



Kohsel A/S

Sønderskovej 1
8362 Hørning
CVR No. 32517714

Annual report 01.05.2021 - 30.04.2022

The Annual General Meeting adopted the
annual report on 04.11.2022

Carl Erik Skovgaard

Chairman of the General Meeting

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Entity details

Entity

Kohsel A/S

Sønderskovvej 1

8362 Hørning

Business Registration No.: 32517714

Registered office: Skanderborg

Financial year: 01.05.2021 - 30.04.2022

Board of Directors

David Packness Meyer

Peter Arndrup Poulsen

Carl Erik Skovgaard

Jørgen Yde Jensen

Thomas Hougaard Bonde

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 01.05.2021 - 30.04.2022.

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 30.04.2022 and of the results of its operations for the financial year 01.05.2021 - 30.04.2022.

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, 04.11.2022

Executive Board

Jan Ellegaard

Morten Vestergaard Kohsel

Board of Directors

David Packness Meyer

Peter Arndrup Poulsen

Carl Erik Skovgaard

Jørgen Yde Jensen

Thomas Hougaard Bonde

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 01.05.2021 - 30.04.2022, 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 30.04.2022 and of the results of its operations for the financial year 01.05.2021 - 30.04.2022 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, 04.11.2022

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

	2021/22 DKK'000	2020/21 DKK'000	2019/20 DKK'000	2018/19 DKK'000	2017/18 DKK'000
Key figures					
Gross profit/loss	26,618	36,972	45,937	36,868	31,360
Operating profit/loss	5,781	17,655	28,132	20,159	17,948
Net financials	8,666	(5,380)	(92)	1,214	(82)
Profit/loss for the year	11,258	9,836	21,864	16,622	13,919
Total assets	174,848	113,112	103,471	78,516	77,175
Investments in property, plant and equipment	318	226	478	659	330
Equity	53,352	55,094	55,258	51,393	49,772
Ratios					
Return on equity (%)	20.76	17.83	41.00	32.86	32.14
Equity ratio (%)	30.51	48.71	53.40	65.46	64.49

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 11.258K for the financial year 2021/22. Management considers profit for the year acceptable.

During the financial year inventories located in Thailand have been exchanged to an investment in the subsidiary.

Furthermore this transaction has led to an increased account receivable and payable balance between the group companies.

Profit/loss for the year in relation to expected developments

The conflict between Russia and Ukraine may influence profit and revenue levels for the coming year, and management is at present not able to conclude if it will have a material impact on the company's financial position and development as a whole.

Outlook

Management expects a profit for the coming year on par with the 2021/22 result due to the current uncertain market outlook.

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 quality handbook complies with the DS/ENISO 9001 (2015) standard and ISO 14001 (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. Kohsel Thailand have passed the audit by BSI according to Sedex Members Ethical Trade Audit (SMETA).

We focus on developing and maintaining an attractive workplace, contributing to the employees' health and wellbeing.

Kohsel have committed to following 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 and have been awarded for the participation in and resulting achievements of 3R Project (Reduce, Re-use and Recycle) with Ministry of Industry, Thailand.

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 2021/22

	Notes	2021/22 DKK	2020/21 DKK
Gross profit/loss		26,617,988	36,971,602
Staff costs	1	(19,589,263)	(18,670,346)
Depreciation, amortisation and impairment losses	2	(1,247,679)	(646,022)
Operating profit/loss		5,781,046	17,655,234
Other financial income	3	10,601,260	1,841,356
Financial expenses from group enterprises		(178,063)	(142,238)
Other financial expenses	4	(1,757,238)	(7,078,819)
Profit/loss before tax		14,447,005	12,275,533
Tax on profit/loss for the year	5	(3,188,919)	(2,439,741)
Profit/loss for the year	6	11,258,086	9,835,792

Balance sheet at 30.04.2022

Assets

	Notes	2021/22 DKK	2020/21 DKK
Completed development projects	8	8,230,620	0
Acquired intangible assets		96,501	254,145
Development projects in progress	8	0	8,253,198
Intangible assets	7	8,327,121	8,507,343
Land and buildings		2,044,281	1,934,930
Other fixtures and fittings, tools and equipment		365,911	509,865
Property, plant and equipment	9	2,410,192	2,444,795
Investments in group enterprises		27,519,919	741,501
Receivables from group enterprises		40,733,419	41,401,644
Financial assets	10	68,253,338	42,143,145
Fixed assets		78,990,651	53,095,283
Raw materials and consumables		749,347	22,288,868
Manufactured goods and goods for resale		8,552,030	8,821,871
Prepayments for goods		671,072	1,126,945
Inventories		9,972,449	32,237,684
Trade receivables		15,255,928	9,834,392
Receivables from group enterprises		63,760,127	13,220,457
Other receivables		12,348	12,540
Joint taxation contribution receivable		1,892,559	0
Prepayments	11	358,429	503,797
Receivables		81,279,391	23,571,186
Cash		4,605,500	4,207,628
Current assets		95,857,340	60,016,498
Assets		174,847,991	113,111,781

Equity and liabilities

	Notes	2021/22 DKK	2020/21 DKK
Contributed capital		700,000	700,000
Reserve for development expenditure		6,419,883	6,522,092
Retained earnings		28,231,901	34,871,606
Proposed dividend		18,000,000	13,000,000
Equity		53,351,784	55,093,698
Deferred tax	12	1,821,000	2,037,000
Other provisions	13	500,000	500,000
Provisions		2,321,000	2,537,000
Bank loans		9,000,000	12,000,000
Non-current liabilities other than provisions	14	9,000,000	12,000,000
Current portion of non-current liabilities other than provisions	14	3,000,000	3,000,000
Bank loans		47,573,857	18,591,906
Trade payables		5,816,052	11,738,787
Payables to group enterprises		46,919,682	6,300,000
Tax payable		3,404,919	415,441
Other payables		3,460,697	3,434,949
Current liabilities other than provisions		110,175,207	43,481,083
Liabilities other than provisions		119,175,207	55,481,083
Equity and liabilities		174,847,991	113,111,781
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Assets charged and collateral	17		
Related parties with controlling interest	18		
Non-arm's length related party transactions	19		
Group relations	20		

Statement of changes in equity for 2021/22

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	700,000	6,522,092	34,871,606	13,000,000	55,093,698
Ordinary dividend paid	0	0	0	(13,000,000)	(13,000,000)
Transfer to reserves	0	(102,209)	102,209	0	0
Profit/loss for the year	0	0	(6,741,914)	18,000,000	11,258,086
Equity end of year	700,000	6,419,883	28,231,901	18,000,000	53,351,784

Notes

1 Staff costs

	2021/22 DKK	2020/21 DKK
Wages and salaries	17,882,770	17,112,228
Pension costs	1,149,852	1,013,495
Other social security costs	556,641	544,623
	19,589,263	18,670,346
Average number of full-time employees	26	25

	Remuneration of Management 2021/22 DKK	Remuneration of Management 2020/21 DKK
Executive Board	2,663,067	2,582,881
Board of Directors	312,500	322,500
	2,975,567	2,905,381

2 Depreciation, amortisation and impairment losses

	2021/22 DKK	2020/21 DKK
Amortisation of intangible assets	991,488	237,994
Depreciation of property, plant and equipment	352,191	413,028
Profit/loss from sale of intangible assets and property, plant and equipment	(96,000)	(5,000)
	1,247,679	646,022

3 Other financial income

	2021/22 DKK	2020/21 DKK
Financial income from group enterprises	2,007,056	1,688,098
Other interest income	5,096	153,258
Exchange rate adjustments	8,589,108	0
	10,601,260	1,841,356

During the financial year 2021/22 exchange rate adjustments have been materially impacted by the increase in the USD/DKK exchange rate. However, unrealized adjustments of 8.282K relates to balance accounts.

4 Other financial expenses

	2021/22 DKK	2020/21 DKK
Other interest expenses	1,754,501	580,482
Exchange rate adjustments	0	5,627,580
Other financial expenses	2,737	870,757
	1,757,238	7,078,819

During the financial year 2020/21 exchange rate adjustments have been materially impacted by the decrease in the USD/DKK exchange rate. However, unrealized adjustments relates to balance accounts.

5 Tax on profit/loss for the year

	2021/22 DKK	2020/21 DKK
Current tax	3,404,919	1,612,441
Change in deferred tax	(216,000)	827,300
	3,188,919	2,439,741

6 Proposed distribution of profit and loss

	2021/22 DKK	2020/21 DKK
Ordinary dividend for the financial year	18,000,000	13,000,000
Retained earnings	(6,741,914)	(3,164,208)
	11,258,086	9,835,792

7 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Development projects in progress DKK
Cost beginning of year	0	851,345	8,253,198
Transfers	8,253,198	0	(8,253,198)
Additions	811,266	0	0
Cost end of year	9,064,464	851,345	0
Amortisation and impairment losses beginning of year	0	(597,200)	0
Amortisation for the year	(833,844)	(157,644)	0
Amortisation and impairment losses end of year	(833,844)	(754,844)	0
Carrying amount end of year	8,230,620	96,501	0

8 Development projects

The Company's development projects consists of development of ERP system. The project is completed now. Completed development projects consists of software for management, optimization and software for simulation and BIM. There are no identified indicators of impairment.

9 Property, plant and equipment

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	6,433,476	2,831,987
Additions	252,773	64,815
Disposals	0	(420,000)
Cost end of year	6,686,249	2,476,802
Depreciation and impairment losses beginning of year	(4,498,546)	(2,322,122)
Depreciation for the year	(143,422)	(208,769)
Reversal regarding disposals	0	420,000
Depreciation and impairment losses end of year	(4,641,968)	(2,110,891)
Carrying amount end of year	2,044,281	365,911

10 Financial assets

	Investments in group enterprises DKK	Receivables from group enterprises DKK
Cost beginning of year	741,501	41,401,644
Additions	26,778,418	0
Disposals	0	(668,225)
Cost end of year	27,519,919	40,733,419
Carrying amount end of year	27,519,919	40,733,419

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

11 Prepayments

Costs incurred relating to the subsequent financial year.

12 Deferred tax

	2021/22 DKK	2020/21 DKK
Intangible assets	1,656,000	1,843,000
Property, plant and equipment	86,000	83,000
Receivables	79,000	111,000
Deferred tax	1,821,000	2,037,000

Changes during the year	2021/22 DKK	2020/21 DKK
Beginning of year	2,037,000	1,209,700
Recognised in the income statement	(216,000)	827,300
End of year	1,821,000	2,037,000

13 Other provisions

Other provisions comprise expected costs of guarantee commitments.

14 Non-current liabilities other than provisions

	Due within 12 months 2021/22 DKK	Due within 12 months 2020/21 DKK	Due after more than 12 months 2021/22 DKK
Bank loans	3,000,000	3,000,000	9,000,000
	3,000,000	3,000,000	9,000,000

Outstanding after 5 years: 0 DKK

15 Unrecognised rental and lease commitments

	2021/22 DKK	2020/21 DKK
Liabilities under rental or lease agreements until maturity in total	1,502,717	13,400

16 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.

17 Assets charged and collateral

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

18 Related parties with controlling interest

Related parties with controlling interest in the Company includes:

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

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

19 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.

20 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Kohsel Holding ApS, CVR No. 35867694, Sønderkovvej 1, 8362 Hørning.

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.

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.

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, 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 Years
Buildings	25 years
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.

Joint taxation contributions receivable or payable

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

Prepayments

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

Cash

Cash comprises cash in 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.

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.