
Busch Vakuumtechnik A/S

Parallelsvej 11, DK-8680 Ry

Annual Report for 1 January - 31 December 2022

CVR No 77 28 29 12

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
28/2 2023

Sune Wildau Rørbæk
Chairman of the General
Meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	5
Financial Highlights	6
Management's Review	7
Financial Statements	
Income Statement 1 January - 31 December	9
Balance Sheet 31 December	10
Statement of Changes in Equity	12
Cash Flow Statement 1 January - 31 December	13
Notes to the Financial Statements	14

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 2022.

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 2022 of the Company and of the results of the Company operations and cash flows for 2022.

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

Ry, 28 February 2023

Executive Board

Sune Wildau Rørbæk
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 2022 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Busch Vakuumtechnik A/S for the financial year 1 January - 31 December 2022, 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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.
- 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.

Independent Auditor's Report

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 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Thyge Belter

statsautoriseret revisor

mne30222

Company Information

The Company

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E-mail: info@busch.dk
Website: www.busch.dk

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

Sune Wildau Rørbæk
Hanne Pedersen

Auditors

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

Lawyers

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DK-8000 Aarhus C

DLA Piper Denmark Advokatanpartsselskab
Oslo Plads 2
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Bank

Danske Bank
Erhvervs Aarhus
Jægergårdsgade 101B, DK-8000 Aarhus C

Financial Highlights

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

	2022 DKK '000	2021 DKK '000	2020 DKK '000	2019 DKK '000	2018 DKK '000
Key figures					
Profit/loss					
Gross profit/loss	28,016	18,996	15,064	22,095	23,652
Operating profit/loss	13,594	6,267	996	9,192	11,379
Profit/loss before financial income and expenses	13,664	6,355	1,074	9,394	11,443
Net financials	-94	-192	-253	-111	-91
Net profit/loss for the year	10,570	4,803	639	7,235	8,849
Balance sheet					
Balance sheet total	77,406	75,978	87,672	63,179	71,669
Equity	63,125	55,556	50,753	50,113	57,879
Cash flows					
Cash flows from:					
- operating activities	3,484	20,971	-3,687	-5,424	21,591
- investing activities	-3,914	-144	-517	-1,236	-218
including investment in property, plant and equipment	-3,914	-420	-1,706	-1,236	-218
- financing activities	-3,000	0	0	-15,000	-1,110
Change in cash and cash equivalents for the year	-3,430	20,827	-4,204	-21,660	20,263
Number of employees	36	33	35	33	31
Ratios					
Return on assets	17.7%	8.4%	1.2%	14.9%	16.0%
Solvency ratio	81.6%	73.1%	57.9%	79.3%	80.8%
Return on equity	17.8%	9.0%	1.3%	13.4%	16.6%

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 2022 shows a profit of DKK 10,569,582, and at 31 December 2022 the balance sheet of the Company shows an equity of DKK 63,125,483. The profit is higher than expected at the beginning of the year.

The activity level of the year and the result are not fully as expected according to the expectations at the beginning of the year. The activity level has been high both for the basic business and the OEM business, but the delivery situation of raw materials worldwide and the war in Ukraine has affected Q3 and Q4 of the year negatively and are not considered satisfactory.

Operating risks

The Company is self-financed, it only has minor foreign exchange risks, has a stable and large customerbase, in which none of the customers are of such a volume that it makes the Company vulnerable. Consequently, of the worldwide situation the Company has been affected by material shortage and increasing in energy prices and inflation which we adjusted by an additional price increase in May month.

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.

Management's Review

Expected future development

The expectations for 2023 are very positive in relation to the basic business, however the Company expects a lower sale to OEM customers as in 2022 due to the general market situation and ongoing war in Ukraine. The profit for 2023 are expected to be between DKK 7 - 9 million before tax.

Subsequent events

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

Raw material, Ukraine War and Covid-19

It is not assessed that Covid-19 has had a directly effect on the financial year 2022 but due to high price increases in the raw materials worldwide, inflation and an increasing world marked of demand has had a negative effect on the current delivery situation and a negative effect on the total cost base of the financial year 2022. At present, there is a risk that the financial year of 2023 could be affected by the raw material price increase and the difficult delivery and shortage situation worldwide.

Income Statement 1 January - 31 December

	Note	2022 DKK	2021 DKK
Gross profit/loss		28,016,440	18,996,345
Distribution expenses	1	-8,055,843	-6,022,069
Administrative expenses	1	-6,366,367	-6,707,635
Operating profit/loss		13,594,230	6,266,641
Other operating income		69,462	88,318
Profit/loss before financial income and expenses		13,663,692	6,354,959
Financial income		26,545	3,781
Financial expenses		-120,183	-196,197
Profit/loss before tax		13,570,054	6,162,543
Tax on profit/loss for the year	2	-3,000,472	-1,359,216
Net profit/loss for the year		10,569,582	4,803,327

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	3,000,000	3,000,000
Retained earnings	7,569,582	1,803,327
	10,569,582	4,803,327

Balance Sheet 31 December

Assets

	Note	2022 DKK	2021 DKK
Land and buildings		6,211,600	4,763,578
Plant and machinery		924,410	360,209
Other fixtures and fittings, tools and equipment		989,423	1,026,428
Property, plant and equipment in progress		611,875	0
Property, plant and equipment	3	8,737,308	6,150,215
Fixed assets		8,737,308	6,150,215
Inventories	4	17,344,351	13,922,546
Trade receivables		30,349,128	31,685,873
Receivables from group enterprises		841,521	670,191
Other receivables		269,666	38,079
Corporation tax		0	301,012
Prepayments	5	326,684	266,911
Receivables		31,786,999	32,962,066
Cash at bank and in hand		19,537,583	22,943,488
Currents assets		68,668,933	69,828,100
Assets		77,406,241	75,978,315

Balance Sheet 31 December

Liabilities and equity

	Note	2022 DKK	2021 DKK
Share capital	6	3,500,000	3,500,000
Retained earnings		56,625,483	49,055,901
Proposed dividend for the year		3,000,000	3,000,000
Equity		63,125,483	55,555,901
Provision for deferred tax	7	124,400	54,400
Other provisions	8	778,143	726,123
Provisions		902,543	780,523
Credit institutions		24,026	0
Trade payables		1,716,099	1,413,664
Payables to group enterprises		7,036,446	14,293,680
Corporation tax		412,573	0
Other payables		3,987,681	3,892,847
Deferred income	9	201,390	41,700
Short-term debt		13,378,215	19,641,891
Debt		13,378,215	19,641,891
Liabilities and equity		77,406,241	75,978,315
Contingent assets, liabilities and other financial obligations	12		
Related parties	13		
Accounting Policies	14		

Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	3,500,000	49,055,901	3,000,000	55,555,901
Ordinary dividend paid	0	0	-3,000,000	-3,000,000
Net profit/loss for the year	0	7,569,582	3,000,000	10,569,582
Equity at 31 December	3,500,000	56,625,483	3,000,000	63,125,483

Cash Flow Statement 1 January - 31 December

	Note	2022 DKK	2021 DKK
Net profit/loss for the year		10,569,582	4,803,327
Adjustments	10	4,420,729	2,933,652
Change in working capital	11	-9,196,007	14,094,354
Cash flows from operating activities before financial income and expenses		5,794,304	21,831,333
Financial income		26,546	3,782
Financial expenses		-120,183	-196,196
Cash flows from ordinary activities		5,700,667	21,638,919
Corporation tax paid		-2,216,887	-667,561
Cash flows from operating activities		3,483,780	20,971,358
Purchase of property, plant and equipment		-3,913,711	-420,258
Sale of fixed assets		0	276,000
Cash flows from investing activities		-3,913,711	-144,258
Dividend paid		-3,000,000	0
Cash flows from financing activities		-3,000,000	0
Change in cash and cash equivalents		-3,429,931	20,827,100
Cash and cash equivalents at 1 January		22,943,488	2,116,388
Cash and cash equivalents at 31 December		19,513,557	22,943,488
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		19,537,583	22,943,488
Credit institutions		-24,026	0
Cash and cash equivalents at 31 December		19,513,557	22,943,488

Notes to the Financial Statements

	2022 DKK	2021 DKK
1 Staff		
Wages and Salaries	20,026,719	18,326,953
Pensions	1,794,719	1,485,781
Other social security expenses	434,815	372,675
	22,256,253	20,185,409
Wages and Salaries, pensions and other social security expenses are recognised in the following items:		
Cost of sales	13,696,700	12,742,499
Distribution expenses	5,116,421	4,468,053
Administrative expenses	3,443,132	2,974,858
	22,256,253	20,185,410
Including remuneration to the Executive Board	2,290,904	2,251,882
Average number of employees	36	33
2 Tax on profit/loss for the year		
Current tax for the year	2,930,573	1,450,988
Deferred tax for the year	70,000	-89,900
Adjustment of tax concerning previous years	-101	-1,872
	3,000,472	1,359,216

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	Property, plant and equipment in progress DKK
Cost at 1 January	16,266,162	2,353,364	5,493,154	0
Additions for the year	1,898,789	838,899	564,149	611,875
Cost at 31 December	18,164,951	3,192,263	6,057,303	611,875
Impairment losses and depreciation at 1 January	11,502,584	1,993,155	4,466,726	0
Depreciation for the year	450,767	274,698	601,154	0
Impairment losses and depreciation at 31 December	11,953,351	2,267,853	5,067,880	0
Carrying amount at 31 December	6,211,600	924,410	989,423	611,875
Depreciated over	25-30 years	3-5 years	3-5 years	

	2022 DKK	2021 DKK
Depreciation and impairment of property, plant and equipment are recognised in the following items:		
Cost of sales	585,208	480,315
Distribution expenses	0	17,863
Administrative expenses	741,411	875,060
	1,326,619	1,373,238

4 Inventories

Work in progress	692,802	581,153
Finished goods and goods for resale	16,453,822	12,512,287
Prepayments for goods	197,727	829,106
	17,344,351	13,922,546

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.

	2022 DKK	2021 DKK
7 Provision for deferred tax		
Property, plant and equipment	124,400	54,400
	124,400	54,400

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

8 Other provisions

Guarantee provisions	778,143	726,123
	778,143	726,123
The provisions are expected to mature as follows:		
Within 1 year	458,341	427,700
Between 1 and 5 years	319,802	298,423
	778,143	726,123

9 Deferred income

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

Notes to the Financial Statements

	2022 DKK	2021 DKK
10 Cash flow statement - adjustments		
Financial income	-26,545	-3,781
Financial expenses	120,183	196,197
Depreciation, amortisation and impairment losses, including losses and gains on sales	1,326,619	1,382,020
Tax on profit/loss for the year	3,000,472	1,359,216
	4,420,729	2,933,652

11 Cash flow statement - change in working capital

Change in inventories	-3,421,805	-837,323
Change in receivables	874,053	31,338,298
Change in other provisions	52,020	-11,132
Change in trade payables, etc	-6,700,275	-16,395,489
	-9,196,007	14,094,354

12 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 67k.

The Company's bank have provided a working guarantee of total DKK 15k against business partners.

13 Related parties

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

Notes to the Financial Statements

13 Related parties (continued)

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

14 Accounting Policies

The Annual Report of Busch Vakuumenteknik A/S for 2022 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 2022 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

14 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

14 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

The fixed assets' residual values are determined at nil.

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

14 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

14 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

14 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" and "Overdraft facilities".

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