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# ***Robert Bosch A/S***

Telegrafvej 1, DK-2750 Ballerup

## **Annual Report for 1 January - 31 December 2016**

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CVR No 55 11 28 19

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
5 /4 2017

Thore Henjum Pedersen  
Chairman



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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Robert Bosch A/S for the financial year 1 January - 31 December 2016.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Company and of the results of the Company operations for 2016.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Ballerup, 5 April 2017

## Direktion

Thore Henjum Pedersen

## Bestyrelse

Karl Frederik Nilner  
Chairman

Annette Kunkel Jensen  
Deputy Chairman

Thore Henjum Pedersen

# Independent Auditor's Report

To the Shareholders of Robert Bosch A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Robert Bosch A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

## 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, 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's Review and, in doing so, consider whether Management's Review 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's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

## 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.

# Independent Auditor's Report

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.
- 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.

# Independent Auditor's Report

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.

Hellerup, 5 April 2017

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Jens Otto Damgaard  
statsautoriseret revisor

Morten Jørgensen  
statsautoriseret revisor

## **Company Information**

### **The Company**

Robert Bosch A/S  
Telegrafvej 1  
DK-2750 Ballerup

Telephone: + 45 4489 8989  
Facsimile: + 45 4489 8787  
E-mail: post@dk.bosch.com  
Website: www.bosch.dk

CVR No: 55 11 28 19  
Financial period: 1 January - 31 December  
Municipality of reg. office: Ballerup

### **Board of Directors**

Karl Frederik Nilner, Chairman  
Annette Kunkel Jensen, Deputy Chairman  
Thore Henjum Pedersen

### **Executive Board**

Thore Henjum Pedersen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2016	2015	2014	2013	2012
	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	740	702	669	641	687
Operating profit/loss	-65	-64	21	18	15
Profit/loss before financial income and expenses	24	17	21	19	21
Net financials	-2	0	1	0	1
Net profit/loss for the year	17	13	16	14	16
<b>Balance sheet</b>					
Balance sheet total	304	280	402	306	311
Equity	67	63	66	64	66
Investment in property, plant and equipment	3	5	0	2	4
Number of employees	186	175	173	175	186
<b>Ratios</b>					
Gross margin	18.9%	17.9%	14.1%	14.0%	14.7%
Profit margin	3.2%	2.4%	3.1%	3.0%	3.1%
Return on assets	7.9%	6.1%	5.2%	6.2%	6.8%
Solvency ratio	22.0%	22.5%	16.4%	20.9%	21.2%
Return on equity	26.2%	20.2%	24.6%	21.5%	25.2%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.



# Management's Review

Financial Statements of Robert Bosch A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

## Main activity

Robert Bosch A/S is a subsidiary of Robert Bosch GmbH, the world's largest supplier to the automobile industry which is the core segment of the group. The group also operates within the segments Automotive Aftermarket, Power Tools and Thermotechnology which are marketed and sold in Denmark by Robert Bosch A/S.

## Development in the year

The income statement of the Company for 2016 shows a profit of TDKK 17,036, and at 31 December 2016 the balance sheet of the Company shows equity of TDKK 67,036.

## The past year and follow-up on development expectations from last year

Compared to 2015 sales increased by 5.4 % (2015: 4.9 %).

Staff expenses and other external expenses have increased by DKK 3.8 million.

Profit on ordinary activities amounted to DKK 24.5 million compared to DKK 17.4 million in 2015. The profit after tax amounted to DKK 17.0 million compared to DKK 13.3 million in 2015

## Capital resources

The Company expects a continuous positive development in the market in 2017, which is expected to result in increased turnover and a positive development in profit compared to 2016.

## External environment

The Bosch group is aware that their actions must be in harmony with economic and ecological needs and also reflect our responsibility for the community as a whole – especially with a view to future generations. Paying attention to human health and safety, economical use of resources, and keeping the environment clean are therefore key corporate principles at the Bosch group.

The products of the Bosch group combine energy efficiency and resource conservation with cost savings for the benefit of our customers and the environment.

# Management's Review

## Intellectual capital resources

In developing new products and opening up new areas of business, it is essential for our future market position that Bosch has first-class specialists on board and that we encourage them to use their potential to the full. We do that by building on the motivation and competence of our managers and associates. We systematically offer associates further training and keep them at the company long term. We are encouraging diversity, demographic complexity, and young talents.

In 2016 Robert Bosch A/S had 15 trainees and apprentices on an average. We have a special two-year junior management program in the Nordic region with 4 promising talents.

## Statement of corporate social responsibility

Robert Bosch A/S does not have its own independent policies for Corporate Social Responsibility and consequently does not prepare an independent statement on the topic.

For a statement regarding Corporate Social Responsibility at group level, we refer to our owner Robert Bosch GmbH, which is published on:

[http://www.bosch.com/en/com/sustainability/key\\_figures/status\\_report/reports.php](http://www.bosch.com/en/com/sustainability/key_figures/status_report/reports.php)

The Bosch Group has joined the UN Global Compact

## Statement on gender composition

We see the diversity of our associates as a key factor for economic success, because wherever people with diverse skills and experience work together, unique ideas come into being. Diversity and equal opportunities also have a positive effect on the working environment and bring people inside and outside our company closer together. In addition to providing equal opportunities for men and women in management positions, we also consider it to be important for associates of different generations, nationalities, and working cultures to work together and appreciate what each member of the team has to offer.

It is the aim of the Bosch group to have at least 20 percent women in management positions by 2020.

The board of management of Robert Bosch A/S consists of one woman and two men.

The management team of Robert Bosch A/S consist of 29% women and 71% men.

The requirement in §99b of the Danish Financial Statements Act regarding policies and targets for the underrepresented sex is consequently already met at Robert Bosch A/S.

## **Management's Review**

### **Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income Statement 1 January - 31 December

	Note	2016 TDKK	2015 TDKK
<b>Revenue</b>	1	<b>740,459</b>	<b>701,920</b>
Other operating income		89,833	81,723
Expenses for raw materials and consumables		-569,458	-533,646
Other external expenses		-121,129	-124,343
<b>Gross profit/loss</b>		<b>139,705</b>	<b>125,654</b>
Staff expenses	2	-111,029	-103,828
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-4,192	-4,396
<b>Profit/loss before financial income and expenses</b>		<b>24,484</b>	<b>17,430</b>
Income from investments in associates		0	545
Financial income	3	646	1,058
Financial expenses	4	-2,696	-1,357
<b>Profit/loss before tax</b>		<b>22,434</b>	<b>17,676</b>
Tax on profit/loss for the year	5	-5,398	-4,396
<b>Net profit/loss for the year</b>		<b>17,036</b>	<b>13,280</b>

## Distribution of profit

### Proposed distribution of profit

Extraordinary dividend paid	0	0
Proposed dividend for the year	17,036	13,280
	<b>17,036</b>	<b>13,280</b>

# Balance Sheet 31 December

## Assets

	Note	2016 TDKK	2015 TDKK
Land and buildings		30,984	32,964
Other fixtures and fittings, tools and equipment		9,555	8,527
<b>Property, plant and equipment</b>	6	<b>40,539</b>	<b>41,491</b>
<b>Fixed assets</b>		<b>40,539</b>	<b>41,491</b>
<b>Inventories</b>		<b>9,197</b>	<b>3,138</b>
Trade receivables		108,971	91,233
Receivables from group enterprises		116,588	114,036
Other receivables		688	1,201
Prepayments		1,271	1,084
<b>Receivables</b>		<b>227,518</b>	<b>207,554</b>
<b>Cash at bank and in hand</b>		<b>26,751</b>	<b>27,397</b>
<b>Currents assets</b>		<b>263,466</b>	<b>238,089</b>
<b>Assets</b>		<b>304,005</b>	<b>279,580</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2016 TDKK	2015 TDKK
Share capital		50,000	50,000
Proposed dividend for the year		17,036	13,280
<b>Equity</b>	7	<b>67,036</b>	<b>63,280</b>
Provision for deferred tax	8	1,661	1,624
Other provisions	9	17,293	18,123
<b>Provisions</b>		<b>18,954</b>	<b>19,747</b>
Trade payables		18,556	8,667
Payables to group enterprises		154,393	148,676
Corporation tax		1,313	1,814
Other payables		41,575	35,641
Deferred income		2,178	1,755
<b>Short-term debt</b>		<b>218,015</b>	<b>196,553</b>
<b>Debt</b>		<b>218,015</b>	<b>196,553</b>
<b>Liabilities and equity</b>		<b>304,005</b>	<b>279,580</b>
Contingent assets, liabilities and other financial obligations	10		
Related parties	11		

## Statement of Changes in Equity

	Share capital	Proposed dividend for the	Total
	TDKK	year	TDKK
		TDKK	TDKK
Equity at 1 January	50,000	13,280	63,280
Ordinary dividend paid	0	-13,280	-13,280
Net profit/loss for the year	0	17,036	17,036
<b>Equity at 31 December</b>	<b>50,000</b>	<b>17,036</b>	<b>67,036</b>

# Notes to the Financial Statements

	2016 <u>TDKK</u>	2015 <u>TDKK</u>
<b>1 Revenue</b>		
<b>Geographical segments</b>		
Revenue, Denmark	712,910	686,292
Revenue, exports	<u>27,549</u>	<u>15,628</u>
	<b><u>740,459</u></b>	<b><u>701,920</u></b>
<b>Business segments</b>		
Automotive Technology	205,694	212,865
Comsumables	379,226	337,905
Energy and building technology	<u>155,539</u>	<u>151,150</u>
	<b><u>740,459</u></b>	<b><u>701,920</u></b>
<b>2 Staff expenses</b>		
Wages and salaries	100,309	93,667
Pensions	8,513	8,369
Other social security expenses	<u>2,207</u>	<u>1,792</u>
	<b><u>111,029</u></b>	<b><u>103,828</u></b>
<b>Average number of employees</b>	<b><u>186</u></b>	<b><u>175</u></b>
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.		
<b>3 Financial income</b>		
Interest received from group enterprises	295	349
Other financial income	<u>351</u>	<u>709</u>
	<b><u>646</u></b>	<b><u>1,058</u></b>



## Notes to the Financial Statements

	2016 <u>TDKK</u>	2015 <u>TDKK</u>
<b>4 Financial expenses</b>		
Interest paid to group enterprises	686	430
Other financial expenses	2,010	927
	<u><b>2,696</b></u>	<u><b>1,357</b></u>
<b>5 Tax on profit/loss for the year</b>		
Current tax for the year	5,313	5,964
Deferred tax for the year	37	-1,580
Adjustment of tax concerning previous years	48	12
	<u><b>5,398</b></u>	<u><b>4,396</b></u>
<b>6 Property, plant and equipment</b>		
	Land and buildings	Other fixtures and fittings, tools and equipment
	<u>TDKK</u>	<u>TDKK</u>
Cost at 1 January	84,806	19,858
Additions for the year	126	3,204
Disposals for the year	-672	-832
Cost at 31 December	<u>84,260</u>	<u>22,230</u>
Impairment losses and depreciation at 1 January	51,842	11,331
Depreciation for the year	1,680	2,075
Reversal of impairment and depreciation of sold assets	-246	-731
Impairment losses and depreciation at 31 December	<u>53,276</u>	<u>12,675</u>
<b>Carrying amount at 31 December</b>	<u><b>30,984</b></u>	<u><b>9,555</b></u>

# Notes to the Financial Statements

## 7 Equity

The share capital consists of 100 shares of a nominal value of TDKK 500,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

	<u>2016</u> TDKK	<u>2015</u> TDKK
<b>8 Provision for deferred tax</b>		
Provision for deferred tax at 1 January	1,624	3,203
Amounts recognised in the income statement for the year	37	-1,580
Amounts recognised in equity for the year	0	1
<b>Provision for deferred tax at 31 December</b>	<b><u>1,661</u></b>	<b><u>1,624</u></b>
Property, plant and equipment	4,098	4,253
Inventories	-1,515	-1,218
Trade receivables	-1,205	-1,650
Other	283	239
	<b><u>1,661</u></b>	<b><u>1,624</u></b>
<b>9 Other provisions</b>		
Warranty liabilities	12,355	14,648
Redundancy payment and anniversary bonus	2,262	2,221
Other provisions	2,676	1,254
	<b><u>17,293</u></b>	<b><u>18,123</u></b>

# Notes to the Financial Statements

	2016 TDKK	2015 TDKK
<b>10 Contingent assets, liabilities and other financial obligations</b>		
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	5,000	4,710
Between 1 and 5 years	8,440	5,997
	<b>13,440</b>	<b>10,707</b>

## 11 Related parties

### Transactions

Transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises and other related parties are carried out at arm's length.

### Consolidated Financial Statements

The Company is included in the Consolidated Financial Statements of the parent company.

Name	Place of registered office
Robert Bosch GmbH	Stuttgart, Germany

The Consolidated Financial Statements can be obtained at [www.bosch.com](http://www.bosch.com).

## **Notes, Accounting Policies**

### **Basis of Preparation**

The Annual Report of Robert Bosch A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

Financial Statements for 2016 are presented in TDKK.

### **Changes in accounting policies**

Compared to last year, invoicing of corporate costs to group companies is included in other operating income. The change has no effect on net profit or equity. The comparative figures for 2015 has been changed. For 2015 other operating income has been increased by DKK 81.6 million. Staff cost costs and other external costs has been increased by the same amount.

### **Cash flow statement**

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Robert Bosch GmbH, the Company has not prepared a cash flow statement.

### **Recognition and measurement**

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the

## **Notes, Accounting Policies**

presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

### **Leases**

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### **Translation policies**

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

### **Revenue**

Information on business segments and geographical segments based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

## **Income Statement**

### **Revenue**

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

## **Notes, Accounting Policies**

### **Expenses for raw materials and consumables**

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the enterprise.

### **Other external expenses**

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

### **Staff expenses**

Staff expenses comprise wages and salaries as well as payroll expenses.

### **Other operating income and expenses**

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, e.g. invoicing of corporate cost to group companies.

### **Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### **Tax on profit/loss for the year**

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group companies. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## **Balance Sheet**

### **Intangible assets**

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

## Notes, Accounting Policies

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	33.3 years
Other fixtures and fittings, tools and equipment	3-12 years

Depreciation period and residual value are reassessed annually.

### Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

### Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

### Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

# Notes, Accounting Policies

## Equity

### *Dividend*

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### **Provisions**

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1. Provisions are measured and recognised based on experience with guarantee work. Provisions with an expected maturity exceeding 1 year from the balance sheet date are discounted at the average bond yield.

### **Deferred tax assets and liabilities**

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

### **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### **Financial debts**

Debts are measured at amortised cost, substantially corresponding to nominal value.



## Notes, Accounting Policies

### Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

### Financial Highlights

#### Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$