b>	<b>542,700</b>	

### 12. Other provisions

Provision for general guarantee commitments are based on the annual sales.

	<b>2018/19</b>	<b>2017/18</b>
	<b>DKK</b>	<b>DKK</b>
<b>13. Unrecognised rental and lease commitments</b>		
Liabilities under rental or lease agreements until maturity in total	<b>186,784</b>	<b>206,472</b>

### 14. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Kohsel Holding ApS 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. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

## Notes

### **15. Related parties with controlling interest**

Related parties with controlling interest in the Company includes:

Kohsel Holding ApS, Central Business Registration NO 35867694, Hørning owns all shares in the company and thus is the controlling company.

SE Blue Equity I K/S, Central Business Registration NO 35485058, Kolding has the majority.

### **16. Transactions with related parties**

Transactions with related parties are only disclosed in the annual report if they are not on arm's length terms. No such transactions have been conducted in the financial year.

### **17. Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
Kohsel Holding ApS, Sønderkovvej 1, 8362 Hørning

## 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.

### Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

### 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.

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories and other 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.

## 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**

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

### **Other financial income**

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies, amortisation of financial assets, etc.

### **Other financial expenses**

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

### **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 Parent and all the Parent's other 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 in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

## Accounting policies

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

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

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

### Property, plant and equipment

Buildings as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

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	25 years
Other fixtures and fittings, tools and equipment	4 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 measured at cost. Investments 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. Obsolete goods are written down, including slow-moving goods.

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

## Accounting policies

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

### Receivables

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

### Prepayments

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

### Cash

Cash comprises cash in hand and bank deposits.

### Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

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.

### Other financial liabilities

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

### Income tax receivable or payable

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

### Cash flow statement

Referring to Section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared.