
MME Nordic A/S

Vilhelmsborgvej 15, DK-7700 Thisted

Annual Report for 1 November 2022 - 31 October 2023

CVR No. 37 36 41 50

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 17/1 2024

Christian Møller
Christensen
Chair 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 MME Nordic A/S for the financial year 1 November 2022 - 31 October 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 October 2023 of the Company and of the results of the Company operations and cash flows for 2022/23.

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.

Thisted, 17 January 2024

Executive Board

Mogens Røn
CEO

Board of Directors

Christian Møller Christensen
Chair

Lars Jensen

Jesper Rantala

Carl Jensen

Mogens Røn

Independent Auditor's report

To the shareholder of MME Nordic A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 October 2023 and of the results of the Company's operations and cash flows for the financial year 1 November 2022 - 31 October 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of MME Nordic A/S for the financial year 1 November 2022 - 31 October 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.

Trekantområdet, 17 January 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Lars Almskou Ohmeyer

State Authorised Public Accountant

mne24817

Heidi Bonde

State Authorised Public Accountant

mne42815

Company information

The Company	MME Nordic A/S Vilhelmsborgvej 15 DK-7700 Thisted CVR No: 37 36 41 50 Financial period: 1 November 2022 - 31 October 2023 Municipality of reg. office: Thisted
Board of Directors	Christian Møller Christensen, chair Lars Jensen Jesper Rantala Carl Jensen Mogens Røn
Executive Board	Mogens Røn
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle

Financial Highlights

Seen over a 3-year period, the development of the Company is described by the following financial highlights:

	2022/23	2022	2021
	TDKK	TDKK 10 months	TDKK
Key figures			
Profit/loss			
Revenue	92,231	40,240	49,413
Gross profit/loss	38,882	20,628	26,886
EBITDA	10,282	2,797	9,144
Depreciation, amortisation and impairment	-1,277	-1,036	-1,279
Profit/loss of ordinary primary operations	9,005	1,761	7,865
Profit/loss of financial income and expenses	11	2,642	-186
Profit/loss before tax	9,016	4,403	7,679
Tax on profit/loss for the year	-2,253	-577	-1,948
Net profit/loss	6,762	3,826	5,731
Balance sheet			
Balance sheet total	43,909	28,866	24,265
Investment in property, plant and equipment	153	79	111
Equity	19,150	12,388	14,321
Cash flows			
Cash flows from:			
- operating activities	10,603	10,356	-935
- investing activities	-1,988	2,915	-111
- financing activities	-7,782	-15,585	-2,182
Change in cash and cash equivalents for the year	833	-2,314	-3,228
Number of employees	44	35	30
Ratios			
Gross margin	42.2%	51.3%	54.4%
Profit margin	9.8%	4.4%	15.9%
Return on assets	20.5%	6.1%	32.4%
Solvency ratio	43.6%	42.9%	59.0%
Return on equity	42.9%	28.6%	80.0%

Management's review

Key activities

The company's purpose is machine construction, manufacturing, assembly, setting up of machine systems, testing and quality assurance in connection with this and other comparable business.

Development in the year

The income statement of the Company for 2022/23 shows a profit of DKK 6,762,429, and at 31 October 2023 the balance sheet of the Company shows positive equity of DKK 19,149,930.

Subsequent events

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

Income statement 1 November 2022 - 31 October 2023

	Note	2022/23 DKK 12 months	2022 DKK 10 months
Revenue		92,231,374	40,239,542
Expenses for raw materials and consumables		-45,472,884	-16,462,124
Other external expenses		-7,876,511	-3,149,513
Gross profit		38,881,979	20,627,905
Staff expenses	1	-28,600,125	-17,830,995
Earnings Before Interest Taxes Depreciation and Amortization		10,281,854	2,796,910
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-1,276,941	-1,036,398
Profit/loss before financial income and expenses		9,004,913	1,760,512
Income from investments in participating interests		0	2,759,833
Financial income	2	107,583	16,220
Financial expenses		-96,816	-133,564
Profit/loss before tax		9,015,680	4,403,001
Tax on profit/loss for the year	3	-2,253,251	-576,620
Net profit/loss for the year		6,762,429	3,826,381

Distribution of profit

	2022/23 DKK	2022 DKK
Proposed distribution of profit		
Retained earnings	6,762,429	3,826,381
	6,762,429	3,826,381

Balance sheet 31 October 2023

Assets

	Note	2022/23 DKK	2022 DKK
Goodwill		4,712,398	5,843,386
Development projects in progress		1,835,486	0
Intangible assets	4	6,547,884	5,843,386
Other fixtures and fittings, tools and equipment		260,519	253,663
Property, plant and equipment	5	260,519	253,663
Deposits	6	147,091	147,091
Fixed asset investments		147,091	147,091
Fixed assets		6,955,494	6,244,140
Trade receivables		2,465,868	9,362,471
Contract work in progress	7	13,924,265	4,442,077
Receivables from group enterprises		14,725,155	6,518,098
Other receivables		2,502,314	464,878
Corporation tax receivable from group enterprises		466,736	0
Prepayments		616,574	415,240
Receivables		34,700,912	21,202,764
Cash at bank and in hand		2,252,293	1,418,976
Current assets		36,953,205	22,621,740
Assets		43,908,699	28,865,880

Balance sheet 31 October 2023

Liabilities and equity

	Note	2022/23	2022
		DKK	DKK
Share capital		2,600,000	2,600,000
Reserve for development costs		1,431,680	0
Retained earnings		15,118,250	9,787,501
Equity		19,149,930	12,387,501
Provision for deferred tax		4,888,724	1,833,392
Provisions		4,888,724	1,833,392
Other payables		745,001	769,203
Long-term debt	8	745,001	769,203
Credit institutions		104,511	0
Trade payables		11,024,685	3,429,980
Contract work in progress	7	3,660,830	8,870,712
Payables to group enterprises		345,030	0
Corporation tax		120,929	120,930
Other payables	8	3,869,059	1,454,162
Short-term debt		19,125,044	13,875,784
Debt		19,870,045	14,644,987
Liabilities and equity		43,908,699	28,865,880
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Statement of changes in equity

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 November	2,600,000	0	9,787,501	12,387,501
Development costs for the year	0	1,431,680	-1,431,680	0
Net profit/loss for the year	0	0	6,762,429	6,762,429
Equity at 31 October	2,600,000	1,431,680	15,118,250	19,149,930

Cash flow statement 1 November 2022 - 31 October 2023

	Note	2022/23 DKK	2022 DKK
Result of the year		6,762,429	3,826,381
Adjustments	9	3,519,425	-1,029,471
Change in working capital	10	-24,635	7,723,094
Cash flow from operations before financial items		10,257,219	10,520,004
Financial income		107,583	16,220
Financial expenses		-96,816	-133,564
Cash flows from ordinary activities		10,267,986	10,402,660
Corporation tax paid		335,344	-47,000
Cash flows from operating activities		10,603,330	10,355,660
Purchase of intangible assets		-1,835,486	0
Purchase of property, plant and equipment		-152,809	-79,431
Fixed asset investments made etc		0	-65,000
Sale of fixed asset investments made etc		0	3,059,833
Cash flows from investing activities		-1,988,295	2,915,402
Repayment of loans from credit institutions		0	-3,307,080
Repayment of payables to group enterprises		-7,862,027	-6,518,098
Repayment of other long-term debt		-24,202	0
Raising of loans from credit institutions		104,511	0
Sale of treasury shares		0	1
Dividend paid		0	-5,760,000
Cash flows from financing activities		-7,781,718	-15,585,177
Change in cash and cash equivalents		833,317	-2,314,115
Cash and cash equivalents at 1 November		1,418,976	3,733,091
Cash and cash equivalents at 31 October		2,252,293	1,418,976
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		2,252,293	1,418,976
Cash and cash equivalents at 31 October		2,252,293	1,418,976

Notes to the Financial Statements

	<u>2022/23</u>	<u>2022</u>
	DKK	DKK
1. Staff Expenses		
Wages and salaries	24,716,601	15,609,271
Pensions	3,635,812	1,961,535
Other social security expenses	247,712	260,189
	<u>28,600,125</u>	<u>17,830,995</u>
 Average number of employees	 <u>44</u>	 <u>35</u>

	<u>2022/23</u>	<u>2022</u>
	DKK	DKK
2. Financial income		
Interest received from group enterprises	0	2,228
Other financial income	12,604	13,992
Exchange gains	94,979	0
	<u>107,583</u>	<u>16,220</u>

	<u>2022/23</u>	<u>2022</u>
	DKK	DKK
3. Income tax expense		
Current tax for the year	-466,736	0
Deferred tax for the year	2,719,987	576,620
Adjustment of tax concerning previous years	-335,345	0
Adjustment of deferred tax concerning previous years	335,345	0
	<u>2,253,251</u>	<u>576,620</u>

Notes to the Financial Statements

4. Intangible fixed assets

	Goodwill	Develop- ment projects in progress
	DKK	DKK
Cost at 1 November	11,309,822	0
Additions for the year	0	1,835,486
Cost at 31 October	<u>11,309,822</u>	<u>1,835,486</u>
Impairment losses and amortisation at 1 November	5,466,436	0
Amortisation for the year	1,130,988	0
Impairment losses and amortisation at 31 October	<u>6,597,424</u>	<u>0</u>
Carrying amount at 31 October	<u>4,712,398</u>	<u>1,835,486</u>
Amortised over	<u>10 years</u>	

Development projects relates to the development of standardized processes in connection to large production machines.

5. Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 November	1,144,190
Additions for the year	152,809
Cost at 31 October	<u>1,296,999</u>
Impairment losses and depreciation at 1 November	890,527
Depreciation for the year	145,953
Impairment losses and depreciation at 31 October	<u>1,036,480</u>
Carrying amount at 31 October	<u>260,519</u>
Amortised over	<u>3-5 years</u>

Notes to the Financial Statements

6. Other fixed asset investments

	Deposits DKK
Cost at 1 November	147,091
Cost at 31 October	147,091
Carrying amount at 31 October	147,091

7. Contract work in progress

	2022/23 DKK	2022 DKK
Selling price of work in progress	116,409,109	56,333,887
Payments received on account	-106,145,674	-60,762,522
	10,263,435	-4,428,635
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	13,924,265	4,442,077
Prepayments received recognised in debt	-3,660,830	-8,870,712
	10,263,435	-4,428,635

8. 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:

	2022/23 DKK	2022 DKK
Other payables		
After 5 years	745,001	769,203
Long-term part	745,001	769,203
Within 1 year	0	0
Other short-term payables	3,869,059	1,454,162
	4,614,060	2,223,365

Notes to the Financial Statements

<u>2022/23</u>	<u>2022</u>
DKK	DKK

9. Cash flow statement - Adjustments

Financial income	-107,583	-16,220
Financial expenses	96,816	133,564
Depreciation, amortisation and impairment losses, including losses and gains on sales	1,276,941	1,036,398
Income from investments in participating interests	0	-2,759,833
Tax on profit/loss for the year	<u>2,253,251</u>	<u>576,620</u>
	<u>3,519,425</u>	<u>-1,029,471</u>

<u>2022/23</u>	<u>2022</u>
DKK	DKK

10. Cash flow statement - Change in working capital

Change in receivables	-4,824,355	-1,589,315
Change in trade payables, etc	<u>4,799,720</u>	<u>9,312,409</u>
	<u>-24,635</u>	<u>7,723,094</u>

<u>2022/23</u>	<u>2022</u>
DKK	DKK

11. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with bankers:

Corporate mortgage of DKK 5,000k, which provides a montage on trade receivables, operating equipment and inventory as well as goodwill and other intangible assets.	9,274,271	15,459,520
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At the balance sheet date, the Company has entered into lease commitments at total DKK 19k in the irrevocable period.

At the balance sheet date, the Company has entered rental commitments at total DKK 2.567k in the irrevocable period

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Eltronic Group A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

12. Related parties and disclosure of consolidated financial statements

Consolidated Financial Statements

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

Name	Place of registered office
Eltronic Group A/S	Hedensted

Notes to the Financial Statements

13. Accounting policies

The Annual Report of MME Nordic A/S for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022/23 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.

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income statement

Net sales

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Notes to the Financial Statements

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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.

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.

Income from investments in participating interests

Dividends from participating interests are recognised as income in the income statement when adopted at the General Meeting of the participating interest. However, dividends relating to earnings in the participating interest before it was acquired by the Parent Company are set off against the cost of the participating interest.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

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.

The Company is jointly taxed with Danish group companies. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 10 years, determined on the basis of Management's experience with the individual business areas.

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly 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 comprises only development costs recognised in financial years beginning on or after 1 January 2016. 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 5 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.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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:

Other fixtures and fittings, tools and equipment	3-5 years
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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.

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

Notes to the Financial Statements

Investments in participating interests

Investments in participating interests are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other fixed asset investments

Other fixed asset investments consist of

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.

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 Dividend item.

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. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Notes to the Financial Statements

Financial debts

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

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.

Financial Highlights

Explanation of financial ratios

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Revenue}$
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	$\text{Net profit for the year} \times 100 / \text{Average equity}$