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DK-7100 Vejle
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ALUNITED DENMARK A/S

KÆRGÅRDSVEJ 5, 6270 TØNDER

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2023

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 28 June 2024

Stefan Endraß

CVR NO. 32 57 11 90

CONTENTS

COMPANY DETAILS

Company	ALUNITED Denmark A/S Kærgårdsvej 5 6270 Tønder	
	CVR No.:	32 57 11 90
	Established:	1 November 2009
	Municipality:	Tønder
	Financial Year:	1 January - 31 December
Board of Directors	Hyo-Sup Steinbauer, chairman Sebastien Gilbert Donovan Pallavicini Stefan Endraß	
Executive Board	Koen Beckers	
Auditor	BDO Statsautoriseret revisionsaktieselskab Roms Hule 4, 1. sal 7100 Vejle	

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of ALUNITED Denmark A/S for the financial year 1 January - 31 December 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 Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2023.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Tønder, 28 June 2024

Executive Board

Koen Beckers

Board of Directors

Hyo-Sup Steinbauer Chairman	Sebastien Gilbert Donovan Pallavicini	Stefan Endraß

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of ALUNITED Denmark A/S

Opinion
We have audited the Financial Statements of ALUNITED Denmark A/S for the financial year 1 January - 31 December 2023, which comprise income statement, Balance Sheet, statement of changes in equity, cash flows, notes and 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 assets, liabilities and financial position of the Company at 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 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 the 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 our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company 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 judgment and maintain professional skepticism 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 Company's internal control.

INDEPENDENT AUDITOR'S REPORT

- 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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, 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 Management Commentary
Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover 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 Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that 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 Management Commentary.

Vejle, 28 June 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Bent Skov
State Authorised Public Accountant
MNE no. mne31481

FINANCIAL HIGHLIGHTS

	2023 DKK '000	2022 DKK '000	2021 DKK '000	2020 DKK '000	2019 DKK '000
Income statement					
Gross profit/loss	73.275	92.651	119.242	115.173	125.147
Operating profit/loss of main activities	863	-36.426	-10.619	4.418	8.516
Financial income and expenses, net	-1.992	-2.160	-2.043	-1.383	-1.287
Profit/loss for the year	2.626	-39.656	-10.285	2.579	5.604
Balance sheet					
Total assets	127.117	141.021	170.314	188.742	205.016
Equity	40.016	37.390	77.046	39.331	61.752
Invested capital	32.258	-11.631	56.727	43.042	67.249
Cash flows					
Investment in property, plant and equipment	2.779	4.942	0	6.328	21.133
Average number of full-time employees	**132**	**142**	**149**	**162**	**184**
Key ratios					
Equity ratio	31.5	26.5	45.2	20.8	30.1
Return on equity	6.8	-69.3	-17.7	5.1	9.0

The ratios stated in the list of key figures and ratios have been calculated as follows:

Equity ratio: $\frac{\text{Equity, at year-end x 100}}{\text{Total assets, at year-end}}$

Return on equity: $\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

MANAGEMENT COMMENTARY

Principal activities
Alunited Denmark is primarily engaged in the production of aluminium components for the automotive industry.

Development in activities and financial and economic position
In 2023, our strategic efforts were focused on fostering a robust organizational structure and diligently implementing improvement measures to counteract a significant decline in sales volume.

Despite a slight reduction in metal prices, our turnover decreased, primarily due to reduced sales volumes. Our objective was to achieve an EBITDA margin of 5% and an anticipated positive final result of 10-20 million DKK. Unfortunately, this target was not met, mainly due to one-time inventory depreciation and lower gross profits, which corresponded with the weaker sales figures.

Nevertheless, a notable development was the recording of repayments amounting to 16 million DKK from a fraud case, which contributed to a positive operating profit. This marked a significant turnaround from the loss in 2022.

For the year 2024, we have planned minor maintenance measures. However, significant investments are anticipated in 2025, fueled by the generation of new customer projects. These investments will further solidify our market position and drive our continued growth and success.

By focusing on these strategic priorities, we are confident that Alunited Denmark will continue to thrive, delivering exceptional value and sustainable growth for our stakeholders. orders.

Profit/loss for the year compared to the expected development
In 2023 we anticipated a sales volume between DKK 450-475 Million, our primary objective was to enhance organizational efficiency and consistently implement improvement measures to mitigate the significant decrease in sales volume. Despite a slight reduction in metal prices, turnover in 2023 declined due to reduced sales volumes.

We had targeted an EBITDA margin of 5% with an anticipated positive final result of 10-20 million DKK. However, this target was not met, primarily due to one-time inventory depreciation and lower gross profits, which corresponded with the weaker sales figures.

On a positive note, repayments from a fraud case amounting to 16 million DKK were recorded in 2023, contributing to an overall positive operating profit, compared to the loss in 2022.

Future expectations
As we look ahead to 2024, we are steadfast in our commitment to implementing cost reduction measures. These strategic initiatives are designed to enhance profitability and largely offset the forecasted decline in sales.

We are targeting an EBITDA level profitability of 5%, with a projected positive pre-tax income of 5-10 million DKK. Our aspirational goal is to secure additional production orders, leveraging our distinguished reputation in the realm of highly complex forming processes for the production of diverse aluminum formats. This reputation is underscored by our enduring customer relationships and exceptional track record.

ALUNITED is exceptionally well-positioned to capitalize on the burgeoning demand for lightweight components, driven by increasingly stringent environmental and safety regulations and the accelerating trend towards e-mobility. Our innovative capabilities and forward-thinking approach will ensure we remain at the forefront of the industry, meeting and exceeding the expectations of our clients and stakeholders.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2023 DKK '000	2022 DKK '000
GROSS PROFIT		**73.275**	**92.651**
Staff costs	1	-78.633	-74.614
Depreciation, amortisation and impairment		-9.728	-10.594
Other operating expenses	2	15.949	-43.869
OPERATING PROFIT		**863**	**-36.426**
Other financial income		870	2.626
Other financial expenses	3	-2.862	-4.786
LOSS BEFORE TAX		**-1.129**	**-38.586**
Tax on profit/loss for the year	4	3.755	-1.070
PROFIT FOR THE YEAR	5	**2.626**	**-39.656**

BDO

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2023 DKK '000	2022 DKK '000
Acquired concessions, patents, licences, trademarks and similar rights		7.467	7.120
Development projects in progress and prepayments for intangible assets		0	11
Intangible assets	6	**7.467**	**7.131**
Land and buildings		8.277	8.775
Production plant and machinery		20.613	25.448
Other plant, fixtures and equipment		11.123	13.166
Tangible fixed assets in progress and prepayments for tangible fixed assets		2.516	466
Property, plant and equipment	7	**42.529**	**47.855**
NON-CURRENT ASSETS		**49.996**	**54.986**
Expenses for raw materials and consumables		27.883	26.915
Work in progress		6.203	5.217
Finished goods and goods for resale		6.062	3.780
Inventories		**40.148**	**35.912**
Trade receivables		18.784	6.252
Contract work in progress	8	3.861	0
Receivables from group enterprises		182	0
Deferred tax assets	9	2.413	0
Other receivables		7.293	10.951
Corporation tax receivable		0	591
Prepayments		1.464	686
Receivables		**33.997**	**18.480**
Cash and cash equivalents		**2.976**	**31.643**
CURRENT ASSETS		**77.121**	**86.035**
ASSETS		**127.117**	**141.021**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2023 DKK '000	2022 DKK '000
Share Capital	10	501	501
Retained earnings		39.515	36.889
EQUITY		**40.016**	**37.390**
Provisions for deferred tax		0	1.342
Other provisions		450	450
PROVISIONS		**450**	**1.792**
Bank debt		1.882	0
Trade payables		59.107	85.960
Debt to Group companies		15.623	8.945
Other liabilities		10.039	6.934
Current liabilities		**86.651**	**101.839**
LIABILITIES		**86.651**	**101.839**
EQUITY AND LIABILITIES		**127.117**	**141.021**

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EQUITY

DKK '000	Share Capital	Retained earnings	Total
Equity at 1 January 2023	501	36.889	37.390
Proposed profit allocation, see note 5		2.626	2.626
Equity at 31 December 2023	**501**	**39.515**	**40.016**

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	2023 DKK '000	2022 DKK '000
Profit/loss for the year	2.626	-39.656
Depreciation and amortisation, reversed	9.728	10.594
Reversed realization gains	0	-209
Tax on profit/loss, reversed	-3.755	1.070
Corporation tax paid	589	-1.215
Change in inventories	-4.236	13.914
Change in receivables (ex tax)	-13.695	24.112
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility)	-17.070	9.917
CASH FLOWS FROM OPERATING ACTIVITY	**-25.813**	**18.527**
Purchase/sale of intangible assets, net	-1.957	-7.131
Purchase/sale of property, plant and equipment, net	-2.779	-4.476
Other cash flows from investing activities	0	4.367
CASH FLOWS FROM INVESTING ACTIVITY	**-4.736**	**-7.240**
Change in bank debt	1.882	0
CASH FLOWS FROM FINANCING ACTIVITY	**1.882**	**0**
CHANGE IN CASH AND CASH EQUIVALENTS	**-28.667**	**11.287**
Cash and cash equivalents at 1. januar	31.643	20.356
CASH AND CASH EQUIVALENTS AT 31. DECEMBER	**2.976**	**31.643**
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents	2.976	31.643
CASH AND CASH EQUIVALENTS	**2.976**	**31.643**

NOTES

	2023 DKK '000	2022 DKK '000	Note
Staff costs			1
Average number of full time employees	132	142	
Wages and salaries	69.773	67.426	
Pensions	7.006	6.441	
Social security costs	1.679	746	
Other staff costs	175	1	
	78.633	**74.614**	
Remuneration of Management and Board of Directors	5.139	4.635	
	5.139	**4.635**	

In accordance with the section 98b(3.2) of the Danish Financial Statements Act, remuneration of the Executive Board and the Board of Directors is presented together for 2022 and 2023.

Special items 2

In other operating expenses for 2023 cash retrieved from the bank-related heist from 2022 is included totalling DKK ('000) 16,443.

For 2022 the operating expenses in connection with the bank-related heist from Alunited's accounts is totalling DKK ('000) 43,448.

	2023 DKK '000	2022 DKK '000	Note
Other financial expenses			3
Group enterprises	261	0	
Other interest expenses	2.601	4.786	
	2.862	**4.786**	
Tax on profit/loss for the year			4
Calculated tax on taxable income of the year	0	627	
Adjustment of tax in previous years	0	-3	
Adjustment of deferred tax	-3.755	446	
	-3.755	**1.070**	
Proposed distribution of profit			5
Retained earnings	2.626	-39.656	
	2.626	**-39.656**	

NOTES

Note

Intangible assets 6

DKK '000	Acquired concessions, patents, licences, trademarks and similar rights	Development projects in progress and prepayments for intangible assets
Cost at 1 January 2023	7.520	11
Additions	1.968	385
Disposals	0	-396
Cost at 31 December 2023	**9.488**	**0**
Amortisation and impairment losses at 1 January 2022	401	0
Amortisation for the year	1.620	0
Amortisation and impairment losses at 31 December 2023	**2.021**	**0**
Carrying amount at 31 December 2023	**7.467**	**0**

Property, plant and equipment 7

DKK '000	Land and buildings	Production plant and machinery
Cost at 1 January 2023	47.561	130.536
Additions	0	379
Cost at 31 December 2023	**47.561**	**130.915**
Depreciation and impairment losses at 1 January 2023	38.786	105.088
Depreciation for the year	498	5.214
Depreciation and impairment losses at 31 December 2023	**39.284**	**110.302**
Carrying amount at 31 December 2023	**8.277**	**20.613**

DKK '000	Other plant, fixtures and equipment	Tangible fixed assets in progress and prepayments for tangible fixed assets
Cost at 1 January 2023	29.662	466
Additions	350	2.050
Cost at 31 December 2023	**30.012**	**2.516**
Depreciation and impairment losses at 1 January 2023	16.495	0
Depreciation for the year	2.394	
Depreciation and impairment losses at 31 December 2023	**18.889**	**0**
Carrying amount at 31 December 2023	**11.123**	**2.516**

NOTES

	2023 DKK '000	2022 DKK '000	Note
Contract work in progress			8
Sales value of completed work	15.681	0	
Progress invoicing/advances received	-11.820	0	
Contract work in progress, net	**3.861**	**0**	
Recognised as follows			
Contract work in progress (asset)	3.861	0	
	3.861	**0**	

Deferred tax assets 9

The provision for deferred tax is related to differences between the carrying amount and tax value of unused tax losses, inventories, intangible and tangible fixed assets.

	2023	2022
Deferred tax provisions, beginning of year	-1.342	-896
Deferred tax of the year, income statement	3.755	-446
Deferred tax assets 31 December 2023	**2.413**	**-1.342**

The company's deferred tax assets are recognized in the balance sheet with DKK ('000) 2,986. The tax asset primarily relates to unused tax losses. The tax asset is recognized on the basis of expectations for the next few years' tax profits, whereby the tax losses are expected to be fully utilised. The assessments are based on the company's budgets for the next year and projections for the following two years. The budgets are prepared in accordance with the company's normal budget procedure.

	2023 DKK '000	2022 DKK '000	
Share Capital			10
Allocation of share capital:			
Shares, 1 unit in the denomination of 501.000 DKK	501	501	
	501	**501**	

Contingencies etc. 11

Contingent liabilities

The company has entered into lease contracts with an average annual lease payment of DKK ('000) 658.

The lease contracts has a residual term of 2-51 months with a total residual lease payment of DKK ('000) 2,269.

NOTES

Note

Charges and securities 12

The Company has issued owner's mortgagedeed of DKK ('000) 14,906 which a mortgage in specific production plants and machinery totalling DKK ('000) 17,186.

The Company has issued a corporate mortgage of DKK ('000) 17,000. The corporate mortgage includes the following assets, whose accounting value on the balance sheet date amounts to:

	Carrying amount of assets DKK '000
Acquired concessions, patents, licences, trademarks and similar rights	7.467
Other plant, fixtures and equipment	11.123
Inventories	37.543
Trade receivables	18.784

Related parties 13

The Company's related parties include:

Controlling interest

FB 15 GmbH, Vordere Seestr. 13 a, 82237 Wörthsee, Germany.

FB 15 GmbH holds the majority of the contributed capital in the Company.

Transactions with related parties

	2023 DKK '000	2022 DKK '000
ALUNITED France SAS		
Other operating income	713	953
Purchase of goods	-9,746	-7,148
Interest expenses	-261	0
Fidelium		
Management fee	-3,140	-3,726
Consultancy costs	-178	0
Other operating expenses	-687	0

Payables to group entitites are disclosed in the balance sheet.

Consolidated Financial Statements 14

The company is included in the consolidated accounts of FB 15 GmbH, Vordere Seestr. 13a, Germany.

ACCOUNTING POLICIES

The Annual Report of ALUNITED Denmark A/S for 2023 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

INCOME STATEMENT

Net revenue

Net revenue from the sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

Where products with a high degree of individual adjustment are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total income and expenses regarding the contract and the degree of completion at the Balance Sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the Company.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible assets, operating loss and conflict compensations, as well as salary refunds. Compensations are recognised when the income is estimated to be realisable.

Other external expenses

Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, lease expenses, etc

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Company's employees.

Other operating expenses

Other operating expenses include items of a secondary nature in relation to the Group’s and the Company’s activities. Losses from sale of intangible and tangible fixed assets are also included.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

ACCOUNTING POLICIES

BALANCE SHEET

Intangible fixed assets
Patents and licences are measured at the lower of cost less accumulated amortisation and the recoverable amount. Patents are amortised over the remaining patent period and licences are amortised over the period of the agreement, however, no more than 5 years.

Development projects comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the Company's development activities and which fulfil the criteria for recognition in the Balance Sheet.

The accounting item is measured at the lower of the capitalised costs less accumulated amortisation and recoverable amount.
Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 5 years.

Intangible fixed assets are generally written down to the recoverable amount if this is lower than the carrying amount.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Tangible fixed assets
Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life
Buildings	25 years
Production plant and machinery	10-14 years
Other plant, fixtures and equipment	5-10 years

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

Profit or loss from sale of tangible fixed assets is stated as the difference between the sales price less costs of sale and the carrying amount at the date of sale. Profits or losses are recognised in the Income Statement.

Impairment of fixed assets
The carrying amount of intangible fixed and tangible assets, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

Inventories
Inventories are measured at cost using the FIFO-principle. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct payroll cost and other direct and other indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, the cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at the expected sales price less direct completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price of the inventories.

Receivables
Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Contract work in progress
Work in progress on contract is measured at the sales value of the work performed. The sales value is measured on the basis of the degree of completion on the Balance Sheet date and the total anticipated revenue related to the specific piece of work in progress.

The specific piece of work in progress is recognised in the Balance Sheet as receivables or payables, depending on the net value of the selling price less progress invoicing and progress payments.

Costs relating to sales work and obtaining of contracts are recognised in the Income Statement as and when they are incurred.

ACCOUNTING POLICIES

Prepayments, assets
Prepayments recognised as assets include costs incurred relating to the subsequent financial year.

Other provisions for liabilities
Other provisions for liabilities include the expected cost of warranty commitments, loss on work in progress, restructurings etc. and deferred tax.

Warranty commitments include liabilities for improvement of work within the warranty period of 1 to 5 years. The provision for liabilities is measured and recognised on the basis of experience with warranty work.

When it is likely that the total costs will exceed the total income on the contract work in progress, a provision is made for the total loss that is anticipated on the contract.

Tax payable and deferred tax
Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities
Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

ACCOUNTING POLICIES

CASH FLOW STATEMENT

The cash flow statement shows the Company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:
Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:
Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:
Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:
Cash and cash equivalents include cash at bank and in hand and short-term securities, for which there is only negligible risk of changes in value, and which are readily negotiable for cash at bank and in hand.