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Riantics A/S
Industrivej 8
9510 Arden
Central Business Registration No
61628711

Annual report 2016

The Annual General Meeting adopted the annual report on 24.05.2017

Chairman of the General Meeting

René Toxvig

Name: Rene Toxvig

Contents

Entity details

Entity
Riantics A/S
Industrivej 8
9510 Arden

Central Business Registration No: 61628711
Registered in: Mariagerfjord
Financial year: 01.06.2016 - 31.12.2016

Board of Directors
Thomas Metz, Chairman
Hubert Kloß
Roland Fuchs

Executive Board
Hans-Henrik Jensen, CEO

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Riantics A/S for the financial year 01.06.2016 - 31.12.2016.

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 31.12.2016 and of the results of its operations and cash flows for the financial year 01.06.2016 - 31.12.2016.

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.

Arden, 24.05.2017

Executive Board

Hans-Henrik Jensen
CEO

Board of Directors

Thomas Metz Chairman	Hubert Kloß	Roland Fuchs

Independent auditor's report

To the shareholders of Riantics A/S

Opinion

We have audited the financial statements of Riantics A/S for the financial year 01.06.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement 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 31.12.2016 and of the results of its operations and cash flows for the financial year 01.06.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary
Management is responsible for the management commentary.

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

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

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

Independent auditor's report

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

Aarhus, 24.05.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Lars Svoldgaard Andersen

Lars Svoldgaard Andersen
State Authorised Public Accountant

Management commentary

	2016 DKK'000	2015/16 DKK'000	2014/15 DKK'000	2013/14 DKK'000	2012/13 DKK'000
Financial highlights					
Key figures					
Gross profit	44.700	81.100	69.581	62.739	90.036
Operating profit/loss	2.722	18.377	3.011	2.614	(11.276)
Net financials	(427)	(5.620)	(3.689)	(2.200)	(8.526)
Profit/loss for the year	1.115	10.444	(1.328)	(312)	(8.604)
Total assets	112.990	174.372	189.847	196.847	238.083
Investments in property, plant and equipment	689	498	402	1.176	1.881
Equity	53.420	47.188	59.200	65.528	91.840
Ratios					
Return on equity (%)	2,2	19,6	(2,1)	(0,4)	(11,8)
Equity ratio (%)	47,3	27,1	31,2	33,3	38,6

As a result of the divestment of the activity in the former Nordplan A/S in the financial year 2012/13, the financial highlights in the financial year 2013/14 only cover the surviving activity Qubiqa Logistics.

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

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

Management commentary

Primary activities
Riantics focuses on developing, producing and distributing innovative quality products and automation solutions for the optimization of internal logistics in selected businesses.

Development in activities and finances
Profit for the year amounts to DKK 2,3m before tax. The financial result is according to expectation and considered satisfactory.

Outlook
The company expects a positive development of the financial performance for the coming financial year exploiting the synergies of becoming part of an inter-logistics group.

Environmental performance
The company does not perform work that directly affects the environment and nature of the area. The company, however, has decided to pursue an energy-conscious policy with focus on reduction of energy consumption.

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 2016

	Notes	2016 DKK	2015/16 DKK
Gross profit		**44.699.999**	**81.099.734**
Staff costs	1	(40.380.405)	(58.510.218)
Depreciation, amortisation and impairment losses	2	(1.597.845)	(4.212.191)
Operating profit/loss		**2.721.749**	**18.377.325**
Other financial income	3	182.330	1.228.360
Impairment of financial assets		0	(2.807.000)
Other financial expenses	4	(608.982)	(4.041.003)
Profit/loss before tax		**2.295.097**	**12.757.682**
Tax on profit/loss for the year	5	(1.179.901)	(2.313.552)
Profit/loss for the year	6	**1.115.196**	**10.444.130**

Balance sheet at 31.12.2016

	Notes	2016 DKK	2015/16 DKK
Acquired patents		8.257.781	8.270.044
Goodwill		2.773.316	2.888.683
Intangible assets	7	**11.031.097**	**11.158.727**
Land and buildings		18.336.933	30.657.628
Plant and machinery		17.765	26.046
Other fixtures and fittings, tools and equipment		1.907.803	1.390.842
Property, plant and equipment	8	**20.262.501**	**32.074.516**
Investments in group enterprises		1	1
Other investments		0	30.597.149
Other receivables		0	13.330.693
Fixed asset investments	9	**1**	**43.927.843**
Fixed assets		**31.293.599**	**87.161.086**
Raw materials and consumables		5.121.032	7.788.569
Manufactured goods and goods for resale		2.213.720	291.504
Inventories		**7.334.752**	**8.080.073**
Trade receivables		33.274.559	28.338.929
Contract work in progress	10	13.686.674	22.492.292
Receivables from group enterprises		14.137	14.393.592
Deferred tax	11	7.635.000	9.100.000
Other receivables		12.002	359.802
Income tax receivable		1.640.482	1.377.140
Prepayments	12	379.832	514.190
Receivables		**56.642.686**	**76.575.945**
Cash		**17.718.583**	**2.554.679**
Current assets		**81.696.021**	**87.210.697**
Assets		**112.989.620**	**174.371.783**

Balance sheet at 31.12.2016

	Notes	2016 DKK	2015/16 DKK
Contributed capital	13	7.500.000	7.500.000
Revaluation reserve		5.052.002	5.052.002
Retained earnings		40.868.419	34.635.688
Equity		**53.420.421**	**47.187.690**
Other provisions	14	6.489.226	6.997.226
Provisions		**6.489.226**	**6.997.226**
Mortgage debts		0	22.264.753
Deposits		0	150.000
Other payables		2.474.831	2.193.056
Non-current liabilities other than provisions		**2.474.831**	**24.607.809**
Current portion of long-term liabilities other than provisions		0	3.029.916
Subordinate loan capital		0	1.628.256
Bank loans		0	40.348.997
Contract work in progress	10	11.962.915	10.535.449
Trade payables		20.324.907	19.937.824
Payables to group enterprises		253.355	3.081.732
Other payables		18.063.965	17.016.884
Current liabilities other than provisions		**50.605.142**	**95.579.058**
Liabilities other than provisions		**53.079.973**	**120.186.867**
Equity and liabilities		**112.989.620**	**174.371.783**
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Mortgages and securities	18		
Related parties with controlling interest	19		
Group relations	20		

Statement of changes in equity for 2016

	Contributed capital DKK	Revaluation reserve DKK	Retained earnings DKK	Total DKK
Equity beginning of year	7.500.000	5.052.002	34.635.688	47.187.690
Other equity postings	0	0	5.117.535	5.117.535
Profit/loss for the year	0	0	1.115.196	1.115.196
Equity end of year	**7.500.000**	**5.052.002**	**40.868.419**	**53.420.421**

Cash flow statement 2016

	Notes	2016 DKK	2015/16 DKK
Operating profit/loss		2.721.749	18.377.325
Amortisation, depreciation and impairment losses		1.597.845	4.212.191
Other provisions		(508.000)	2.853.000
Working capital changes	15	17.881.919	(15.773.267)
Cash flow from ordinary operating activities		**21.693.513**	**9.669.249**
Financial income received		182.330	1.228.360
Financial income paid		(608.982)	(4.041.003)
Income taxes refunded/(paid)		21.756	3.490.841
Cash flows from operating activities		**21.288.617**	**10.347.447**
Acquisition etc of intangible assets		(969.200)	(332.378)
Acquisition etc of property, plant and equipment		(689.000)	(498.000)
Sale of property, plant and equipment		12.000.000	21.781
Sale of fixed asset investments		43.927.843	1.166.076
Cash flows from investing activities		**54.269.643**	**357.479**
Instalments on loans etc		(25.162.894)	(1.868.809)
Dividend paid		0	(10.000.000)
Cash increase of capital		5.117.535	0
Cash flows from financing activities		**(20.045.359)**	**(11.868.809)**
Increase/decrease in cash and cash equivalents		**55.512.901**	**(1.163.883)**
Cash and cash equivalents beginning of year		(37.794.318)	(36.630.435)
Cash and cash equivalents end of year		**17.718.583**	**(37.794.318)**
Cash and cash equivalents at year-end are composed of:			
Cash		17.718.583	2.554.679
Short-term debt to banks		0	(40.348.997)
Cash and cash equivalents end of year		**17.718.583**	**(37.794.318)**

Notes

	2016 DKK	2015/16 DKK
1. Staff costs		
Wages and salaries	37.416.175	54.078.003
Pension costs	2.418.771	3.729.055
Other social security costs	545.459	703.160
	40.380.405	**58.510.218**
Average number of employees	**94**	**89**

Referring to section 98b of the Danish Financial Statements Act, Management's remuneration has not been disclosed.

	2016 DKK	2015/16 DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	1.096.830	2.405.136
Depreciation of property, plant and equipment	725.041	1.828.836
Profit/loss from sale of intangible assets and property, plant and equipment	(224.026)	(21.781)
	1.597.845	**4.212.191**

	2016 DKK	2015/16 DKK
3. Other financial income		
Financial income arising from group enterprises	0	391.571
Interest income	101.865	836.789
Exchange rate adjustments	80.465	0
	182.330	**1.228.360**

	2016 DKK	2015/16 DKK
4. Other financial expenses		
Financial expenses from group enterprises	87.734	137.192
Interest expenses	521.248	3.322.379
Fair value adjustments	0	300.000
Other financial expenses	0	281.432
	608.982	**4.041.003**

Notes

	2016 DKK	2015/16 DKK
5. Tax on profit/loss for the year		
Tax on current year taxable income	(195.099)	(3.186.448)
Change in deferred tax for the year	1.375.000	5.500.000
	1.179.901	**2.313.552**

	2016 DKK	2015/16 DKK
6. Proposed distribution of profit/loss		
Retained earnings	1.115.196	10.444.130
	1.115.196	**10.444.130**

	Acquired patents DKK	Goodwill DKK
7. Intangible assets		
Cost beginning of year	28.612.702	3.660.253
Additions	969.200	0
Cost end of year	**29.581.902**	**3.660.253**
Amortisation and impairment losses beginning of year	(20.342.658)	(771.570)
Amortisation for the year	(981.463)	(115.367)
Amortisation and impairment losses end of year	**(21.324.121)**	**(886.937)**
Carrying amount end of year	**8.257.781**	**2.773.316**

Notes

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK
8. Property, plant and equipment			
Cost beginning of year	48.161.946	1.824.666	8.221.240
Additions	0	0	689.000
Disposals	(18.072.655)	0	0
Cost end of year	**30.089.291**	**1.824.666**	**8.910.240**
Revaluations beginning of year	5.052.002	0	0
Revaluations end of year	**5.052.002**	**0**	**0**
Depreciation and impairment losses beginning of the year	(22.556.320)	(1.798.620)	(6.830.398)
Depreciation for the year	(544.721)	(8.281)	(172.039)
Reversal regarding disposals	6.296.681	0	0
Depreciation and impairment losses end of the year	**(16.804.360)**	**(1.806.901)**	**(7.002.437)**
Carrying amount end of year	**18.336.933**	**17.765**	**1.907.803**

	Investments in group enterprises DKK	Other investments DKK	Other receivables DKK
9. Fixed asset investments			
Cost beginning of year	1	30.597.149	16.137.693
Disposals	0	(30.597.149)	(16.137.693)
Cost end of year	**1**	**0**	**0**
Impairment losses beginning of year	0	0	(2.807.000)
Reversal regarding disposals	0	0	2.807.000
Impairment losses end of year	**0**	**0**	**0**
Carrying amount end of year	**1**	**0**	**0**

Notes

	Registered in	Corporate form	Equity interest %	Equity DKK	Profit/loss DKK
Investments in group enterprises comprise:					
Univeyor Limited	Leicester, United Kingdom	Ltd.	100,0	(1.135.000)	(30.600)

	2016 DKK	2015/16 DKK
10. Contract work in progress		
Contract work in progress	235.786.901	176.221.304
Progress billings regarding contract work in progress	(234.063.142)	(164.264.461)
Transferred to liabilities other than provisions	11.962.915	10.535.449
	13.686.674	**22.492.292**

	2016 DKK	2015/16 DKK
11. Deferred tax		
Intangible assets	411.000	1.064.000
Property, plant and equipment	476.000	3.802.000
Inventories	337.000	0
Receivables	73.000	51.000
Provisions	1.428.000	1.539.000
Tax losses carried forward	4.910.000	2.644.000
	7.635.000	**9.100.000**

Changes during the year	
Beginning of year	9.100.000
Recognised in the income statement	(1.465.000)
End of year	**7.635.000**

It is considered most likely that within a short number of years, Qubiqa A/S will be able generate sufficient taxable results against which the tax assets can be set off. Losses deductible against income from like-kind sources according to the Danish Act on Taxation of Profit from Sale of Real Property are not recognised numerically in the financial statements as tax loss carryforwards are not expected to be used by the Company within the next few years.

Notes

12. Prepayments
Prepayments relate to prepaid expenses for insurance etc.

	Number	Nominal value DKK
13. Contributed capital		
Shares	7.500	7.500.000
	7.500	**7.500.000**

14. Other provisions
Guarantee obligations concern goods sold within systems sales and product sales which are delivered with one year's guarantee. The provisions are prepared based on previous years' experiences. Expectations are that the costs will be incurred within 12 months.

	2016 DKK	2015/16 DKK
15. Change in working capital		
Increase/decrease in inventories	745.321	1.448.420
Increase/decrease in receivables	18.731.601	(14.434.219)
Increase/decrease in trade payables etc	(1.595.003)	(2.787.468)
	17.881.919	**(15.773.267)**

	2016 DKK	2015/16 DKK
16. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**4.150.038**	**4.717.723**

17. Contingent liabilities
Until 1 July 2016, the Company participated in a Danish joint taxation arrangement with Anpartsselskabet af 15. Marts 2006 serving as the administration company. According to the provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest and dividends for the jointly taxed companies up until and including 1 July 2016.

Notes

18. Mortgages and securities

The guarantor has provided a guarantee in connection with projects in progress. Guarantees amount to DKK 27,406,509 at the balance sheet date.

19. Related parties with controlling interest

Körber Logistics Systems GmbH holds all company shares and therefore has a controlling interest in the Company.

20. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Körber AG, Hamborg, Germany

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The Company has changed its financial year from the period 01.06. – 31.05. to 01.01. - 31.12. so that the Company follows the parent's financial year going forward. This year's financial statements therefore cover a period of 7 months compared to last year's 12 months. The comparative figures are therefore not directly comparable with the figures in the current financial period.

Moreover, the Company merged with Qubiqa NewCo ApS at 01.05.2016 with Qubiqa A/S as the surviving company. The merger was carried out applying the uniting-of-interests method. As Qubiqa NewCo ApS was established in the current financial year, the uniting of interests has no monetary impact on the comparative figures in the annual report.

The accounting policies applied for these financial statements are consistent with those applied last year.

Consolidated financial statements

Due to materiality, the Company has omitted to prepare consolidated financial statements.

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 one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or

Accounting policies

financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and 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 from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

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 write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Accounting policies

Impairment of financial assets
Impairment of financial assets comprises impairment of financial assets which are not measured at fair value on a current basis.

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 as well as tax surcharge under the Danish Tax Prepayment Scheme 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 all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet
Goodwill
Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business arever ea. The amortisation period is usually 10 years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

Goodwill is written down to the lower of recoverable amount and carrying amount.

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.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Land and buildings, plant and machinery as well as 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. For self-manufactured assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Accounting policies

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	30-50 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-5 years

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 and are written down to the lower of recoverable amount and carrying amount.

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

Other investments
Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date.

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

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

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on and impairment losses relating to machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

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

Contract work in progress
Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

Accounting policies

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as financing costs are recognised in the income statement as incurred.

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

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

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

Cash
Cash comprises cash in hand and bank deposits.

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructurings, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Accounting policies

Once it is likely that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

Cash and cash equivalents comprise cash less short-term bank debt.