
Busch Vakuumtechnik A/S

Parallelvej 11, DK-8680 Ry

Annual Report for 2023

CVR No. 77 28 29 12

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 28/2 2024

Sune Wildau Rørbæk
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 2023.

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 2023 of the Company and of the results of the Company operations and cash flows for 2023.

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

Ry, 28 February 2024

Executive Board

Sune Wildau Rørbæk
CEO

Hanne Pedersen
Manager

Board of Directors

Sami Sinan Busch
Chairman

Attila Kaya Busch

Sune Wildau Rørbæk

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 2023 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2023 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 2023, 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.

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.

Independent Auditor's report

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.

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 C, 28 February 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Thyge Belter

State Authorised Public Accountant

mne30222

Company information

The Company	Busch Vakuumtechnik A/S Parallelvej 11 DK-8680 Ry Telephone: +45 87 88 07 77 Email: 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	Sami Sinan Busch, chairman Attila Kaya Busch Sune Wildau Rørbæk
Executive Board	Sune Wildau Rørbæk Hanne Pedersen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1 DK-8000 Aarhus C
Lawyers	DLA Piper Denmark Advokatanpartsselskab Hack Kampmanns Plads 2 DK-8000 Aarhus C DLA Piper Denmark Advokatanpartsselskab Oslo Plads 2 DK-2100 København V
Bankers	Danske Bank Jægergårdgade 101B DK-8000 Aarhus C

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit	25,100	27,728	18,996	15,064	22,095
Profit/loss of ordinary primary operations	9,344	13,664	6,355	1,074	9,394
Profit/loss of financial income and expenses	193	-94	-192	-253	-111
Net profit/loss for the year	7,419	10,570	4,803	639	7,235
Balance sheet					
Balance sheet total	82,901	77,406	75,978	87,672	63,179
Equity	67,545	63,125	55,556	50,753	50,113
Cash flows					
Cash flows from:					
- operating activities	-1,720	3,484	20,971	-3,687	-5,424
- investing activities	-3,195	-3,914	-144	-517	-1,236
- financing activities	-3,000	-3,000	0	0	-15,000
Change in cash and cash equivalents for the year	-7,915	-3,430	20,827	-4,204	-21,660
Number of employees	44	36	33	35	33
Ratios					
Return on assets	11.3%	17.7%	8.4%	1.2%	14.9%
Solvency ratio	81.5%	81.6%	73.1%	57.9%	79.3%
Return on equity	11.4%	17.8%	9.0%	1.3%	13.4%

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.

Busch Vakuumenteknik A/S is a daughter company of Busch SE from Germany. Busch SE provides leading edge vacuum and overpressure technology worldwide. Busch SE seek prosperity and growth through creating the highest value for our customers.

Busch SE is a private owned company by Family Busch and therefore we as a global company are more adaptable by allowing quick decision-making, taking risks, focusing on long-term goals, and maintaining confidentiality towards our customers. As a private owned company and therefore a more direct organization with fewer layers and less pressure from external sources, we can swiftly respond to market changes, fostering agility and innovation. As a marked leader for vacuum applications in Denmark and a vacuum pump manufacture, Busch will continue our high customer focus to bring the highest value to our customers.

Development in the year

The income statement of the Company for 2023 shows a profit of DKK 7.419.202, and on 31 December 2023 the balance sheet of the Company shows an equity of DKK 67.544.685.

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 in Q1 and Q2 and the war in Ukraine has affected Q3 and Q4 of the year negatively and are not considered satisfactory.

Busch Vakuumenteknik A/S succeeded to delivery various vacuum solutions to the hole industry in Denmark in 2023. In constant changing marked Busch Vakuumenteknik A/S manage to sell and support OEM and End customers from food applications till Pharma applications due to high product standards produced on our own factories in Europe. As a family-owned company since 60 years Busch Family celebrated their 60 years of anniversary in September 2023 at headquarters in Maulburg Germany.

Special risks - operating risks and financial 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, of the worldwide situation the company has been affected by some extend of material shortage and still high price level from local sub suppliers.

Raw material, Ukraine War and War in the Middle East

It is not assessed that post Covid-19 period has had a directly effect on the financial year 2023 but due to high price increases in the raw materials worldwide in 2022, unstable inflation and a fluctuating 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 2023. At present, it is expected that the financial year of 2023 could be significantly affected by the unstable marked situation in Europe that could have a negative effect on the Danish export customers.

Research and development

During the year the company has invested regularly in the further development of the product portfolio to adapt our solution think toward design of the vacuum systems that successfully covers the demand for low energy solutions in Denmark.

Management's review

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. We have prepared registration for the ESG regulations, so we are ready to fulfill the ESG reporting in 2024 and we have done extra ordinary investments to save energy in our buildings.

Intellectual capital resources

The company has great knowledge about vacuum technique and related areas. There is a stable and knowledgeable staff with many years of experience. There is an ongoing program for training and knowledge sharing between the employees worldwide.

Expected future development

The expectations for 2024 are very positive in relation to the basic business, however the Company expects a lower sale to OEM customers as in 2023 due to the general marked situation and ongoing war in Ukraine. In Q4 2023 Busch Vakuumenteknik A/S has become the official distributor of Pfeiffer Vacuum products, which will cover products for the R&D and Semiconductor segment in Denmark. The profit for 2024 are expected to be between DKK 5 - 7 million before tax.

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	2023	2022
		DKK	DKK
Gross profit		25,099,724	28,106,115
Distribution expenses	1	-8,394,332	-8,055,843
Administrative expenses	1	-7,361,689	-6,386,580
Profit/loss before financial income and expenses		9,343,703	13,663,692
Financial income		296,954	26,545
Financial expenses		-103,504	-120,183
Profit/loss before tax		9,537,153	13,570,054
Tax on profit/loss for the year	2	-2,117,951	-3,000,472
Net profit/loss for the year	3	7,419,202	10,569,582

Balance sheet 31 December

Assets

	Note	2023	2022
		DKK	DKK
Land and buildings		8,308,216	6,211,600
Plant and machinery		773,015	924,410
Other fixtures and fittings, tools and equipment		1,554,505	989,423
Property, plant and equipment in progress		0	611,875
Property, plant and equipment	4	10,635,736	8,737,308
 Fixed assets		 10,635,736	 8,737,308
 Inventories	5	 21,296,769	 17,344,351
 Trade receivables		37,093,485	30,349,128
Receivables from group enterprises		862,171	841,521
Other receivables		933,759	269,666
Prepayments	6	410,070	326,684
Receivables		39,299,485	31,786,999
 Cash at bank and in hand		 11,669,314	 19,537,583
 Current assets		 72,265,568	 68,668,933
 Assets		 82,901,304	 77,406,241

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital	7	3,500,000	3,500,000
Retained earnings		62,544,685	56,625,483
Proposed dividend for the year		1,500,000	3,000,000
Equity		67,544,685	63,125,483
Provision for deferred tax	8	301,600	124,400
Other provisions	9	905,332	778,143
Provisions		1,206,932	902,543
Credit institutions		70,748	24,026
Trade payables		2,009,570	1,716,099
Payables to group enterprises		6,984,961	7,036,446
Corporation tax		316,336	412,573
Other payables		4,040,912	3,987,681
Deferred income	10	727,160	201,390
Short-term debt		14,149,687	13,378,215
Debt		14,149,687	13,378,215
Liabilities and equity		82,901,304	77,406,241
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Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 January 2023	3,500,000	56,625,483	3,000,000	63,125,483
Ordinary dividend paid	0	0	-3,000,000	-3,000,000
Net profit/loss for the year	0	5,919,202	1,500,000	7,419,202
Equity at 31 December 2023	3,500,000	62,544,685	1,500,000	67,544,685

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 January 2022	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 2022	3,500,000	56,625,483	3,000,000	63,125,483

Cash flow statement 1 January - 31 December

	Note	2023	2022
		DKK	DKK
Result of the year		7,419,202	10,569,582
Adjustments	11	3,221,258	4,420,729
Change in working capital	12	-10,516,728	-9,196,007
Cash flow from operations before financial items		123,732	5,794,304
Financial income		296,954	26,546
Financial expenses		-103,504	-120,183
Cash flows from ordinary activities		317,182	5,700,667
Corporation tax paid		-2,036,988	-2,216,887
Cash flows from operating activities		-1,719,806	3,483,780
Purchase of property, plant and equipment		-3,201,785	-3,913,711
Sale of property, plant and equipment		6,600	0
Cash flows from investing activities		-3,195,185	-3,913,711
Dividend paid		-3,000,000	-3,000,000
Cash flows from financing activities		-3,000,000	-3,000,000
Change in cash and cash equivalents		-7,914,991	-3,429,931
Cash and cash equivalents at 1 January		19,513,557	22,943,488
Cash and cash equivalents at 31 December		11,598,566	19,513,557
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		11,669,314	19,537,583
Overdraft facility		-70,748	-24,026
Cash and cash equivalents at 31 December		11,598,566	19,513,557

Notes to the Financial Statements

	2023	2022
	DKK	DKK
1. Staff		
Wages and salaries	23,387,998	20,335,718
Pensions	2,003,712	1,794,719
Other social security expenses	502,906	434,815
	25,894,616	22,565,252
Wages and salaries, pensions, other social security expenses and other staff expenses are recognised in the following items:		
Production expenses	16,582,225	13,985,486
Distribution expenses	5,581,829	5,116,421
Administrative expenses	3,730,562	3,463,345
	25,894,616	22,565,252
Including remuneration to the Board of Directors	2,452,212	2,290,904
Average number of employees	44	36
	2023	2022
	DKK	DKK
2. Income tax expense		
Current tax for the year	1,940,266	2,930,573
Deferred tax for the year	177,200	70,000
Adjustment of tax concerning previous years	485	-101
	2,117,951	3,000,472
	2023	2022
	DKK	DKK
3. Profit allocation		
Proposed dividend for the year	1,500,000	3,000,000
Retained earnings	5,919,202	7,569,582
	7,419,202	10,569,582

Notes to the Financial Statements

4. Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
	DKK	DKK	DKK	DKK
Cost at 1. January	18,164,951	3,192,263	6,057,303	611,875
Additions for the year	1,921,435	103,848	1,176,502	0
Disposals for the year	0	0	-70,700	0
Transfers for the year	611,875	0	0	-611,875
Cost at 31. December	20,698,261	3,296,111	7,163,105	0
Impairment losses and depreciation at 1. January	11,953,351	2,267,853	5,067,880	0
Depreciation for the year	436,694	255,243	611,420	0
Reversal of impairment and depreciation of sold assets	0	0	-70,700	0
Impairment losses and depreciation at 31. December	12,390,045	2,523,096	5,608,600	0
Carrying amount at 31. December	8,308,216	773,015	1,554,505	0
Amortised over	10-30 years	3-5 years	3-5 years	

5. Inventories

	2023 DKK	2022 DKK
Work in progress	576,034	692,802
Finished goods and goods for resale	19,872,300	16,453,822
Prepayments for goods	848,435	197,727
	21,296,769	17,344,351

6. Prepayments

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

Notes to the Financial Statements

7. Share capital

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.

8. Provision for deferred tax

Property, plant and equipment

	2023	2022
	DKK	DKK
	301,600	124,400
	301,600	124,400

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

9. Other provisions

Guarantee provisions

	2023	2022
	DKK	DKK
	905,332	778,143
	905,332	778,143

The provisions are expected to mature as follows:

Within 1 year

Between 1 and 5 years

After 5 years

	533,258	458,341
	372,074	319,802
	0	0
	905,332	778,143

10. Deferred income

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

Notes to the Financial Statements

	2023	2022
	DKK	DKK
11. Cash flow statement - Adjustments		
Financial income	-296,954	-26,545
Financial expenses	103,504	120,183
Depreciation, amortisation and impairment losses, including losses and gains on sales	1,296,757	1,326,619
Tax on profit/loss for the year	2,117,951	3,000,472
	3,221,258	4,420,729

	2023	2022
	DKK	DKK
12. Cash flow statement - Change in working capital		
Change in inventories	-3,952,418	-3,421,805
Change in receivables	-7,512,486	874,053
Change in other provisions	127,189	52,020
Change in trade payables, etc	820,987	-6,700,275
	-10,516,728	-9,196,007

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 73k.

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

Notes to the Financial Statements

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

15. Subsequent events

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

Notes to the Financial Statements

16. Accounting policies

The Annual Report of Busch Vakuumtechnik A/S for 2023 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. There have been made reclasses in the income statement for 2022 and 2023. The effect have not influence to the profit for the year.

The Financial Statements for 2023 are presented in DKK.

Recognition and measurement

Revenue are recognised in 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. If currency positions are considered to hedge future cash flows, value adjustments are recognized directly in equity.

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.

Notes to the Financial Statements

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.

Production expenses

Production expenses comprise 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, other operating income and cost of sales.

The Company's gross profit/loss includes revenue, other operating income 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.

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

Notes to the Financial Statements

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	10-30 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.

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.

Notes to the Financial Statements

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend 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 1-5 years. 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 liabilities

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, property, plant and equipment as well as fixed asset investments.

Notes to the Financial Statements

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	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$