
Busch Vakuumtechnik A/S

Parallelsvej 11, DK-8680 Ry

Annual Report for 1 January - 31 December 2017

CVR No 77 28 29 12

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
28/2 2018

Jørgen Wittendorf
Lorensen
Chairman



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Busch Vakuumtechnik A/S for the financial year 1 January - 31 December 2017.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Company and of the results of the Company operations and cash flows for 2017.

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

Ry, 28 February 2018

Executive Board

Jørgen Wittendorf Lorentsen
CEO

Hanne Pedersen
Executive Officer

Board of Directors

Johannes Karl Ottomar Busch
Chairman

Ayhan Busch

Ayla Busch

Independent Auditor's Report

To the Shareholder of Busch Vakuumtechnik A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements and Management's Review of Busch Vakuumtechnik A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Independent Auditor's Report

Management's responsibilities for the Financial Statements

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

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Independent Auditor's Report

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Aarhus, 28 February 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Thyge Belter

statsautoriseret revisor

mne30222

Company Information

The Company

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CVR No: 77 28 29 12
Financial period: 1 January - 31 December
Municipality of reg. office: Skanderborg

Board of Directors

Johannes Karl Ottomar Busch, Chairman
Ayhan Busch
Ayla Busch

Executive Board

Jørgen Wittendorf Lorentsen
Hanne Pedersen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Nobelparken
Jens Chr. Skous Vej 1
DK-8000 Aarhus C

Lawyers

DLA Piper Denmark Advokatanpartsselskab
Rådhuspladsen 14
1550 København V

Bankers

Danske Bank
Finanscenter Østjylland
Åboulevarden 69
DK-8000 Aarhus C

Consolidated Financial Statements

The company is wholly owned by Dr. -Ing. Karl Busch Holding GmbH,
Zürich, Switzerland

The Company's ultimate parent is Busch SE, Maulburg, Germany

Financial Highlights

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

	2017 DKK '000	2016 DKK '000	2015 DKK '000	2014 DKK '000	2013 DKK '000
Key figures					
Profit/loss					
Gross profit/loss	25,103	21,864	16,637	16,195	14,891
Operating profit/loss	12,743	10,647	6,781	7,042	5,382
Profit/loss before financial income and expenses	12,787	10,678	6,846	7,148	5,314
Net financials	32	-46	13	18	182
Net profit/loss for the year	9,991	8,278	5,238	5,471	4,095
Balance sheet					
Balance sheet total	64,038	54,768	41,558	35,665	29,658
Equity	49,029	41,039	32,761	27,523	22,052
Cash flows					
Cash flows from:					
- operating activities	-1,929	-2,630	6,596	5,179	7,671
- investing activities	-2,112	-4,086	-721	-1,103	-653
including investment in property, plant and equipment	-2,112	-4,086	-721	-1,276	-668
- financing activities	-76	4,152	-817	1,309	-24,443
Change in cash and cash equivalents for the year	-4,117	-2,565	2,713	4,075	-17,423
Number of employees	30	28	27	25	24
Ratios					
Return on assets	20.0%	19.5%	16.5%	20.0%	17.9%
Solvency ratio	76.6%	74.9%	78.8%	77.2%	74.4%
Return on equity	22.2%	22.4%	17.4%	22.1%	13.1%

The ratios have been prepared in accordance with the definitions under accounting policies.

Management's Review

Key activities

As in previous years the Company's main activity is:

Sale and service of vacuum pumps and vacuum systems and low pressure compressors and stationary and mobile rotary lobe blowers.

Development in the year

The income statement of the Company for 2017 shows a profit of DKK 9,990,912, and at 31 December 2017 the balance sheet of the Company shows equity of DKK 49,029,418.

The activity level of the year and the result are as expected according to the expectations at the beginning of the year and are considered to be satisfactory. The activity level has been high both for the basic business and the OEM business.

Special risks - operating risks and financial risks

Operating risks

The Company is self-financed, it only has minor foreign exchange risks, has a stable and large customer group, in which none of the customers/groups are of such a volume that it makes the Company vulnerable. Consequently the Company is not effected by material, special financial or operating risks.

Research and development

During the year the Company has invested regularly in the further development of the product group design of the vacuum system.

External environment

The Company's environmental situation is approved by and monitored by the Danish authorities. No pollution or other environmental problems have been ascertained.

Intellectual capital resources

The Company has much knowledge about vacuum technik and related areas. There is a stable and knowledgeable staff with many years of experience. There is an ongoing programme for training and knowledge sharing between the employees.

Expected future development

The expectations for 2018 are positive both in relation to the basic and the OEM business, thus the Company expects the same level for 2018 as in 2017.

Management's Review

Subsequent events

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

Income Statement 1 January - 31 December

	Note	2017 DKK	2016 DKK
Gross profit/loss		25,102,762	21,863,511
Distribution expenses	1	-6,213,439	-5,580,571
Administrative expenses	1	-6,146,749	-5,635,741
Operating profit/loss		12,742,574	10,647,199
Other operating income		44,720	30,771
Profit/loss before financial income and expenses		12,787,294	10,677,970
Financial income		82,667	1,518
Financial expenses		-50,430	-47,201
Profit/loss before tax		12,819,531	10,632,287
Tax on profit/loss for the year	2	-2,828,619	-2,354,767
Net profit/loss for the year		9,990,912	8,277,520

Distribution of profit

Proposed distribution of profit

Extraordinary dividend paid	2,000,000	0
Retained earnings	7,990,912	8,277,520
	9,990,912	8,277,520

Balance Sheet 31 December

Assets

	Note	2017 DKK	2016 DKK
Land and buildings		6,898,349	6,726,655
Plant and machinery		393,138	79,562
Other fixtures and fittings, tools and equipment		1,170,879	1,011,242
Leasehold improvements		10,871	79,148
Property, plant and equipment	3	8,473,237	7,896,607
Fixed assets		8,473,237	7,896,607
Inventories	4	12,121,907	9,514,566
Trade receivables		34,591,635	24,354,400
Receivables from group enterprises		404,242	941,443
Other receivables		109,778	37,633
Corporation tax		439,911	0
Prepayments		180,960	189,617
Receivables		35,726,526	25,523,093
Cash at bank and in hand		7,716,824	11,833,625
Current assets		55,565,257	46,871,284
Assets		64,038,494	54,767,891

Balance Sheet 31 December

Liabilities and equity

	Note	2017 DKK	2016 DKK
Share capital		3,500,000	3,500,000
Retained earnings		45,529,418	37,538,506
Equity	5	49,029,418	41,038,506
Provision for deferred tax		322,500	335,700
Other provisions	6	669,650	941,214
Provisions		992,150	1,276,914
Trade payables		1,955,380	1,232,357
Payables to group enterprises		7,900,988	6,513,872
Corporation tax		0	368,913
Other payables		4,159,508	4,290,179
Deferred income		1,050	47,150
Short-term debt		14,016,926	12,452,471
Debt		14,016,926	12,452,471
Liabilities and equity		64,038,494	54,767,891
Contingent assets, liabilities and other financial obligations	9		
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Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	3,500,000	37,538,506	41,038,506
Extraordinary dividend paid	0	-2,000,000	-2,000,000
Net profit/loss for the year	0	9,990,912	9,990,912
Equity at 31 December	3,500,000	45,529,418	49,029,418

Cash Flow Statement 1 January - 31 December

	Note	2017 DKK	2016 DKK
Net profit/loss for the year		9,990,912	8,277,520
Adjustments	7	4,331,955	3,915,984
Change in working capital	8	-12,633,374	-12,703,743
Cash flows from operating activities before financial income and expenses		1,689,493	-510,239
Financial income		82,667	1,518
Financial expenses		-50,430	-47,200
Cash flows from ordinary activities		1,721,730	-555,921
Corporation tax paid		-3,650,643	-2,074,477
Cash flows from operating activities		-1,928,913	-2,630,398
Purchase of property, plant and equipment		-2,112,205	-4,085,965
Cash flows from investing activities		-2,112,205	-4,085,965
Repayment of payables to group enterprises		1,924,317	4,151,754
Dividend paid		-2,000,000	0
Cash flows from financing activities		-75,683	4,151,754
Change in cash and cash equivalents		-4,116,801	-2,564,609
Cash and cash equivalents at 1 January		11,833,625	14,398,234
Cash and cash equivalents at 31 December		7,716,824	11,833,625
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		7,716,824	11,833,625
Cash and cash equivalents at 31 December		7,716,824	11,833,625

Notes to the Financial Statements

	2017 DKK	2016 DKK
1 Staff		
Wages and Salaries	16,534,845	15,203,005
Pensions	1,313,194	1,233,728
Other social security expenses	296,421	303,857
	18,144,460	16,740,590
Wages and Salaries, pensions and other social security expenses are recognised in the following items:		
Cost of sales	10,120,346	8,999,047
Distribution expenses	4,177,824	3,931,749
Administrative expenses	3,846,290	3,809,794
	18,144,460	16,740,590
Average number of employees	30	28

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

2 Tax on profit/loss for the year

Current tax for the year	2,838,089	2,422,913
Deferred tax for the year	-13,200	-66,400
Adjustment of tax concerning previous years	3,730	-1,746
	2,828,619	2,354,767

3 Property, plant and equipment

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost at 1 January	14,978,175	1,521,372	4,779,963	84,073
Additions for the year	904,189	422,332	785,684	0
Disposals for the year	0	-35,207	-922,670	0
Cost at 31 December	15,882,364	1,908,497	4,642,977	84,073

Notes to the Financial Statements

3 Property, plant and equipment (continued)

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Impairment losses and depreciation at 1 January	8,251,522	1,441,810	3,768,721	4,925
Depreciation for the year	732,493	108,756	626,047	68,277
Reversal of impairment and depreciation of sold assets	0	-35,207	-922,670	0
Impairment losses and depreciation at 31 December	8,984,015	1,515,359	3,472,098	73,202
Carrying amount at 31 December	6,898,349	393,138	1,170,879	10,871
Depreciated over	25-30 years	3-5 years	3-5 years	5 years
			2017 DKK	2016 DKK
Depreciation and impairment of property, plant and equipment are recognised in the following items:				
Cost of sales			477,081	378,824
Administrative expenses			1,058,492	1,136,713
			1,535,573	1,515,537

4 Inventories

Work in progress	1,503,644	785,253
Finished goods and goods for resale	10,497,701	8,541,645
Prepayments for goods	120,562	187,668
	12,121,907	9,514,566

5 Equity

The share capital consists of 35 shares of a nominal value of DKK 100,000. No shares carry any special rights.

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

Notes to the Financial Statements

	2017 DKK	2016 DKK
6 Other provisions		
Guarantee provisions	669,650	941,214
	669,650	941,214
The provisions are expected to mature as follows:		
Within 1 year	394,350	565,314
Between 1 and 5 years	275,300	375,900
	669,650	941,214
7 Cash flow statement - adjustments		
Financial income	-82,667	-1,518
Financial expenses	50,430	47,201
Depreciation, amortisation and impairment losses, including losses and gains on sales	1,535,573	1,515,534
Tax on profit/loss for the year	2,828,619	2,354,767
	4,331,955	3,915,984
8 Cash flow statement - change in working capital		
Change in inventories	-2,607,342	-337,011
Change in receivables	-10,300,721	-12,309,323
Change in other provisions	-271,564	406,214
Change in trade payables, etc	546,253	-463,623
	-12,633,374	-12,703,743
9 Contingent assets, liabilities and other financial obligations		
Charges and security		

9 Contingent assets, liabilities and other financial obligations

Charges and security

The Company has entered into a rental agreement which is non-cancellable until 1 March 2018. The rental obligation amounts to DKK 18.433.

The Company has leased a car. The lease obligation runs until 1 June 2020 and the remaining obligation amounts to DKK 169k.

Notes to the Financial Statements

10 Related parties

Basis

Controlling interest

Dr.-Ing. Karl Busch Holding GmbH, Zürich, Schweiz

Main shareholder

Transactions

There have been no transactions with the Board of Directors, the Management, significant shareholders, group enterprises or related parties, except from intercompany transactions and normal management remuneration. Transactions have been carried out at market conditions.

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Dr. -Ing. Karl Busch Holding GmbH, Zürich, Switzerland

Notes to the Financial Statements

11 Accounting Policies

The Annual Report of Busch Vakuumtechnik A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Company's Annual Report is now prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C (before reporting class B). The change has not affected the accounting figures in the Annual Report for 2017.

The Financial Statements for 2017 are presented in DKK.

Recognition and measurement

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

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

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

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

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

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Notes to the Financial Statements

11 Accounting Policies (continued)

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

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

Income Statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

The Company's gross profit/loss includes revenue less cost of sales.

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

Notes to the Financial Statements

11 Accounting Policies (continued)

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of fixed assets.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments.

Tax on profit/loss for the year

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

Balance Sheet

Property, plant and equipment

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, where production has started 1 January 2003 or later, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers as well as overheads.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are not recognised in cost.

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

Production buildings	25-30 years
Plant and machinery	3-5 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

Notes to the Financial Statements

11 Accounting Policies (continued)

Assets costing less than DKK 13,200 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Inventories

Inventories are measured at the lower of cost based on the average cost formula and net realisable value.

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

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Any borrowing costs in the production period are not included.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Prepayments

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

Equity

Dividend

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

Notes to the Financial Statements

11 Accounting Policies (continued)

Provisions

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

Other provisions include warranty obligations in respect of repair work within the warranty period of . Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

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

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account.

Financial debts

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

Deferred income

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

Cash Flow Statement

The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Notes to the Financial Statements

11 Accounting Policies (continued)

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets and property, plant and equipment.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

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