

PR electronics A/S

Lerbakken 10

8410 Rønde

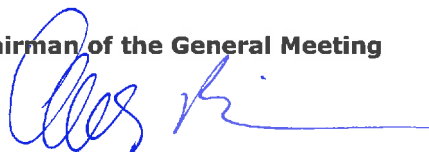
Central Business Registration

No 73438411

Annual report 2016/17

The Annual General Meeting adopted the annual report on 24.10.2017

Chairman of the General Meeting



Name: Claus Berner Nielsen

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Entity details

Entity

PR electronics A/S
Lerbakken 10
8410 Rønde

Central Business Registration No: 73438411
Registered in: Rønde
Financial year: 01.07.2016 - 30.06.2017

Board of Directors

Claus Berner Nielsen, Chairman
Kim Thomas Rasmussen
Knud Valdemar Mørk Krægpøth

Executive Board

Kim Thomas Rasmussen, Chief Executive Officer
Stig Alnøe Lindemann, Chief Technological Officer
Simon Bisbo, Chief Sales Officer

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 PR electronics A/S for the financial year 01.07.2016 - 30.06.2017.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2017 and of the results of its operations and cash flows for the financial year 01.07.2016 - 30.06.2017.

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.

Rønne, 24.10.2017

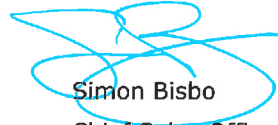
Executive Board



Kim Thomas Rasmussen
Chief Executive Officer



Stig Alnøe Lindemann
Chief Technological Officer



Simon Bisbo
Chief Sales Officer

Board of Directors



Claus Berner Nielsen
Chairman



Kim Thomas Rasmussen



Knud Valdemar Mørk Krægpøth

Independent auditor's report

To the shareholders of PR electronics A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of PR electronics A/S for the financial year 01.07.2016 - 30.06.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.06.2017, and of the results of their operations and the consolidated cash flows for the financial year 01.07.2016 - 30.06.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

Independent auditor's report

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 consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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, 24.10.2017

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556


Klaus Tvede-Jensen
State Authorised Public Accountant


Henrik Brorsbøl Jakobsen
State Authorised Public Accountant

Management commentary

	2016/17 DKK'000	2015/16 DKK'000	2014/15 DKK'000	2013/14 DKK'000	2012/13 DKK'000
Financial highlights					
Key figures					
Revenue	279.963	267.748	267.002	252.218	243.171
Gross profit/loss	161.468	152.194	147.440	138.227	130.824
Operating profit/loss	35.673	23.435	36.431	32.725	31.989
Net financials	-1.729	-2.729	7.676	-1.603	-1.511
Profit/loss for the year	26.174	15.965	33.780	24.093	24.755
Total assets	280.805	316.496	302.073	264.172	246.841
Investments in property, plant and equipment	6.663	12.932	7.150	7.296	11.255
Equity incl minority interests	182.929	227.125	214.943	186.068	161.009
Cash flows from (used in) operating activities	50.937	39.278	47.810	58.416	50.783
Employees in average	197	206	199	194	194
Investments in intangible assets	18.373	18.477	23.562	12.463	18.412
Ratios					
Return on equity (%)	12,8	7,2	16,8	13,9	17,2
Profit margin (%)	12,7	8,8	13,6	13,0	13,2
Equity ratio (%)	65,1	71,3	71,2	70,4	65,2

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

Management commentary

Primary activities

The Group develops, produces and sells electronic components. Development and production takes place in PR electronics A/S, whereas the Group's products are sold through its foreign sales subsidiaries and independent distributors as well as from PR electronics A/S directly.

Development in activities and finances

Revenue for the year amounts to DKK 279,963k against DKK 267,748k last year, which corresponds to 4.6%.

Other external expenses and staff costs decreases combined by 1.5% reflecting fewer employees mainly in Denmark as well as lower marketing and administration expenses.

The profit for the year increases from DKK 15,965k in 2015/2016 to DKK 26,174k in 2016/2017. The increase in profit for the year mainly reflects the increase in gross profit and lower impairment losses due to impairment of investments related to products under development in 2015/2016.

The profit for the year is regarded as satisfactory. The Group constantly takes steps and makes adjustments to ensure that its strategy plan for growth in revenue and profitability is met.

Outlook

Founded in a continuously wider high-quality product range, increased activities to create market awareness and a larger sales force, the Group expects to continue its growth path. Increased profitability is expected through continued optimization of the Group's internal value chains, including purchasing and production optimizations.

The Group expects that order intake, revenue and profit for 2017/2018 will be at a higher level than in 2016/2017.

Research and development activities

Research and development activities are carried out in PR electronics A/S. The activities primarily comprise development of modules for electronic signal conditioning and related products.

Approx. 7% of revenue for the year is spent on research and development activities of which DKK 18.1m has been recognized under intangible assets.

For the next financial year, the Group expects that resources used for research and development activities will remain at the same level as in 2016/2017.

Other financial matters

The Group is strongly focused on financial management, including continuous assessment and hedging of the Group's trading risks and financial risks, etc.

Management commentary

Business risks

The markets, in which the Group operates, are mainly product-driven. Therefore, the Group's efforts in the research and development area contribute to securing the Group's long-term market position. Consequently, it is important to retain and further enhance the Group's innovative potential and to be able to attract the best-qualified candidates.

Product risks mainly relate to delays in launch of new products. The Group has focus on all parts of the product development and launch processes in order to minimize this risk. The Group's supply chain is constantly monitored and policies ensure availability of minimum inventory levels to avoid adverse consequences of short and medium term interruptions of the supply chain. Finally, significant resources are spent to protect inventions through patents and the Group continuously develop and maintain its competences in this area.

Financial risks

As a result of its operations, investments and financing, the Group is exposed to changes in exchange rates and interest levels. The Group manages the financial risks centrally and has a central coordination of the Group's cash management, including capital procurement and investment of excess liquidity.

Foreign exchange risks

Foreign exchange risks are primarily hedged by means of matching of payments received and made in the same currency and by means of forward exchange contracts.

Credit risks

Credit risks related to financial assets correspond to the values recognized in the balance sheet. The Group does not have any material risks relating to a single customer or cooperative partner. According to the Group's policy for assuming credit risks, all major customers and other cooperative partners are credit rated on an ongoing basis.

According to the Group's policy, capital procurement as well as investment of surplus liquidity shall be managed centrally by PR electronics A/S.

Interest risks

It is the Group's policy to hedge interest rate risks on Group loans if it is assessed that such interest payments can be ensured at a satisfactory level compared to the related costs. At present, the Group has limited debt compared to its activity level.

Management commentary

Liquidity risks

The Group has policies stipulating availability of minimum cash resources, which the Group must have at its disposal at any time.

Management and employees

The average number of employees (converted into full-time employees) was 197 in 2016/2017 (206 in 2015/2016). The decrease mainly reflects a decrease in the number of employees in Denmark.

Knowledge resources

The Group's strategic objective of continued growth in revenue and profit requires maintenance of a high level of innovation through a flexible and knowledge-based organization. This is a sustained process, which is facilitated through the implementation of educational plans, encouragement to cooperation and by inspiring employees to take responsibility.

Maintenance of the Group's leading technology edge requires core competencies amongst others within effective project management, hardware design of analogue and digital electronics, design of solid and high-efficient embedded software as well as development of advanced signal conditioning algorithms. Furthermore, outstanding product quality and productivity of new products requires core competencies within development of high-precision calibration equipment and end test equipment with high production efficiency.

In order to maintain a leading edge in the development of new innovative technologies and products, the Group cooperates with a number of external consultants as well as design and development companies.

Statutory report on corporate social responsibility

Environmental performance

The risk of negative impact on the external environment is low for the Group as only small quantities of dangerous substances is used in the production process. The Group is certified according to the DS/EN ISO 14001:2004 standard and has continuous focus on minimizing our environmental footprint.

Health and safety at work

The Group takes responsibility for the working environment and focus on the health of its employees. The working environment complies with the highest national standards, and the Group focuses on being a healthy work place for the well-being of its employees.

Society

The Group consents with the 10 UN Global Compact Principles in its day-to-day business operations and has particular focus on maintaining compliance with human rights, labour rights and anti-corruption laws and regulations.

Consolidated income statement for 2016/17

	<u>Notes</u>	<u>2016/17 DKK'000</u>	<u>2015/16 DKK'000</u>
Revenue		279.963	267.748
Other operating income		425	291
Cost of sales		-75.068	-67.703
Other external expenses		-43.852	-48.142
Gross profit/loss		161.468	152.194
Staff costs	2	-105.627	-103.625
Depreciation, amortisation and impairment losses	3	-20.168	-25.134
Operating profit/loss		35.673	23.435
Other financial income	4	25	51
Other financial expenses	5	-1.754	-2.780
Profit/loss before tax		33.944	20.706
Tax on profit/loss for the year	6	-7.770	-4.741
Profit/loss for the year	7	26.174	15.965

Consolidated balance sheet at 30.06.2017

	<u>Notes</u>	<u>2016/17 DKK'000</u>	<u>2015/16 DKK'000</u>
Completed development projects		25.510	36.668
Acquired patents		1.860	1.850
Development projects in progress		32.342	16.421
Intangible assets	8	59.712	54.939
Land and buildings		77.168	78.737
Plant and machinery		8.191	6.525
Other fixtures and fittings, tools and equipment		4.183	4.739
Property, plant and equipment in progress		2.069	1.521
Property, plant and equipment	9	91.611	91.522
Other investments		38	25
Other receivables		606	624
Fixed asset investments	10	644	649
Fixed assets		151.967	147.110
Raw materials and consumables		18.402	14.750
Work in progress		4.128	3.990
Manufactured goods and goods for resale		5.946	6.692
Inventories		28.476	25.432
Trade receivables		46.858	44.039
Other receivables		6.976	6.103
Prepayments	11	1.573	1.918
Receivables		55.407	52.060
Cash		44.955	91.894
Current assets		128.838	169.386
Assets		280.805	316.496

Consolidated balance sheet at 30.06.2017

	<u>Notes</u>	<u>2016/17 DKK'000</u>	<u>2015/16 DKK'000</u>
Contributed capital		1.180	1.180
Retained earnings		159.249	155.945
Proposed dividend		22.500	70.000
Equity		182.929	227.125
Deferred tax		18.625	17.165
Other provisions	12	337	651
Provisions		18.962	17.816
Mortgage debts		20.260	23.523
Non-current liabilities other than provisions	13	20.260	23.523
Current portion of long-term liabilities other than provisions	13	3.401	2.981
Prepayments received from customers		488	98
Trade payables		20.318	14.794
Income tax payable		4.693	2.623
Other payables		29.754	27.536
Current liabilities other than provisions		58.654	48.032
Liabilities other than provisions		78.914	71.555
Equity and liabilities		280.805	316.496
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	15		
Mortgages and securities	16		
Subsidiaries	17		

Consolidated statement of changes in equity for 2016/17

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	1.180	155.945	70.000	227.125
Ordinary dividend paid	0	0	-70.000	-70.000
Exchange rate adjustments	0	-370	0	-370
Profit/loss for the year	0	3.674	22.500	26.174
Equity end of year	1.180	159.249	22.500	182.929

Consolidated cash flow statement for 2016/17

	<u>Notes</u>	<u>2016/17 DKK'000</u>	<u>2015/16 DKK'000</u>
Operating profit/loss		35.673	23.436
Amortisation, depreciation and impairment losses		20.168	25.134
Working capital changes	14	-28	-1.543
Cash flow from ordinary operating activities		55.813	47.027
Financial income received		24	49
Financial income paid		-661	-470
Income taxes refunded/(paid)		-4.239	-7.328
Cash flows from operating activities		50.937	39.278
Acquisition etc of intangible assets		-18.373	-18.477
Acquisition etc of property, plant and equipment		-6.662	-12.932
Cash flows from investing activities		-25.035	-31.409
Loans raised		0	10.000
Instalments on loans etc		-2.843	-1.973
Dividend paid		-70.000	-3.400
Cash flows from financing activities		-72.843	4.627
Increase/decrease in cash and cash equivalents		-46.941	12.496
Cash and cash equivalents beginning of year		91.894	79.398
Cash and cash equivalents end of year		44.953	91.894

Notes to consolidated financial statements

1. 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.

	2016/17 DKK'000	2015/16 DKK'000
2. Staff costs		
Wages and salaries	86.818	85.250
Pension costs	6.160	6.134
Other social security costs	8.648	8.484
Other staff costs	4.001	3.757
	105.627	103.625
Average number of employees	197	206
	Remunera- tion of manage- ment 2016/17 DKK'000	Remunera- tion of manage- ment 2015/16 DKK'000
Executive Board	7.085	6.588
Board of Directors	50	50
	7.135	6.638
	2016/17 DKK'000	2015/16 DKK'000
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	13.410	13.879
Impairment losses on intangible assets	191	4.270
Depreciation of property, plant and equipment	6.474	6.854
Profit/loss from sale of intangible assets and property, plant and equipment	93	131
	20.168	25.134
	2016/17 DKK'000	2015/16 DKK'000
4. Other financial income		
Interest income	1	0
Other financial income	24	51
	25	51

Notes to consolidated financial statements

	2016/17 DKK'000	2015/16 DKK'000
5. Other financial expenses		
Other financial expenses	1.754	2.780
	1.754	2.780

	2016/17 DKK'000	2015/16 DKK'000
6. Tax on profit/loss for the year		
Tax on current year taxable income	6.358	4.178
Change in deferred tax for the year	1.428	324
Adjustment concerning previous years	-16	0
Effect of changed tax rates	0	239
	7.770	4.741

	2016/17 DKK'000	2015/16 DKK'000
7. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	22.500	70.000
Retained earnings	3.674	-54.035
	26.174	15.965

	Completed develop- ment projects DKK'000	Acquired patents DKK'000	Develop- ment projects in progress DKK'000
8. Intangible assets			
Cost beginning of year	94.829	1.898	16.421
Transfers	2.150	0	-2.150
Additions	0	303	18.071
Disposals	0	-197	0
Cost end of year	96.979	2.004	32.342
Amortisation and impairment losses beginning of year	-58.161	-48	0
Amortisation for the year	-13.308	-102	0
Reversal regarding disposals	0	6	0
Amortisation and impairment losses end of year	-71.469	-144	0
Carrying amount end of year	25.510	1.860	32.342

Development projects in progress

The Company's development projects relate to development of new products to be used in industrial applications and control systems within the process industry, among others. Development of new products is

Notes to consolidated financial statements

made on the basis of an identified market need, a commercial long-term need for new technology or an identified need for production optimisation. All projects are assessed on the basis of a business case before they are initiated. Development projects are recognised in the balance sheet when it is assessed that the products derived from the project will yield a future financial benefit. The projects and their values are assessed on a continuous basis, and no indication of impairment of the carrying amount is found to exist.

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
9. Property, plant and equipment				
Cost beginning of year	96.968	41.949	14.088	1.521
Exchange rate adjustments	0	0	-9	0
Transfers	0	2.786	0	-2.786
Additions	249	1.365	1.663	3.386
Disposals	0	0	-145	-52
Cost end of year	97.217	46.100	15.597	2.069
Depreciation and impairment losses beginning of the year	-18.231	-35.424	-9.349	0
Exchange rate adjustments	0	0	2	0
Depreciation for the year	-1.818	-2.485	-2.171	0
Reversal regarding disposals	0	0	104	0
Depreciation and impairment losses end of the year	-20.049	-37.909	-11.414	0
Carrying amount end of year	77.168	8.191	4.183	2.069

10. Fixed asset investments

Fixed asset investments consist primarily of deposits on leases (other receivables).

11. Prepayments

Prepayments cover substantially prepaid insurance, licenses, lease payments, etc.

12. Other provisions

Other provisions consist of expected cost regarding returns.

Notes to consolidated financial statements

	Instalments within 12 months 2016/17 DKK'000	Instalments within 12 months 2015/16 DKK'000	Instalments beyond 12 months 2016/17 DKK'000	Outstanding after 5 years DKK'000
13. Liabilities other than provisions				
Mortgage debts	3.401	2.981	20.260	11.745
	3.401	2.981	20.260	11.745

	2016/17 DKK'000	2015/16 DKK'000
14. Change in working capital		
Other changes	-28	-1.543
	-28	-1.543

15. Unrecognised rental and lease commitments

The Group has entered into a number of operating leases. The leases have an average remaining term of 30 months and a total residual lease payment of DKK 11.313k (2015/16:DKK 7,750k).

16. Mortgages and securities

Mortgage debt is secured by way of mortgage on properties.

	2016/17 DKK'000	2015/16 DKK'000
Carrying amount of mortgaged properties	77.168	76.915

	Registered in	Corpo- rate form	Equity inte- rest %
17. Subsidiaries			
PR electronics Sarl	France	Sarl	100,0
PR electronics AB	Sweden	AB	100,0
PR electronics Srl	Italy	Srl	100,0
PR electronics GmbH	Germany	GmbH	100,0
PR electronics S.L.	Spain	S.L.	100,0
PR electronics Inc.	USA	Inc.	100,0
PR electronics Ltd.	China	Ltd.	100,0
PR electronics UK	Scotland	Ltd.	100,0
PR electronics Lyon Sci	France	Sci	100,0
PR electronics BVBA	Belgium	BVBA	100,0

Parent income statement for 2016/17

	<u>Notes</u>	<u>2016/17 DKK'000</u>	<u>2015/16 DKK'000</u>
Revenue		216.258	206.447
Other operating income		425	291
Costs of raw materials and consumables		-72.982	-68.609
Other external expenses		-25.426	-27.793
Gross profit/loss		118.275	110.336
Staff costs	2	-65.438	-64.849
Depreciation, amortisation and impairment losses	3	-19.714	-24.664
Operating profit/loss		33.123	20.823
Income from investments in group enterprises		1.863	1.599
Other financial income	4	250	639
Other financial expenses	5	-1.720	-2.745
Profit/loss before tax		33.516	20.316
Tax on profit/loss for the year	6	-7.342	-4.351
Profit/loss for the year	7	26.174	15.965

Parent balance sheet at 30.06.2017

	<u>Notes</u>	<u>2016/17 DKK'000</u>	<u>2015/16 DKK'000</u>
Completed development projects		25.510	36.668
Acquired patents		1.860	1.850
Development projects in progress		32.342	16.422
Intangible assets	8	<u>59.712</u>	<u>54.940</u>
Land and buildings		75.254	76.915
Plant and machinery		8.190	6.525
Other fixtures and fittings, tools and equipment		3.421	4.204
Property, plant and equipment in progress		2.069	1.521
Property, plant and equipment	9	<u>88.934</u>	<u>89.165</u>
Investments in group enterprises		19.748	18.384
Other investments		38	25
Deposits		27	50
Fixed asset investments	10	<u>19.813</u>	<u>18.459</u>
Fixed assets		<u>168.459</u>	<u>162.564</u>
Raw materials and consumables		18.403	14.750
Work in progress		4.128	3.990
Manufactured goods and goods for resale		4.499	5.844
Inventories		<u>27.030</u>	<u>24.584</u>
Trade receivables		16.873	16.525
Receivables from group enterprises		32.747	28.302
Other receivables		5.029	4.706
Prepayments	11	1.429	1.545
Receivables		<u>56.078</u>	<u>51.078</u>
Cash		<u>19.595</u>	<u>70.033</u>
Current assets		<u>102.703</u>	<u>145.695</u>
Assets		<u>271.162</u>	<u>308.259</u>

Parent balance sheet at 30.06.2017

	Notes	2016/17 DKK'000	2015/16 DKK'000
Contributed capital	12	1.180	1.180
Reserve for development expenditure		14.095	0
Retained earnings		145.154	155.945
Proposed dividend		22.500	70.000
Equity		182.929	227.125
Deferred tax	13	19.198	17.864
Other provisions	14	337	651
Provisions		19.535	18.515
Mortgage debts		20.260	23.524
Non-current liabilities other than provisions	15	20.260	23.524
Current portion of long-term liabilities other than provisions	15	3.401	2.981
Prepayments received from customers		223	0
Trade payables		19.326	13.422
Payables to group enterprises		677	0
Income tax payable		4.773	2.820
Other payables		20.038	19.872
Current liabilities other than provisions		48.438	39.095
Liabilities other than provisions		68.698	62.619
Equity and liabilities		271.162	308.259
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Mortgages and securities	18		
Related parties with controlling interest	19		

Parent statement of changes in equity for 2016/17

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	1.180	0	155.945	70.000
Ordinary dividend paid	0	0	0	-70.000
Exchange rate adjustments	0	0	-370	0
Profit/loss for the year	0	14.095	-10.421	22.500
Equity end of year	1.180	14.095	145.154	22.500
				Total DKK'000
Equity beginning of year				227.125
Ordinary dividend paid				-70.000
Exchange rate adjustments				-370
Profit/loss for the year				26.174
Equity end of year				182.929

Notes to parent financial statements

1. 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.

	2016/17 DKK'000	2015/16 DKK'000
2. Staff costs		
Wages and salaries	56.573	55.954
Pension costs	4.580	4.652
Other social security costs	1.232	1.255
Other staff costs	3.053	2.988
	65.438	64.849
Average number of employees	127	133

	Remunera- tion of manage- ment 2016/17 DKK'000	Remunera- tion of manage- ment 2015/16 DKK'000
Executive Board	7.085	6.588
Board of Directors	50	50
	7.135	6.638

	2016/17 DKK'000	2015/16 DKK'000
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	13.410	13.879
Impairment losses on intangible assets	191	4.270
Depreciation of property, plant and equipment	6.113	6.384
Profit/loss from sale of intangible assets and property, plant and equipment	0	131
	19.714	24.664

	2016/17 DKK'000	2015/16 DKK'000
4. Other financial income		
Financial income arising from group enterprises	233	594
Interest income	16	44
Other financial income	1	1
	250	639

Notes to parent financial statements

	2016/17 DKK'000	2015/16 DKK'000	
5. Other financial expenses			
Interest expenses	1	3	
Other financial expenses	1.719	2.742	
	1.720	2.745	
	2016/17 DKK'000	2015/16 DKK'000	
6. Tax on profit/loss for the year			
Tax on current year taxable income	6.024	3.865	
Change in deferred tax for the year	1.334	247	
Adjustment concerning previous years	-16	0	
Effect of changed tax rates	0	239	
	7.342	4.351	
	2016/17 DKK'000	2015/16 DKK'000	
7. Proposed distribution of profit/loss			
Ordinary dividend for the financial year	22.500	70.000	
Retained earnings	3.674	-54.035	
	26.174	15.965	
	Completed develop- ment projects DKK'000	Acquired patents DKK'000	Develop- ment projects in progress DKK'000
8. Intangible assets			
Cost beginning of year	94.829	1.898	16.422
Transfers	0	0	-2.150
Additions	2.150	303	18.070
Disposals	0	-197	0
Cost end of year	96.979	2.004	32.342
Amortisation and impairment losses beginning of year	-58.161	-48	0
Amortisation for the year	-13.308	-102	0
Reversal regarding disposals	0	6	0
Amortisation and impairment losses end of year	-71.469	-144	0
Carrying amount end of year	25.510	1.860	32.342

Notes to parent financial statements

Development projects in progress

The Company's development projects relate to development of new products to be used in industrial applications and control systems within the process industry, among others. Development of new products is made on the basis of an identified market need, a commercial long-term need for new technology or an identified need for production optimisation. All projects are assessed on the basis of a business case before they are initiated. Development projects are recognised in the balance sheet when it is assessed that the products derived from the project will yield a future financial benefit. The projects and their values are assessed on a continuous basis, and no indication of impairment of the carrying amount is found to exist.

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
9. Property, plant and equipment				
Cost beginning of year	94.195	41.949	12.048	1.521
Transfers	0	2.526	0	-2.786
Additions	0	1.624	1.184	3.386
Disposals	0	0	0	-52
Cost end of year	94.195	46.099	13.232	2.069
Depreciation and impairment losses beginning of the year	-17.280	-35.424	-7.844	0
Depreciation for the year	-1.661	-2.485	-1.967	0
Depreciation and impairment losses end of the year	-18.941	-37.909	-9.811	0
Carrying amount end of year	75.254	8.190	3.421	2.069

Notes to parent financial statements

	Investments in group enterprises DKK'000
10. Fixed asset investments	
Cost beginning of year	57.140
Cost end of year	57.140
Revaluations beginning of year	4.383
Other adjustments	-130
Revaluations end of year	4.253
Impairment losses beginning of year	-43.139
Exchange rate adjustments	-369
Share of profit/loss for the year	1.863
Impairment losses end of year	-41.645
Carrying amount end of year	19.748

Fixed asset investments other than investments in group enterprises consist primarily of deposits on leases (other receivables).

11. Prepayments

Prepayments cover substantially prepaid insurance, licenses, lease payments etc.

	Number	Nominal value DKK'000
12. Contributed capital		
A shares	1.000	1.000
B shares	180	180
	1.180	1.180

Contributed capital consists of shares of DKK 1 and multiples of these. A shares and B shares carry the same voting right.

The share capital has been increased by DKK 180,000 in the financial year 2012/13. In the financial year 2012/13 the existing A shares and B shares were aggregated, and subsequently 180,000 new B shares at DKK 1 were issued. Apart from this, there have not been any changes in share capital over the past five years.

Notes to parent financial statements

	2016/17 DKK'000
13. Deferred tax	
Changes during the year	
Beginning of year	17.864
Recognised in the income statement	1.334
End of year	19.198

14. Other provisions

Other provisions consist of expected cost regarding returns.

	Instalments within 12 months 2016/17 DKK'000	Instalments within 12 months 2015/16 DKK'000	Instalments beyond 12 months 2016/17 DKK'000	Outstanding after 5 years DKK'000
15. Liabilities other than provisions				
Mortgage debts	3.401	2.981	20.260	11.745
	3.401	2.981	20.260	11.745

16. Unrecognised rental and lease commitments

The Company have entered into a number of operating leases. The leases have an average remaining term of 30 months and a total residual lease payment of DKK 3,209k (2015/16:DKK 1,969k).

17. Contingent liabilities

The Company participates in a Danish joint taxation arrangement with KR Electronics Holding ApS which is the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these companies.

18. Mortgages and securities

Mortgage debt is secured by way of mortgage on properties.

	2016/17 DKK'000	2015/16 DKK'000
Carrying amount of mortgaged properties	75.254	76.915

Notes to parent financial statements

19. Related parties with controlling interest

Rasmussen Holding AG, Alpenstrasse 15, 6300 Zug, Switzerland (principal shareholder)

PR Invest, Rønde ApS, Lerbakken 10, 8410 Rønde

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).

Changes in accounting policies

The Company has implemented Act no. 738 of 1 June 2015 effective as from 01.07.2016. As a result, the Company has implemented 'Reserve for development costs' in equity as of 30.06.2017.

As a result of the above, an amount equal to the recognised development costs will, going forward, be tied up in a special reserve under equity designated 'Reserve for development costs'. The amount is tied up in a special reserve which cannot be used for dividends or to cover losses. If the recognised development costs are sold or in any other way are excluded from the Entity's operations, the reserve will be reduced or dissolved. This will take place by a direct transfer to the distributable reserves of equity. If the recognised development costs are written down, a share of the reserve for development costs must be reversed. The reversed share is equal to the writedown of development costs. If a writedown of development costs is subsequently reversed, the reserve for development costs will be reestablished. The reserve for development costs is also reduced by the depreciation and amortisation made. In this way, the reserve will not exceed the amount of development costs recognised in the balance sheet.

The change has no monetary effect on the income statement or the balance sheet for 2016/17 or the comparative figures.

Except for the above and new and changed presentation and disclosure requirements by Act no. 738 of 1 June 2015, the financial statements have been presented applying the accounting policies consistently with 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.

Accounting policies

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recognised in the income statement as financial income or financial expenses.

Consolidated financial statements

The consolidated financial statements comprise PR electronics A/S (Parent) and the group enterprises (subsidiaries) that are controlled by the Parent, see note 10 to the consolidated financial statement. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of PR electronics A/S and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Jointly controlled enterprises are recognised in the consolidated financial statements on a pro rata basis. The items in the jointly controlled enterprise is recognised based on the ownership interest of the enterprise.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life, however no more than 20 years. Negative balances (negative goodwill) are recognised as income in the income statement.

Accounting policies

Profits or losses from divestment of equity investments

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Accounting policies

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.

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 of distribution, sales, advertising, administration, premises, bad debts, etc.

Other external expenses also include development costs settled (including licenses) for the use of the right to market products.

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 property, plant and equipment as well as intangible assets comprise amortisation, depreciation and impairment losses for the 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 property, plant and equipment as well as intangible assets.

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 tax surcharge and repayment under the Danish Tax Prepayment Scheme, current tax for the year and changes in deferred tax, are recognised in the income statement by the portion attributable to the profit/loss for the year and recognised directly on equity by the portion attributable to entries directly on equity.

Accounting policies

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

Deferred tax is recognised and measured according to the balance-sheet liability method 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.

The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

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

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is five years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. Development projects are written down to the lower of recoverable amount and carrying amount.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

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

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

Accounting policies

Profits and losses from the sale of other intangible assets are calculated as the difference between selling price less selling costs and the carrying amount at the time of sale. Profits or losses are recognised in the income statement as an adjustment to amortisation and impairment losses, or under other operating income if the selling price exceeds original cost.

Property, plant and equipment

Land and buildings, other fixtures and fittings, tools and equipment as well as leasehold improvements 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 assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

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	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.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement as adjustment to depreciation and impairment losses, or under other operating income if the selling price exceeds original cost.

Investments in group enterprises

Investments in group enterprises are recognised and measured under the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or less unamortised positive, or negative, goodwill and plus or less unrealised intra-group profits or losses.

The Company's share of the enterprises' profits or losses after elimination of unrealised intra-group profits and losses and less or plus amortisation of positive, or negative, goodwill is recognised in the income statement.

Subsidiaries and associates with a negative equity value are measured at zero value, and any receivables from these enterprises are written down by the Parent's share of such negative equity if it is deemed irrecoverable. If the negative equity exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Accounting policies

Net revaluation of investments in subsidiaries and associates is taken to reserve for net revaluation under the equity method if the carrying amount exceeds cost.

The purchase method is applied in the acquisition of subsidiaries; see above description under consolidated financial statements.

Goodwill on consolidation is calculated as the difference between cost of the investments and fair value of the assets and liabilities acquired. The amortisation period for goodwill on consolidation is ten years.

Investments in subsidiaries and associates 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.

Other investments

Securities recognised under current assets comprise listed bonds and investments measured at fair value (quoted price) at the balance sheet date.

Inventories

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

Cost of goods for resale comprises cost plus delivery costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of and depreciation and impairment losses on 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.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividends are recognised as a liability at the time of adoption at the general meeting. The proposed dividends for the financial year are disclosed as a separate item in equity.

Accounting policies

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.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Other provisions

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

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.

If goods are sold on approval, a provision is made for the mark-up on the goods estimated to be returned as well as any expenses related to the returns.

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

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.

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.

Income tax receivable or payable

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.

Accounting policies

Cash flow statement

The cash flow statement of the Group is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the Group's cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from acquisition and divestment of enterprises are shown separately under cash flows from investing activities. Cash flows to acquired enterprises are recognised in the cash flow statement from the time of their acquisition, and cash flows from divested enterprises are recognised up to the time of sale.

Cash flows from operating activities are 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 and activities as well as purchase and sale, etc of intangible assets and property, plant and equipment and assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the Parent's share capital and related costs as well as the raising of loans, instalments on interest-bearing debt and payment of dividends.

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