



Kohsel A/S

Danmarksvej 26
8660 Skanderborg
CVR No. 32517714

Annual report 01.05.2022 - 30.04.2023

The Annual General Meeting adopted the annual
report on 21.10.2023

Carl Erik Skovgaard
Chairman of the General Meeting

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Entity details

Entity

Kohsel A/S

Danmarksvej 26

8660 Skanderborg

Business Registration No.: 32517714

Registered office: Skanderborg

Financial year: 01.05.2022 - 30.04.2023

Board of Directors

Carl Erik Skovgaard

Thomas Hougaard Bonde

David Packness Meyer

Peter Arndrup Poulsen

Jørgen Yde Jensen

Executive Board

Jan Ellegaard

Morten Vestergaard Kohsel

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Kohsel A/S for the financial year 01.05.2022 - 30.04.2023.

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 30.04.2023 and of the results of its operations for the financial year 01.05.2022 - 30.04.2023.

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.

Skanderborg, 21.10.2023

Executive Board

Jan Ellegaard

Morten Vestergaard Kohsel

Board of Directors

Carl Erik Skovgaard

Thomas Hougaard Bonde

David Packness Meyer

Peter Arndrup Poulsen

Jørgen Yde Jensen

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 01.05.2022 - 30.04.2023, 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 30.04.2023 and of the results of its operations for the financial year 01.05.2022 - 30.04.2023 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 for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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:

- 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.

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, 21.10.2023

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Michael Bach

State Authorised Public Accountant

Identification No (MNE) mne19691

Søren Lassen

State Authorised Public Accountant

Identification No (MNE) mne18520

Management commentary

Financial highlights

	2022/23	2021/22	2020/21	2019/20	2018/19
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	24,294	26,643	36,840	45,102	36,659
Operating profit/loss	3,686	5,781	17,655	28,132	20,159
Net financials	(2,335)	8,666	(5,380)	(92)	1,214
Profit/loss for the year	1,125	11,258	9,836	21,864	16,622
Total assets	141,841	172,955	113,112	103,471	78,516
Investments in property, plant and equipment	107	318	226	478	659
Equity	36,477	53,352	55,094	55,258	51,393
Ratios					
Return on equity (%)	2.50	20.76	17.83	41.00	32.86
Equity ratio (%)	25.72	30.85	48.71	53.40	65.46

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

Return on equity (%):

Profit/loss for the year * 100

Average equity

Equity ratio (%):

Equity * 100

Total assets

Primary activities

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

Development in activities and finances

The Company realized a profit of DKK 1,125 K for the financial year 2022/23. Management considers profit for the year satisfactory.

During the financial year the production facilities in Denmark have been shut down and the property has been sold. Thus, the subsidiaries in Latvia and Thailand will be the production facilities going forward.

Profit/loss for the year in relation to expected developments

During the financial year 2022/23 exchange rate adjustments have been materially impacted by the decrease in the USD/DKK exchange rate compared to 2021/22 resulting in a profit for the year below expectation. However, unrealized adjustments relates to balance accounts.

Outlook

The ongoing war in Ukraine may influence profit and revenue, but management does not expect it to have a material impact on the company's financial position and development.

Thus, management expects a challenging and uncertain business environment with an activity and profit level for the coming year in line with the financial year 2022/23.

Knowledge resources

The Company is delivering 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.

The Company's management systems complies with the ISO 9001:2015 and ISO 14001:2015 globally and in addition ISO 45001:2018 in Thailand.

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. Kohsel Thailand received Platinum T-OSH award from Thailand Institute of Occupational Safety and Health (Public Organization).

We focus on developing and maintaining an attractive workplace, contributing to the employees' health and well-being. The factories in Latvia and Thailand are working with 5S methodology to ensure safe and good working environment resulting in the 5S award in Kohsel Thailand from Technology Promotion Association (Thailand-Japan).

Kohsel have committed to follow the 10 principles set by UN Global Compact.

Environmental performance

Kohsel A/S is an environmentally conscious enterprise, which carries out ongoing improvements in relation to environmental considerations. Kohsel Thailand have been awarded with the 3Rs award again and the Zero Waste Achievement Award by the Ministry of Industry, Thailand, as they have continuously improved their waste management system to a level, where they have no more hazardous waste to landfill. Furthermore, Kohsel Thailand has received the certificate of Green Industry Level 3 from Ministry of Industry, Thailand.

During the financial year 2023/24 Kohsel Group will continue its efforts to comply with the growing demands from the ESG agenda to secure a reduced carbon footprint.

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 2022/23

	Notes	2022/23 DKK	2021/22 DKK
Gross profit/loss	1	24,294,035	26,642,560
Staff costs	2	(19,344,951)	(19,517,835)
Depreciation, amortisation and impairment losses	3	(1,262,935)	(1,343,679)
Operating profit/loss		3,686,149	5,781,046
Other financial income	4	3,986,981	10,601,260
Financial expenses from group enterprises		(64,806)	(178,063)
Other financial expenses	5	(6,256,735)	(1,757,238)
Profit/loss before tax		1,351,589	14,447,005
Tax on profit/loss for the year	6	(226,136)	(3,188,919)
Profit/loss for the year	7	1,125,453	11,258,086

Balance sheet at 30.04.2023

Assets

	Notes	2022/23 DKK	2021/22 DKK
Completed development projects	9	7,335,326	8,230,620
Acquired intangible assets		46,584	96,501
Intangible assets	8	7,381,910	8,327,121
Land and buildings		0	2,044,281
Other fixtures and fittings, tools and equipment		296,008	365,911
Property, plant and equipment	10	296,008	2,410,192
Investments in group enterprises		27,519,919	27,519,919
Receivables from group enterprises		40,139,432	40,733,419
Deposits		540,353	0
Financial assets	11	68,199,704	68,253,338
Fixed assets		75,877,622	78,990,651
Raw materials and consumables		603,244	749,347
Manufactured goods and goods for resale		10,592,402	8,552,030
Prepayments for goods		0	671,072
Inventories		11,195,646	9,972,449
Trade receivables		15,799,215	15,255,928
Receivables from group enterprises		35,756,845	63,760,127
Other receivables		386	12,348
Prepayments	12	660,200	358,429
Receivables		52,216,646	79,386,832
Cash		2,550,770	4,605,500
Current assets		65,963,062	93,964,781
Assets		141,840,684	172,955,432

Equity and liabilities

	Notes	2022/23 DKK	2021/22 DKK
Contributed capital		700,000	700,000
Reserve for development expenditure		5,721,554	6,419,883
Retained earnings		22,555,683	28,231,901
Proposed dividend		7,500,000	18,000,000
Equity		36,477,237	53,351,784
Deferred tax	13	1,435,000	1,821,000
Other provisions	14	687,500	500,000
Provisions		2,122,500	2,321,000
Bank loans		6,000,000	9,000,000
Non-current liabilities other than provisions	15	6,000,000	9,000,000
Current portion of non-current liabilities other than provisions	15	3,000,000	3,000,000
Bank loans		49,147,469	47,573,857
Prepayments received from customers		3,182,182	0
Trade payables		3,250,521	5,816,052
Payables to group enterprises		33,523,331	46,919,682
Joint taxation contribution payable		1,694,985	1,512,360
Other payables		3,442,459	3,460,697
Current liabilities other than provisions		97,240,947	108,282,648
Liabilities other than provisions		103,240,947	117,282,648
Equity and liabilities		141,840,684	172,955,432
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Assets charged and collateral	18		
Related parties with controlling interest	19		
Non-arm's length related party transactions	20		
Group relations	21		

Statement of changes in equity for 2022/23

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	700,000	6,419,883	28,231,901	18,000,000	53,351,784
Ordinary dividend paid	0	0	0	(18,000,000)	(18,000,000)
Transfer to reserves	0	(698,329)	698,329	0	0
Profit/loss for the year	0	0	(6,374,547)	7,500,000	1,125,453
Equity end of year	700,000	5,721,554	22,555,683	7,500,000	36,477,237

Notes

1 Gross profit/loss

Gross profit for the year is positively affected by profit from sale of the Company's domicile building.

2 Staff costs

	2022/23 DKK	2021/22 DKK
Wages and salaries	17,751,942	18,064,177
Pension costs	1,257,083	1,149,852
Other social security costs	335,926	303,806
	19,344,951	19,517,835
Average number of full-time employees	26	26

	Remuneration of Management 2022/23 DKK	Remuneration of Management 2021/22 DKK
Executive Board	3,114,751	2,663,067
Board of Directors	300,000	237,500
	3,414,751	2,900,567

3 Depreciation, amortisation and impairment losses

	2022/23 DKK	2021/22 DKK
Amortisation of intangible assets	949,524	991,488
Depreciation of property, plant and equipment	313,411	352,191
	1,262,935	1,343,679

4 Other financial income

	2022/23 DKK	2021/22 DKK
Financial income from group enterprises	3,519,177	2,007,056
Other interest income	467,804	5,096
Exchange rate adjustments	0	8,589,108
	3,986,981	10,601,260

During the financial year 2021/22 exchange rate adjustments were materially impacted by the increase in the USD/DKK exchange rate. However, a major part of unrealized adjustments related to balance accounts.

5 Other financial expenses

	2022/23 DKK	2021/22 DKK
Other interest expenses	3,423,575	1,754,501
Exchange rate adjustments	2,832,859	0
Other financial expenses	301	2,737
	6,256,735	1,757,238

During the financial year 2022/23 exchange rate adjustments have been materially impacted by the decrease in the USD/DKK exchange rate. However, unrealized adjustments relates to balance accounts.

6 Tax on profit/loss for the year

	2022/23 DKK	2021/22 DKK
Current tax	612,136	3,404,919
Change in deferred tax	(386,000)	(216,000)
	226,136	3,188,919

7 Proposed distribution of profit and loss

	2022/23 DKK	2021/22 DKK
Ordinary dividend for the financial year	7,500,000	18,000,000
Retained earnings	(6,374,547)	(6,741,914)
	1,125,453	11,258,086

8 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK
Cost beginning of year	9,064,464	851,345
Additions	4,313	0
Cost end of year	9,068,777	851,345
Amortisation and impairment losses beginning of year	(833,844)	(754,844)
Amortisation for the year	(899,607)	(49,917)
Amortisation and impairment losses end of year	(1,733,451)	(804,761)
Carrying amount end of year	7,335,326	46,584

9 Development projects

Completed development projects consists of development of groups ERP system, and of software for management, optimization and software for simulation and BIM. There are no identified indicators of impairment.

10 Property, plant and equipment

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	6,686,249	2,476,802
Additions	0	107,292
Disposals	(6,686,249)	(998,476)
Cost end of year	0	1,585,618
Depreciation and impairment losses beginning of year	(4,641,968)	(2,110,891)
Depreciation for the year	(136,216)	(177,195)
Reversal regarding disposals	4,778,184	998,476
Depreciation and impairment losses end of year	0	(1,289,610)
Carrying amount end of year	0	296,008

11 Financial assets

	Investments in group enterprises DKK	Receivables from group enterprises DKK	Deposits DKK
Cost beginning of year	27,519,919	40,733,419	0
Additions	0	0	540,353
Disposals	0	(593,987)	0
Cost end of year	27,519,919	40,139,432	540,353
Carrying amount end of year	27,519,919	40,139,432	540,353

Investments in subsidiaries	Registered in	Equity interest %
Kohsel (Thailand) Co. Ltd.	Thailand	100
SIA Kohsel	Latvia	100
Kohsel GmbH	Tyskland	100

12 Prepayments

Costs incurred relating to the subsequent financial year.

13 Deferred tax

	2022/23 DKK	2021/22 DKK
Intangible assets	1,478,000	1,656,000
Property, plant and equipment	(37,000)	86,000
Receivables	145,000	79,000
Provisions	(151,000)	0
Deferred tax	1,435,000	1,821,000

	2022/23 DKK	2021/22 DKK
Changes during the year		
Beginning of year	1,821,000	2,037,000
Recognised in the income statement	(386,000)	(216,000)
End of year	1,435,000	1,821,000

14 Other provisions

Other provisions comprise expected costs of guarantee liabilities.

15 Non-current liabilities other than provisions

	Due within 12 months 2022/23 DKK	Due within 12 months 2021/22 DKK	Due after more than 12 months 2022/23 DKK
Bank loans	3,000,000	3,000,000	6,000,000
	3,000,000	3,000,000	6,000,000

Outstanding after 5 years: 0 DKK

16 Unrecognised rental and lease commitments

	2022/23 DKK	2021/22 DKK
Liabilities under rental or lease agreements until maturity in total	6,155,056	1,502,717

17 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.

18 Assets charged and collateral

The company has provided payment guarantees to AL Finans of DKK 4,500,000 nominal.

19 Related parties with controlling interest

Kohsel Holding ApS, CVR No. 35867694, Skanderborg owns all shares in the company and therefor has controlling interest.

SE Blue Equity I K/S, CVR No. 35485058, Kolding holds the majority of Kohsel Holding ApS and therefor has controlling interest.

20 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

21 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Kohsel Holding ApS, CVR No. 35867694, Danmarksvej 26, Skanderborg.

Accounting policies

Reporting class

This annual report has been prepared 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, though with few reclassifications.

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.

Other operating income

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

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 normal 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, and 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, and gains and losses from the sale of intangible assets and 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.

Financial expenses from group enterprises

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

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 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 Parent and all the Parent's Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Intellectual property rights etc**

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

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

When recognising development projects as intangible assets, an amount equalling the costs incurred 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.

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 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis 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

Land and buildings and 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:

	Useful life
Other fixtures and fittings, tools and equipment	3-4 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.

Receivables

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

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 og direct labour costs.

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

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. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value 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 expected costs of guarantee commitments.

Other provisions are recognised and measured as the best estimate of the expenses required to discharge the obligations at the balance sheet date.

Guarantee commitments comprise commitments to remedy defects and deficiencies within the warranty period.

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.

Cash flow statement

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