TK Elevator Denmark A/S

Erhvervsvej 4, DK-2600 Glostrup

Annual Report for
1 October 2023 - 30 September 2024

CVR No. 15 27 17 28

The Annual Report was presented and adopted at the Annual General Meeting of the company on 23/1 2025

Alexander Heinz
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of TK Elevator Denmark A/S for the financial year 1 October 2023 - 30 September 2024.

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 30 September 2024 of the Company and of the results of the Company operations and cash flows for 2023/24.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Glostrup, 23 January 2025

Executive Board

Alexander Heinz
CEO

Board of Directors

Lars Andre Lucht
Chairman

Alexander Heinz

Kasper Vormslev Olsen

Dan Rasmussen
Employee representative

René Barner Raaberg Nielsen
Employee representative

Independent Auditor's report

To the shareholder of TK Elevator Denmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 September 2024 and of the results of the Company´s operations and cash flows for the financial year 1 October 2023 - 30 September 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of TK Elevator Denmark A/S for the financial year 1 October 2023 - 30 September 2024, 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.

Hellerup, 23 January 2025

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Morten Jørgensen	Gösta Gauffin
State Authorised Public Accountant	State Authorised Public Accountant
mne32806	mne45821

Company information

The Company	TK Elevator Denmark A/S Erhvervsvej 4 DK-2600 Glostrup Telephone: +45 70 13 08 08 Email: info.tkedk@tkelevator.com Website: www.tkelevator.dk CVR No: 15 27 17 28 Financial period: 1 October 2023 - 30 September 2024 Incorporated: 15 October 1959 Municipality of reg. office: Glostrup
Board of Directors	Lars Andre Lucht, chairman Alexander Heinz Kasper Vormslev Olsen Dan Rasmussen, employee representative René Barner Raaberg Nielsen, employee representative
Executive Board	Alexander Heinz
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

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

	2023/24	2022/23	2021/22	2020/21	2019/20
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit	153,240	144,682	142,145	129,747	112,563
Profit/loss of primary operations	6,769	9,703	18,295	13,800	13,030
Profit/loss of financial income and expenses	425	952	15	-42	34
Net profit/loss for the year	5,642	8,245	14,282	10,851	10,071
Balance sheet					
Balance sheet total	116,987	127,947	123,897	110,718	126,975
Investment in property, plant and equipment	858	608	239	159	275
Equity	49,132	51,735	57,772	54,341	53,561
Number of employees	170	163	164	155	140
Ratios					
Return on assets	5.8%	7.6%	14.8%	12.5%	10.3%
Solvency ratio	42.0%	40.4%	46.6%	49.1%	42.2%
Return on equity	11.2%	15.1%	25.5%	20.1%	17.3%

Management's review

Key activities

As in prior years, the Company's activity consists of installation, modernization, service and sale of elevators, handicap lifts and escalators.

Development in the year

The income statement of the Company for 2023/24 shows a profit of TDKK 5,642, and at 30 September 2024 the balance sheet of the Company shows a positive equity of TDKK 49,132.

In the financial year 2023/24 the company achieved a less satisfactory result compared to the expectations in the Annual Report for 2022/23. This is primarily effected by increased costs for material prices as result of inflation and increased salary costs for current and new employees. This impact could not be mitigated by price adjustments, as the indexation effect was lower than expected.

Future expectations

The management expects in the financial year 2024/25 a positive revenue development compared to 2023/24. For all business lines New Installation, Service & Modernization further growth is expected compared to last year. Focus on customer retention and planned actions on segments New Installations with a new product that is more suitable for the local market as well efficiency measures regarding the Service segment will ensure the expected result in the coming financial year with projected profit between TDKK 8,000 and TDKK 12,000.

External environment

The Company has a strong focus on a good and safe working environment. A determined effort is made to set high standards within both environment and working environment, e.g. through a systematic information collection and knowledge sharing in connection with incidents. In addition to this, we constantly work on making our products and services as environmentally safe as possible, both locally and through development on Group level.

Income statement 1 October 2023 - 30 September 2024

	Note	2023/24	2022/23
		TDKK	TDKK
Gross profit		**153,240**	**144,682**
Staff expenses	1	-145,931	-134,281
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-540	-698
Profit/loss before financial income and expenses		**6,769**	**9,703**
Financial income	2	554	953
Financial expenses	3	-129	-1
Profit/loss before tax		**7,194**	**10,655**
Tax on profit/loss for the year	4	-1,552	-2,410
Net profit/loss for the year	5	**5,642**	**8,245**

Balance sheet 30 September 2024

Assets

	Note	2023/24	2022/23
		TDKK	TDKK
Completed development projects		6,814	1,083
Intangible assets	6	**6,814**	**1,083**
Plant and machinery		128	235
Other fixtures and fittings, tools and equipment		365	344
Leasehold improvements		789	0
Property, plant and equipment	7	**1,282**	**579**
Deposits	8	661	661
Fixed asset investments		**661**	**661**
Fixed assets		**8,757**	**2,323**
Inventories	9	**30,597**	**27,338**
Trade receivables		56,203	63,246
Contract work in progress	10	5,040	7,707
Receivables from group enterprises		10,342	12,141
Other receivables		104	0
Deferred tax asset	12	1,219	2,771
Corporation tax	11	2,020	0
Prepayments	13	1,315	1,014
Receivables		**76,243**	**86,879**
Cash at bank and in hand		**1,390**	**11,407**
Current assets		**108,230**	**125,624**
Assets		**116,987**	**127,947**

Balance sheet 30 September 2024

Liabilities and equity

	Note	2023/24	2022/23
		TDKK	TDKK
Share capital		1,000	1,000
Reserve for development costs		5,315	844
Retained earnings		42,817	41,646
Proposed dividend for the year		0	8,245
Equity		**49,132**	**51,735**
Other provisions	14	4,094	7,474
Provisions		**4,094**	**7,474**
Corporation tax		0	1,534
Long-term debt	15	**0**	**1,534**
Prepayments received from customers		14,408	16,866
Trade payables		17,303	10,737
Payables to group enterprises		789	652
Corporation tax		534	795
Other payables		30,165	37,553
Deferred income	16	562	601
Short-term debt		**63,761**	**67,204**
Debt		**63,761**	**68,738**
Liabilities and equity		**116,987**	**127,947**
Contingent assets, liabilities and other financial obligations	19		
Related parties	20		
Accounting Policies	21		

Statement of changes in equity

	Share capital	Reserve for development costs	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 October	1,000	844	41,646	8,245	51,735
Ordinary dividend paid	0	0	0	-8,245	-8,245
Development costs for the year	0	4,987	-4,987	0	0
Depreciation, amortisation and impairment for the year	0	-516	516	0	0
Net profit/loss for the year	0	0	5,642	0	5,642
Equity at 30 September	**1,000**	**5,315**	**42,817**	**0**	**49,132**

Cash flow statement 1 October 2023 - 30 September 2024

	Note	2023/24	2022/23
		TDKK	TDKK
Result of the year		5,642	8,245
Adjustments	17	1,669	2,156
Change in working capital	18	1,558	9,077
Cash flow from operations before financial items		**8,869**	**19,478**
Financial income		554	953
Financial expenses		-129	-1
Cash flows from ordinary activities		**9,294**	**20,430**
Corporation tax paid		-3,815	-2,938
Cash flows from operating activities		**5,479**	**17,492**
Purchase of intangible assets		-6,393	-1,155
Purchase of property, plant and equipment		-858	-609
Cash flows from investing activities		**-7,251**	**-1,764**
Dividend paid		-8,245	-14,282
Cash flows from financing activities		**-8,245**	**-14,282**
Change in cash and cash equivalents		**-10,017**	**1,446**
Cash and cash equivalents at 1 October		11,407	9,961
Cash and cash equivalents at 30 September		**1,390**	**11,407**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		1,390	11,407
Cash and cash equivalents at 30 September		**1,390**	**11,407**

Notes to the Financial Statements

	2023/24	2022/23
	TDKK	TDKK
1. Staff expenses		
Wages and salaries	130,425	121,436
Pensions	13,345	9,620
Other social security expenses	2,161	3,225
	145,931	**134,281**

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

Average number of employees	**170**	**163**

	2023/24	2022/23
	TDKK	TDKK
2. Financial income		
Interest received from group enterprises	459	492
Other financial income	95	6
Exchange gains	0	455
	554	**953**

	2023/24	2022/23
	TDKK	TDKK
3. Financial expenses		
Interest paid to group enterprises	10	0
Other financial expenses	22	1
Exchange adjustments, expenses	97	0
	129	**1**

	2023/24	2022/23
	TDKK	TDKK
4. Income tax expense		
Current tax for the year	0	2,098
Deferred tax for the year	1,552	312
	1,552	**2,410**

Notes to the Financial Statements

5. Profit allocation

	2023/24	2022/23
	TDKK	TDKK
Proposed dividend for the year	0	8,245
Retained earnings	5,642	0
	5,642	**8,245**

6. Intangible fixed assets

	Completed development projects
	TDKK
Cost at 1 October	1,155
Additions for the year	6,394
Cost at 30 September	7,549
Impairment losses and amortisation at 1 October	72
Amortisation for the year	663
Impairment losses and amortisation at 30 September	735
Carrying amount at 30 September	**6,814**
Amortised over	4 years

Development projects relate to the development of the company's financial reporting software. The projects are progressing according to the plan. The software is expected to be used within the Company's existing business functions.

Notes to the Financial Statements

7. Property, plant and equipment

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improve-ments
	TDKK	TDKK	TDKK
Cost at 1 October	1,954	7,908	3,079
Additions for the year	0	202	656
Cost at 30 September	1,954	8,110	3,735
Impairment losses and depreciation at 1 October	1,719	7,563	3,356
Depreciation for the year	107	182	60
Reversal for the year of previous years impairment losses	0	0	-470
Impairment losses and depreciation at 30 September	1,826	7,745	2,946
Carrying amount at 30 September	**128**	**365**	**789**
Amortised over	3 - 5 years	3 - 10 years	3 - 5 years

8. Other fixed asset investments

	Deposits
	TDKK
Cost at 1 October	661
Cost at 30 September	661
Carrying amount at 30 September	**661**

9. Inventories

	2023/24	2022/23
	TDKK	TDKK
Work in progress	21,936	19,040
Finished goods and goods for resale	8,661	8,298
	30,597	**27,338**

10. Contract work in progress

	2023/24	2022/23
	TDKK	TDKK
Contract work in progress is recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	5,040	7,707
	5,040	**7,707**

11. Receivables

	2023/24	2022/23
	TDKK	TDKK
The following receivables fall due for payment more than 1 year after year end:		
Corporate tax	2,020	0
	2,020	**0**

12. Deferred tax asset

	2023/24	2022/23
	TDKK	TDKK
Deferred tax asset at 1 October	2,771	3,083
Amounts recognised in the income statement for the year	-1,552	-312
Deferred tax asset at 30 September	**1,219**	**2,771**

The recognised deferred tax asset comprises timing differences relating to property, plant and equipment and provisions. In the years ahead, the Company expect to realise the recognised deferred tax asset. On that basis, the asset has been recognised at 30 September 2024.

13. Prepayments

Prepayments comprise prepaid expenses concerning subsequent financial years.

	2023/24	2022/23
	TDKK	TDKK

14. Other provisions

The Company provides warranties of 12 months on some of its products and is therefore obliged to repair or replace goods which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, other provisions of TDKK 1,269 (2022/23: TDKK 1,049) have been recognised for expected warranty claims. Furthermore the company have recognised provisions in regard to other ongoing claims of TDKK 2,825 (2022/23: TDKK 6,425).

	2023/24	2022/23
Other provisions	2,825	6,425
Warranty provisions	1,269	1,049
	4,094	**7,474**

	2023/24	2022/23
The provisions are expected to mature as follows:		
Provisions falling due after 5 years	0	0
	0	**0**

	2023/24	2022/23
	TDKK	TDKK

15. 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:

	2023/24	2022/23
Corporation tax		
After 5 years	0	0
Between 1 and 5 years	0	1,534
Long-term part	0	1,534
Within 1 year	534	795
	534	**2,329**

16. Deferred income

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

17. Cash flow statement - Adjustments

	2023/24 TDKK	2022/23 TDKK
Financial income	-554	-953
Financial expenses	129	1
Depreciation, amortisation and impairment losses, including losses and gains on sales	542	698
Tax on profit/loss for the year	1,552	2,410
	1,669	**2,156**

18. Cash flow statement - Change in working capital

	2023/24 TDKK	2022/23 TDKK
Change in inventories	-3,258	-1,323
Change in receivables	10,449	399
Change in other provisions	-3,380	6,356
Change in trade payables, etc	-2,253	3,645
	1,558	**9,077**

19. Contingent assets, liabilities and other financial obligations

Rental and lease obligations

	2023/24 TDKK	2022/23 TDKK
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	6,662	6,082
Between 1 and 5 years	8,757	9,490
	15,419	**15,572**

20. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
TK Elevator Europe Africa GmbH	Majority shareholder

Transactions

TK Elevator Denmark A/S discloses all transactions with related parties during the year. In 2023/24, the following transactions have occurred:

Purchase of goods from sister companies TDKK 19,650
Purchase of services from sister companies TDKK 20,546
Purchase of services from parent company TDKK 363
Services sold to parent company TDKK 561
Services sold to sister companies TDKK 3,735
Interests received from parent company TDKK 459
Interests paid to parent company TDKK 10
Receivables from parent company TDKK 8,001
Receivables from sister companies TDKK 2,343
Payables to sister companies TDKK 789

In addition, transactions with the management have been carried out in the form of management remuneration.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
TK Elevator Topco GmbH	E-Plus-Str. 1 40472 Düsseldorf Germany

The Group Annual Report of TK Elevator Topco GmbH may be obtained at the following address:

E-Plus-Str. 1
40472 Düsseldorf
Germany

Notes to the Financial Statements

21. Accounting policies

The Annual Report of TK Elevator Denmark A/S for 2023/24 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 2023/24 are presented in TDKK.

Adjustment of comparative figures

With regards to the true and fair view of the financial statements, reclassifications have been made in the income statement, the balance sheet and notes. Comparative figures have been adjusted accordingly.

The change has not had an effect on net profit in the comparative figures.

The total assets has been changed affected with a change of TDKK 34 in the comparative figures.

The changed has not had an effect on total equity. The free reserves has been affected with a change of TDKK 844 in the comparative figures.

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.

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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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 transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statement

Revenue

Revenue from the sale of services and repairs as well as new installation of elevators etc. is recognised in the income statement provided that delivery and transfer of risk to the buyer has taken place before year.

Notes to the Financial Statements

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments as well as extra payments and repayment under the on-account taxation scheme.

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.

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Development projects

Costs of development projects comprise of external expenses directly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 4 year.

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.

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:

Plant and machinery	3-5 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	3-5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Notes to the Financial Statements

Inventories

Inventories are measured at the lower of cost under the FIFO method 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 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 costs of factory administration and management.

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.

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning subsequent financial years.

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 12 months. Provisions are measured and recognised based on experience with guarantee work.

Notes to the Financial Statements

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 receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

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.

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.

Notes to the Financial Statements

Financial Highlights

Explanation of financial ratios

Return on assets	Profit/loss of primary operations x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity