
Busch Vakuumtechnik A/S

Parallelsvej 11, DK-8680 Ry

Annual Report for 1 January - 31 December 2020

CVR No 77 28 29 12

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
26/2 2021

Jørgen Wittendorf
Lorensen
Chairman of the General
Meeting



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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 2020.

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 2020 of the Company and of the results of the Company operations and cash flows for 2020.

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

Ry, 26 February 2021

Executive Board

Jørgen Wittendorf Lorentsen
CEO

Hanne Pedersen
Executive Officer

Board of Directors

Johannes Karl Ottomar Busch
Chairman

Ayhan Busch

Attila Kaya 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 2020 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2020 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 2020, 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.

Management's responsibilities for the Financial Statements

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

Independent Auditor's Report

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

Auditor's responsibilities for the audit of the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional 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, 26 February 2021

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
Attila Kaya 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

Financial Highlights

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

	2020 DKK '000	2019 DKK '000	2018 DKK '000	2017 DKK '000	2016 DKK '000
Key figures					
Profit/loss					
Gross profit/loss	15,064	22,095	23,652	25,103	21,864
Operating profit/loss	996	9,192	11,379	12,743	10,647
Profit/loss before financial income and expenses	1,074	9,394	11,443	12,787	10,678
Net financials	-253	-111	-91	32	-46
Net profit/loss for the year	639	7,235	8,849	9,991	8,278
Balance sheet					
Balance sheet total	87,672	63,179	71,669	64,038	54,768
Equity	50,753	50,113	57,879	49,029	41,039
Cash flows					
Cash flows from:					
- operating activities	-3,687	-5,424	21,591	-1,929	-2,630
- investing activities	-517	-1,236	-218	-2,112	-4,086
including investment in property, plant and equipment	-1,706	-1,236	-218	-2,112	-4,086
- financing activities	0	-15,000	-1,110	-76	4,152
Change in cash and cash equivalents for the year	-4,204	-21,659	20,263	-4,117	-2,565
Number of employees	35	33	31	30	28
Ratios					
Return on assets	1.2%	14.9%	16.0%	20.0%	19.5%
Solvency ratio	57.9%	79.3%	80.8%	76.6%	74.9%
Return on equity	1.3%	13.4%	16.6%	22.2%	22.4%

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 2020 shows a profit of DKK 639,079, and at 31 December 2020 the balance sheet of the Company shows an equity of DKK 50,752,574.

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 satisfactory. The activity level has been high both for the basic business and the OEM business. Profit for the year is affected of a new pricing system introduced January 2020 in the Busch Group.

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 base, in which none of the customers 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 great knowledge about vacuum teknik 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 2021 are positive in relation to the basic business, however the Company expects a lower sale to OEM customers as in 2020

Management's Review

Subsequent events

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

Covid-19

It is not assessed that Covid-19 has had any significant effect on the financial year 2020. At present, it is similarly not expected that the financial year 2021 will be significantly affected.

Income Statement 1 January - 31 December

	Note	2020 DKK	2019 DKK
Gross profit/loss		15,063,947	22,095,123
Distribution expenses	1	-7,556,201	-6,659,660
Administrative expenses	1	-6,511,779	-6,243,317
Operating profit/loss		995,967	9,192,146
Other operating income		77,965	201,856
Profit/loss before financial income and expenses		1,073,932	9,394,002
Financial income		3,933	5,826
Financial expenses		-256,563	-117,094
Profit/loss before tax		821,302	9,282,734
Tax on profit/loss for the year	2	-182,223	-2,048,089
Net profit/loss for the year		639,079	7,234,645

Distribution of profit

Proposed distribution of profit

Retained earnings	639,079	7,234,645
	639,079	7,234,645

Balance Sheet 31 December

Assets

	Note	2020 DKK	2019 DKK
Land and buildings		5,139,181	5,670,305
Plant and machinery		402,177	280,660
Other fixtures and fittings, tools and equipment		1,846,619	1,241,112
Leasehold improvements		0	0
Property, plant and equipment	3	7,387,977	7,192,077
Fixed assets		7,387,977	7,192,077
Inventories	4	13,085,223	14,834,519
Trade receivables		62,782,195	33,198,918
Receivables from group enterprises		855,752	719,025
Other receivables		72,111	80,009
Corporation tax		1,082,567	585,811
Prepayments	5	289,294	248,914
Receivables		65,081,919	34,832,677
Cash at bank and in hand		2,116,388	6,320,083
Currents assets		80,283,530	55,987,279
Assets		87,671,507	63,179,356

Balance Sheet 31 December

Liabilities and equity

	Note	2020 DKK	2019 DKK
Share capital		3,500,000	3,500,000
Retained earnings		47,252,574	46,613,495
Equity	6	50,752,574	50,113,495
Provision for deferred tax	7	144,300	189,400
Other provisions	8	737,255	514,725
Provisions		881,555	704,125
Other payables		1,722,524	532,991
Long-term debt	9	1,722,524	532,991
Trade payables		2,398,718	874,679
Payables to group enterprises		26,487,099	5,892,188
Other payables	9	5,363,577	5,017,450
Deferred income	10	65,460	44,428
Short-term debt		34,314,854	11,828,745
Debt		36,037,378	12,361,736
Liabilities and equity		87,671,507	63,179,356
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Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	3,500,000	46,613,495	50,113,495
Net profit/loss for the year	0	639,079	639,079
Equity at 31 December	3,500,000	47,252,574	50,752,574

Cash Flow Statement 1 January - 31 December

	Note	2020 DKK	2019 DKK
Net profit/loss for the year		639,079	7,234,645
Adjustments	11	1,945,304	3,506,084
Change in working capital	12	-5,294,550	-13,947,960
Cash flows from operating activities before financial income and expenses		-2,710,167	-3,207,231
Financial income		3,933	5,826
Financial expenses		-256,563	-117,095
Cash flows from ordinary activities		-2,962,797	-3,318,500
Corporation tax paid		-724,079	-2,105,090
Cash flows from operating activities		-3,686,876	-5,423,590
Purchase of property, plant and equipment		-1,706,352	-1,235,874
Sale of intangible assets		1,189,533	0
Cash flows from investing activities		-516,819	-1,235,874
Dividend paid		0	-15,000,000
Cash flows from financing activities		0	-15,000,000
Change in cash and cash equivalents		-4,203,695	-21,659,464
Cash and cash equivalents at 1 January		6,320,083	27,979,547
Cash and cash equivalents at 31 December		2,116,388	6,320,083
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		2,116,388	6,320,083
Cash and cash equivalents at 31 December		2,116,388	6,320,083

Notes to the Financial Statements

	2020 DKK	2019 DKK
1 Staff		
Wages and Salaries	19,160,814	17,908,578
Pensions	1,502,502	1,440,213
Other social security expenses	346,065	364,326
	21,009,381	19,713,117
Wages and Salaries, pensions and other social security expenses are recognised in the following items:		
Cost of sales	12,177,892	11,233,785
Distribution expenses	4,705,405	4,336,243
Administrative expenses	4,126,087	4,143,089
	21,009,384	19,713,117
Including remuneration to the Executive Board	3,266,945	3,200,918
Average number of employees	35	33
2 Tax on profit/loss for the year		
Current tax for the year	227,433	2,072,189
Deferred tax for the year	-45,100	-24,100
Adjustment of tax concerning previous years	-110	0
	182,223	2,048,089

Notes to the Financial Statements

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	16,017,797	2,007,369	4,820,686	84,073
Additions for the year	128,071	236,254	1,342,027	0
Disposals for the year	0	0	-244,560	0
Cost at 31 December	16,145,868	2,243,623	5,918,153	84,073
Impairment losses and depreciation at 1 January	10,347,492	1,726,709	3,579,574	84,073
Depreciation for the year	659,195	114,737	736,519	0
Reversal of impairment and depreciation of sold assets	0	0	-244,559	0
Impairment losses and depreciation at 31 December	11,006,687	1,841,446	4,071,534	84,073
Carrying amount at 31 December	5,139,181	402,177	1,846,619	0
Depreciated over	25-30 years	3-5 years	3-5 years	5 years

	2020 DKK	2019 DKK
Depreciation and impairment of property, plant and equipment are recognised in the following items:		
Cost of sales	437,538	450,291
Distribution expenses	61,271	0
Administrative expenses	1,011,642	896,436
	1,510,451	1,346,727

4 Inventories

Work in progress	506,491	164,685
Finished goods and goods for resale	12,455,975	14,343,765
Prepayments for goods	122,757	326,069
	13,085,223	14,834,519

Notes to the Financial Statements

5 Prepayments

Prepayments consist of prepaid expenses concerning insurance premiums, subscriptions and interest.

6 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.

	2020 DKK	2019 DKK
7 Provision for deferred tax		
Property, plant and equipment	144,300	189,400
	144,300	189,400

Deferred tax has been provided at 22% corresponding to the current tax rate.

8 Other provisions

Guarantee provisions	737,255	514,725
	737,255	514,725
The provisions are expected to mature as follows:		
Within 1 year	434,300	303,200
Between 1 and 5 years	302,955	211,535
	737,255	514,735

Notes to the Financial Statements

9 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2020 DKK	2019 DKK
Other payables		
Between 1 and 5 years	1,722,524	532,991
Long-term part	1,722,524	532,991
Other short-term payables	5,363,577	5,017,450
	7,086,101	5,550,441

10 Deferred income

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

11 Cash flow statement - adjustments

Financial income	-3,933	-5,826
Financial expenses	256,563	117,094
Depreciation, amortisation and impairment losses, including losses and gains on sales	1,510,451	1,346,727
Tax on profit/loss for the year	182,223	2,048,089
	1,945,304	3,506,084

12 Cash flow statement - change in working capital

Change in inventories	1,749,296	-1,592,607
Change in receivables	-29,615,759	-11,383,881
Change in other provisions	222,530	-150,515
Change in trade payables, etc	22,349,383	-820,957
	-5,294,550	-13,947,960

Notes to the Financial Statements

13 Contingent assets, liabilities and other financial obligations

Charges and security

The Company has entered into a rental agreement which is non-cancellable in 6 month. The rental obligation amounts to DKK 56k.

The Company's bankers have provided a working guarantee of total DKK 96k against business partners.

14 Related parties

	<u>Basis</u>
Controlling interest	
Dr.-Ing. Karl Busch Holding GmbH, Zürich, Switzerland	Main shareholder
Busch SE, Maulburg, Germany	Ultimate parent

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

15 Accounting Policies

The Annual Report of Busch Vakuumtechnik A/S for 2020 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 Financial Statements for 2020 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.

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

Notes to the Financial Statements

15 Accounting Policies (continued)

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, gross profit/loss is calculated as a summary of revenue and cost of sales.

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.

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.

Notes to the Financial Statements

15 Accounting Policies (continued)

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

Assets costing less than DKK 14,100 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.

Notes to the Financial Statements

15 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

15 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

15 Accounting Policies (continued)

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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$