

Insero Air Traffic Solutions A/S

Chr. M. Østergaardsvej 4A
8700 Horsens
Central Business Registration No
66849716

Annual report 2018

The Annual General Meeting adopted the annual report on 23.04.2019

Chairman of the General Meeting

Name: Christian Damgaard Lunde

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Entity details

Entity

Insero Air Traffic Solutions A/S
Chr. M. Østergaardsvej 4A
8700 Horsens

Central Business Registration No: 66849716

Founded: 03.07.1981

Registered in: Horsens

Financial year: 01.01.2018 - 31.12.2018

Phone: 75618811

Fax: 75615895

Website: www.inseroftware.dk

Board of Directors

Kim Søgård Kristensen, Chairman of the board

Erik Borum

Christian Damgaard Lunde

Executive Board

Peter Bøgh Sørensen, 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 Insero Air Traffic Solutions A/S for the financial year 01.01.2018 - 31.12.2018.

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 31.12.2018 and of the results of its operations and cash flows for the financial year 01.01.2018 - 31.12.2018.

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.

Horsens, 21.03.2019

Executive Board

Peter Bøgh Sørensen
CEO

Board of Directors

Kim Søgård Kristensen
Chairman of the board

Erik Borum

Christian Damgaard Lunde

Independent auditor's report

To the shareholders of Insero Air Traffic Solutions A/S

Opinion

We have audited the financial statements of Insero Air Traffic Solutions A/S for the financial year 01.01.2018 - 31.12.2018, 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 31.12.2018 and of the results of its operations and cash flows for the financial year 01.01.2018 - 31.12.2018 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 misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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, 21.03.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Lars Andersen
State Authorised Public Accountant
Identification number (MNE) mne34506

Management commentary

	2018	2017	2016	2015	2014
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Gross profit	10.776	13.007	12.025	11.098	12.992
Operating profit/loss	(3.827)	244	2.651	666	1.628
Net financials	216	28	(51)	(238)	(111)
Profit/loss for the year	(3.150)	227	2.020	256	1.145
Total assets	20.027	26.275	25.085	22.799	22.043
Equity	13.574	19.724	19.498	17.478	14.024
Cash flows from (used in) operating activities	(5.594)	373	N/A	(1.020)	(4.681)
Cash flows from (used in) investing activities	(1.075)	(769)	N/A	4.113	(938)
Cash flows from (used in) financing activities	(3.000)	0	N/A	(801)	(2.420)
Employees in average	21	23	17	31	20
Ratios					
Return on equity (%)	(18,9)	12,5	10,9	1,6	7,9
Equity ratio (%)	67,8	75,1	77,7	76,7	63,6

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

Management commentary

Primary activities

All activities in the company during 2018, have been according to the Company strategy and within the domain of development, production and sale of integrated tower and airport solutions and route-charging systems for Air Navigation Service Providers.

Development in activities and finances

The negative result for the year amounts to DKK 3.611k before taxation, which is not satisfactory compared to budget expectations for the Company.

Significant additional costs and time consumption related to one of the biggest international contracts have contributed significantly to the gap between budget expectations and actual result and to the unsatisfactory result.

Outlook

The budget for 2019 indicates growth in turnover as well as a positive result. This will be achieved by converting the growing sales pipeline into profitable orders.

As a strategic priority, the resources allocated for product development will be converted into product licenses to support future expected deliveries.

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 2018

	<u>Notes</u>	<u>2018 DKK'000</u>	<u>2017 DKK'000</u>
Gross profit		10.776	13.007
Staff costs	1	(12.992)	(11.832)
Depreciation, amortisation and impairment losses	2	<u>(1.611)</u>	<u>(931)</u>
Operating profit/loss		(3.827)	244
Other financial income from group enterprises		279	58
Other financial income		0	12
Other financial expenses		<u>(63)</u>	<u>(42)</u>
Profit/loss before tax		(3.611)	272
Tax on profit/loss for the year	3	<u>461</u>	<u>(45)</u>
Profit/loss for the year		<u>(3.150)</u>	<u>227</u>
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		10.000	0
Retained earnings		<u>(13.150)</u>	<u>227</u>
		<u>(3.150)</u>	<u>227</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK'000</u>	<u>2017 DKK'000</u>
Completed development projects		1.270	2.296
Development projects in progress		<u>1.216</u>	<u>675</u>
Intangible assets	4	<u>2.486</u>	<u>2.971</u>
Other fixtures and fittings, tools and equipment		54	94
Leasehold improvements		<u>0</u>	<u>92</u>
Property, plant and equipment	5	<u>54</u>	<u>186</u>
Fixed assets		<u>2.540</u>	<u>3.157</u>
Trade receivables		4.283	9.739
Contract work in progress	6	1.251	1.888
Receivables from group enterprises		11.174	230
Other receivables		0	716
Income tax receivable		129	0
Prepayments		<u>38</u>	<u>264</u>
Receivables		<u>16.875</u>	<u>12.837</u>
Cash		<u>612</u>	<u>10.281</u>
Current assets		<u>17.487</u>	<u>23.118</u>
Assets		<u>20.027</u>	<u>26.275</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK'000</u>	<u>2017 DKK'000</u>
Contributed capital		750	750
Reserve for development expenditure		2.486	1.361
Retained earnings		338	17.613
Proposed dividend		10.000	0
Equity		<u>13.574</u>	<u>19.724</u>
Deferred tax		200	532
Other provisions	7	<u>1.500</u>	<u>490</u>
Provisions		<u>1.700</u>	<u>1.022</u>
Prepayments received from customers		0	315
Trade payables		443	1.194
Payables to group enterprises		229	632
Income tax payable		0	571
Other payables		3.445	2.817
Deferred income		<u>636</u>	<u>0</u>
Current liabilities other than provisions		<u>4.753</u>	<u>5.529</u>
Liabilities other than provisions		<u>4.753</u>	<u>5.529</u>
Equity and liabilities		<u>20.027</u>	<u>26.275</u>
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		
Mortgages and securities	11		
Group relations	12		

Statement of changes in equity for 2018

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Proposed extraordinary dividend DKK'000
Equity beginning of year	750	1.361	17.613	0
Extraordinary dividend paid	0	0	0	(3.000)
Transfer to reserves	0	1.125	(1.125)	0
Profit/loss for the year	0	0	(16.150)	3.000
Equity end of year	750	2.486	338	0

	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	0	19.724
Extraordinary dividend paid	0	(3.000)
Transfer to reserves	0	0
Profit/loss for the year	10.000	(3.150)
Equity end of year	10.000	13.574

Cash flow statement 2018

	<u>Notes</u>	<u>2018</u> <u>DKK'000</u>	<u>2017</u> <u>DKK'000</u>
Operating profit/loss		(3.827)	244
Amortisation, depreciation and impairment losses		1.691	931
Other provisions		1.010	305
Working capital changes	8	<u>(4.112)</u>	<u>(715)</u>
Cash flow from ordinary operating activities		(5.238)	765
Financial income received		279	69
Financial income paid		(63)	(41)
Income taxes refunded/(paid)		<u>(572)</u>	<u>(420)</u>
Cash flows from operating activities		<u>(5.594)</u>	<u>373</u>
Acquisition etc of intangible assets		(1.155)	(672)
Acquisition etc of property, plant and equipment		0	(97)
Sale of property, plant and equipment		<u>80</u>	<u>0</u>
Cash flows from investing activities		<u>(1.075)</u>	<u>(769)</u>
Dividend paid		<u>(3.000)</u>	<u>0</u>
Cash flows from financing activities		<u>(3.000)</u>	<u>0</u>
Increase/decrease in cash and cash equivalents		(9.669)	(396)
Cash and cash equivalents beginning of year		<u>10.281</u>	<u>10.677</u>
Cash and cash equivalents end of year		<u>612</u>	<u>10.281</u>

Notes

	2018	2017
	DKK'000	DKK'000
1. Staff costs		
Wages and salaries	11.693	11.224
Pension costs	348	197
Other social security costs	661	156
Other staff costs	290	255
	12.992	11.832
Average number of employees	21	23
	2018	2017
	DKK'000	DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	997	883
Impairment losses on intangible assets	643	0
Depreciation of property, plant and equipment	51	48
Profit/loss from sale of intangible assets and property, plant and equipment	(80)	0
	1.611	931
	2018	2017
	DKK'000	DKK'000
3. Tax on profit/loss for the year		
Tax on current year taxable income	(129)	571
Change in deferred tax for the year	(332)	(499)
Adjustment concerning previous years	0	(27)
	(461)	45

Notes

	Completed develop- ment projects DKK'000	Develop- ment projects in progress DKK'000
4. Intangible assets		
Cost beginning of year	4.323	675
Transfers	614	(614)
Additions	0	1.155
Cost end of year	4.937	1.216
Amortisation and impairment losses beginning of year	(2.027)	0
Impairment losses for the year	(643)	0
Amortisation for the year	(997)	0
Amortisation and impairment losses end of year	(3.667)	0
Carrying amount end of year	1.270	1.216

Development projects in progress

Completed development projects comprise development of software solutions for the aviation industry. In 2018, the company has developed a new product for their air traffic control tower portfolio, Elektronisk flight strip from where we already estimate a pipeline higher than the amortised amount. The completed development projects are amortised over 5 years.

Management has not identified any indication of impairment compared to the carrying amount.

Notes

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000
5. Property, plant and equipment		
Cost beginning of year	334	97
Disposals	<u>(194)</u>	<u>(97)</u>
Cost end of year	<u>140</u>	<u>0</u>
Depreciation and impairment losses beginning of the year	(240)	(5)
Depreciation for the year	(40)	(11)
Reversal regarding disposals	<u>194</u>	<u>16</u>
Depreciation and impairment losses end of the year	<u>(86)</u>	<u>0</u>
Carrying amount end of year	<u>54</u>	<u>0</u>
	<u>2018</u>	<u>2017</u>
	DKK'000	DKK'000
6. Contract work in progress		
Contract work in progress	1.251	4.008
Progress billings regarding contract work in progress	<u>0</u>	<u>(2.120)</u>
	<u>1.251</u>	<u>1.888</u>
7. Other provisions		
Other provisions are recognized provision for guarantee commitments for a total of 1.500 TDKK.		
The provision are recognized related to projects delivered to customers, where there is a contractual guarantee commitment. The provision is based on an individual assessment for each project.		
The account balance includes uncertainty relating to recognition and measurement.		
It's the management opinion that the provision are recognized as best estimate including risks and uncertainties on the balance date.		
	<u>2018</u>	<u>2017</u>
	DKK'000	DKK'000
8. Change in working capital		
Increase/decrease in receivables	(3.908)	(1.747)
Increase/decrease in trade payables etc	<u>(204)</u>	<u>1.032</u>
	<u>(4.112)</u>	<u>(715)</u>

Notes

	2018	2017
	DKK'000	DKK'000
9. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	338	529

10. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Energi Horsens Net Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxed entities, and from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

11. Mortgages and securities

A company charge of DKK 3,000k has been provided as collateral for the Company's bank loans with Sydbank A/S.

The value of assets charged amounts to DKK 19.233 at 31.12.2018.

12. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Insero Horsens, Chr. M. Østergaards Vej 4 A, 8700 Horsens, CVR-nr.: 31103843

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

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

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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, cost of raw materials and consumables and external expenses.

Revenue

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).

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Accounting policies

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Property costs

Property costs include costs incurred to operate the Entity's properties in the financial year, including repair and maintenance costs, property tax and electricity, water and heating, which are not charged directly from the lessee.

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 from group enterprises

Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

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.

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.

Accounting policies

The Entity is jointly taxed with all Danish group enterprises under Insero Horsens. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc.

Intellectual property rights etc. comprise development projects completed and in progress.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects, protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

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

Other fixtures and fittings, tools and equipment	3-4 years
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Estimated useful lives and residual values are reassessed annually.

Accounting policies

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables

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

Contract work in progress

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

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.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed 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 bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Deferred tax

Accounting policies

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.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments.

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.

Once it is probable 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.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

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 and plant and equipment.

Accounting policies

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, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash.