

Annual Report

for

Siemens Industrial Turbomachinery AB

556606-6048

Financial year

2018–10–01 – 2019–09–30

The Board and the Chief Executive Officer for Siemens Industrial Turbomachinery AB hereby present the Annual Report.

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Registered office: Finspång

The company's account currency: Swedish crowns (SEK)

All amounts are in KSEK unless otherwise is specified.

Directors' Report

Information about the activities

The company is a wholly-owned subsidiary company of Siemens International Holding B.V., the Netherlands, which is part of a group whose parent company is Siemens AG, Germany.

The company's operations shall consist of development, manufacturing, sales and maintenance of gas- and steam turbines and other products or solutions for generation, transmission and storage of power, electricity and heat, as well as assignment based production, sales, construction and nearby consulting in the industrial, energy and transport area and conduct business related activities. During this year the activities have been carried on at Finspång and Trollhättan.

Significant events during the financial year

The company has during the past five years had a good turnover and profitability. This year's order intake tanger the top level from 2008 and takes the company's order book to a new highest level. Tender activities have continued to be on a high level and the markets are still characterized by pressured prices. Projects that have gone to completion consist of fewer turbines per contract and the technological solutions tend to be more advanced.

Expected future development

The demand for electricity is driven by the global population growth and economic growth, particularly in developing countries. A relatively steady annual increase in demand for electricity with a growing focus on more environmentally efficient production and distribution methods are also enhanced by increased global urbanization. Also various countries' long-term economic growth creates a demand for infrastructure improvements. The power generation markets tend to be more distributed as the same time as the demand for long-term climate adapted solutions increases. Demands that create the opportunities for the suppliers to profile their technical solutions and production methods in unison with the climate goals of FN and by that contribute to future sustainable solutions on energy conversion.

During the year the company will acquire the energy unit in Siemens AB to concentrate the activities in Sweden that belongs to Siemens group business Gas and Power. The concentration of the business to one company is one step in a global decision to structure the group in one industrial and one energy part with the aim to list Siemens Energy in a short future.

Risks and uncertain factors

There are several factors, creating risks and uncertainties about the company's markets and current deliveries:

- Geopolitical uncertainties in some parts of the world resulting in probable embargos
- The development of oil and gas prices
- Uncertainty of subventions in some countries
- The access to financial solutions
- The exchange rate development
- The commodity price development

The company manages its risks by using a group-wide tool within Project Management.

Financial risks

The company is exposed to various types of financial risks. The primary exposure concerns purchases and sales in foreign currencies, where the risk partly consists of currency fluctuations on customer or supplier invoices, and also currency risks in expected or contracted payment flows.

The company's currency policy for managing currency risks has been produced by the Siemens group and builds a framework of guidelines and rules in the form of risk mandates and limits. The company's currency transactions and currency exchange exposure are centrally administered by the company's finance department.

Significant currency exposures are secured in their entirety when they may be related to monetary assets and liabilities, and contracted sales or other binding commitments denominated in foreign currency. According to the company's policy, standardized currency terms and swaps may be used as securing instruments.

Research and development

Intangible rights

The intangible rights for the technology used in the company belong to a sister company in Germany. Agreements to use these rights are made with the sister company. The agreement has led to the company's result being charged with a cost of 409 920 KSEK (328 221 KSEK).

There is an agreement with this sister company about compensation for the rights to part of the technology that is developed continually in the company. The compensation is based on the expenses for research and development. Compensation for costs incurred during the financial year amounted to 630 112 KSEK (702 873 KSEK). The compensation is recognized as other operating income.

Environmental information

SIT AB runs a business that requires permits, according to the Environmental Legislation. Existing decision is dated May 2, 2012 and November 21, 2014 (the final terms for noise) and will continue to apply until the conditions in the environmental permit are changed. The decision has been given by The County Administrative Board of Östergötland County. The decision includes a number of conditions that are followed up by an inspection program. The conditions mainly concern emissions to the atmosphere and water as well as noise, and the handling of chemicals and waste. The company is also covered by the Seveso legislation, lower level of requirements.

The site is certified by Det Norske Veritas (DNV) according to the standards ISO 9001 (Quality), ISO 14001 (External Environment), OHSAS 18001 (Working Environment) and ISO 50001 (Energy).

Sustainability report

Siemens Industrial Turbomachinery AB refers to the parent company Siemens AG:s sustainability report for the entire Siemens group published at <https://www.siemens.com/global/en/home/company/sustainability>.

Multi-year overview (Mkr)	2018/19	2017/18	2016/17	2015/16
Order intake	14 885	10 745	11 609	11 910
Turnover	8 719	8 188	9 439	9 761
Result before financial items	941	1 039	1 244	1 156
Balance sheet total	10 579	9 352	9 166	9 296
Equity ratio (%)	30	36	38	37
Number of employees	2 507	2 621	2 588	2 554

Changes in Equity (Tkr)

	Share capital	Revaluat. reserve	Statutory reserve	Retained profit/loss	Profit/loss this year	Total
Opening balance 2018-10-01	30 000	269 100	-11 976	1 580 012	1 210 919	3 078 054
Transfer of result prior year				1 210 919	-1 210 919	0
Dividends				-828 718		-828 718
Change for the year of cashflow hedge accounting*			-59 664			-59 664
Profit for the year					753 575	753 575
Closing balance 2019-09-30	30 000	269 100	-71 640	1 962 212	753 575	2 943 247

* In the application of hedge accounting, unrealized profits and losses on futures contracts, up to the time of invoicing, are reported in the fair value reserve in unrestricted equity.

Proposals for profit allocation

The Board of Directors recommends that the profit/loss and brought forward profits available for disposition (SEK):

profit carried forward	1 890 572 292
profit for the year	753 575 061
	2 644 147 353

be distributed so that they are:

distributed to shareholders	753 575 061
carried over	1 890 572 292
	2 644 147 353

The Board of Directors has proposed to shareholders at the Annual General Meeting for the financial year 2018-01-01 - 2019-09-30 decide on a dividend of SEK 753, 575, 061. This opinion has been prepared in accordance with the provisions of Chapter 18, Section 4 of the Swedish Companies Act, and constitutes the Board's assessment of whether the proposed dividend is justified with regard to what is stated in Chapter 17, Section 3, second and third paragraphs of the Swedish Companies Act. The Board's assessment is that the size of the proposed dividend constitutes a satisfactory balance between the Group's capital structure and future growth opportunities. The Board's view is that the proposed dividend does not prevent the company and the other companies in the Group from fulfilling their obligations in the short and long term and can thus be defended with due regard to the Swedish Companies Act's so-called precautionary rule (Chapter 17, section 3 of the Swedish Companies Act 2005: 551).

Income Statement

Tkr

	Note	2018-10-01 -2019-09-30	2017-10-01 -2018-09-30
	1		
Net sales	2	8 719 111	8 188 385
Change of products in progress, finished goods and work in progress on the behalf of somebody else		-312 455	1 165 613
Other operating income	3	853 830	1 121 380
		9 260 486	10 475 378
Operating costs			
Raw materials and consumables		-3 441 104	-4 049 401
Other external costs	4, 5	-2 380 180	-2 737 403
Personnel costs	6	-2 283 395	-2 314 785
Depreciations and write downs for material and intangible fixed assets		-190 225	-189 817
Other operating costs		-24 368	-145 276
		-8 319 273	-9 436 681
Operating earnings	7	941 213	1 038 696
Results from financial items			
Interest income and similar items	8	21 906	6 270
Interest costs and similar items	9	-1 705	-5 039
		20 201	1 231
Income after financial items		961 415	1 039 928
Appropriations	10	7 065	516 004
Income before tax		968 480	1 555 932
Tax on earnings of the year	11	-214 905	-345 013
Net income for the year		753 575	1 210 919

Balance Sheet	Note	2019-09-30	2018-09-30
Tkr	1		
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Licenses	12	5 096	6 270
Total intangible fixed assets		5 096	6 270
<i>Tangible fixed assets</i>			
Land and Buildings	13	504 911	533 688
Machinery and other technical equipment	14	517 087	477 460
Equipment, tools and installations	15	160 037	138 266
Construction in progress and advance payments for tangible assets	16	317 101	380 157
Total tangible fixed assets		1 499 135	1 529 570
<i>Financial fixed assets</i>			
Shares in associated companies	17, 18	50	50
Other long-term financial investments	19	4 675	3 475
Deferred tax	20	36 753	25 595
Other long-term receivables		604	10 350
Total financial fixed assets		42 083	39 470
Total fixed assets		1 546 315	1 575 310
Current assets			
<i>Inventories etc.</i>			
Raw materials and consumables		1 916 239	1 596 619
Goods being manufactured		1 882 608	2 085 559
Finished goods and goods for sale		1 190 663	1 411 656
Advances to suppliers		6 712	6 451
Total inventories etc.		4 996 222	5 100 285
<i>Current receivables</i>			
Trade account receivables		640 235	767 092
Receivables from group companies		181 197	417 944
Financial receivables in group companies		510 316	33 278
Derivative assets	21	647 199	294 381
Tax receivables		3 918	0
Other receivables		243 122	282 012
Accrued income not yet invoiced	22	1 807 222	878 753
Prepaid expenses and accrued income		3 194	3 413
		4 036 402	2 676 873
Total current assets		9 032 625	7 777 158
TOTAL ASSETS		10 578 939	9 352 468

Balance Sheet	Note	2019-09-30	2018-09-30
Tkr	1		
EQUITY AND LIABILITIES			
Shareholders' Equity			
<i>Restricted equity</i>			
Share capital	23	30 000	30 000
Restricted reserves		269 100	269 100
		299 100	299 100
<i>Non-restricted equity</i>			
Retained earnings	24	1 890 572	1 568 035
Profit for the year		753 575	1 210 919
		2 644 147	2 778 954
Total Shareholders' equity		2 943 247	3 078 054
Untaxed reserves	25	314 931	321 996
Provisions			
Provisions for pensions and similar commitments	26	5 809	4 318
Other provisions		201 322	308 684
Total provisions		207 132	313 002
Long-term liabilities			
Liabilities to group companies		427	3 916
Other liabilities		17 032	16 034
Total long-term liabilities		17 460	19 950
Current liabilities			
Advances from customers		1 646 938	1 446 334
Trade account payables		602 575	632 986
Liabilities to group companies		1 382 751	302 133
Tax liabilities		0	139 613
Derivative liabilities	27	723 069	394 498
Other liabilities		162 606	159 535
Invoiced but not accrued income	28	1 765 761	1 562 547
Accrued expenses and deferred income	29	812 468	981 820
Total current liabilities		7 096 169	5 619 466
TOTAL EQUITY AND LIABILITIES		10 578 939	9 352 468

Cash Flow Analysis	Note	2018-10-01	2017-10-01
Tkr	1	-2019-09-30	-2018-09-30
Current activities	30		
Profit after financial items		961 415	1 039 928
Adjustments for items not included in the cash flow	31	80 369	232 701
Income tax paid		-350 250	-249 758
Cash flow from operating activities before change in working capital		691 534	1 022 871
Cash flow from change in the working capital			
Increase(-)/Reduction(+) of inventories		104 063	-1 252 089
Increase(-)/Reduction(+) of operating receivables		-894 196	275 192
Increase(+)/Reduction(-) of operating liabilities		1 557 651	356 313
Cash flow from operating activities		1 459 052	402 287
Investment activities			
Investments in intangible fixed assets		-1 575	-2 300
Change in financial assets		8 545	696
Investments in tangible fixed assets		-160 944	-263 515
Sale of tangible fixed assets		4 166	2 276
Cash flow from investment activities		-149 808	-262 843
Financing activities			
Long-term debt group companies		-3 489	-19 106
Dividends paid		-828 718	-979 832
Cash flow from financing activities		-832 207	-998 938
Annual cash flow		477 037	-859 494
Liquid assets, opening balance		33 278	892 772
Liquid assets, closing balance		510 315	33 278

Notes

Tkr

Note 1 Accounting and Valuation principles

General Information

The annual report is drawn up in accordance with the Swedish Annual Accounts Act (1995:1554) and Swedish Accounting Standards Board's Guidance BFNAR 2012:1 Annual Reporting and consolidated reports (K3).

Revaluation of items in foreign currency

Receivables and payables in foreign currencies are valued at the closing day rate. Exchange gains and losses on operating receivables and liabilities are disclosed in operating profit, while exchange gains and losses on financial receivables and liabilities are reported as financial items.

Revenue Recognition

Revenue is recognized at the fair value of what the company has received or will receive. This means that the company reports revenue at nominal value (invoice amount) if the company receives compensation in cash immediately upon delivery. Deductions are made for discounts provided.

The sale of goods is normally recognized as revenue when the significant risks and rewards associated with the ownership of the goods have been transferred from the company to the buyer.

Interest, royalties and dividends

Compensation in the form of interest, royalties and dividends are recognized as revenue when it is probable that the company will receive the economic benefits associated with the transaction and when the revenue can be measured reliably.

Service and Construction contracts

Service contracts/Construction contracts on current accounts are recognized as revenue as the work is performed.

The company recognizes revenue for rendered services and construction contracts at a fixed price as the work is performed, using the percentage of completion method. When calculating accrued profit, the degree of completion is calculated as expenses on the balance sheet date in relation to the total estimated cost of completing the contract. The difference between reported revenue and invoiced part payments are recognized in the balance sheet in one of the items "Accrued income not yet invoiced" or "Invoiced but not accrued income". When the outcome of a contract is impossible to assess reliably, revenue is recognized only to the extent that contract costs have been incurred and can be recovered. When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognized immediately the result.

Besides to construction contracts in progress, the largest part of income comes from the sale of spare parts and shorter service contracts. Revenue for these contracts are recognized at completion or when the risk for the supplied goods has been transferred to the customer.

Fixed assets

Tangible fixed assets and intangible assets are reported at acquisition value less accumulated depreciation and if any impairment.

Expenditure on internally generated goodwill and brands is recognized in the income statement as an incurred expense.

Tangible fixed assets are divided into significant components when the components have significantly different useful lives.

Internally generated intangible assets

The company applies the so-called "expensing model" for internally generated intangible assets. This means that all internal expenses for development of an intangible asset are expensed directly when they occur.

Intangible fixed assets

Computer programs	3-5 years
Licenses	3-5 years

Tangible fixed assets

Buildings	
Ceiling	40 years
Facade/window	40 years
Interior building components	25 years
Installations, plumbing and electricity, etc	45 years
Frames, foundation	100 years
Land improvements	20 years
Machinery and other technical equipment	5-10 years
Equipment, tools and installations	3-8 years

Financial instruments

Financial instruments are measured at fair value in accordance with BFNAR 2012:1 Chapter 12.

Derivative Instruments

The company uses derivatives in the form of forward contracts in order to manage the risk of fluctuations in exchange rates. The company also has currency derivatives that are embedded in the sales or purchasing contracts denominated in third party currency. Forward contracts, including embedded derivatives, are measured at fair value and recognized in the balance sheet under derivative assets and liabilities. Gains or losses arising from changes in fair value are recognized in the income statement.

The fair value of forward contracts and embedded derivatives is shown in note 21 and 27.

Hedge accounting

Future flows are secured by forward exchange contracts. For essential flows hedge accounting is applied if there are no embedded derivatives counteracting the changes in value. In the application of hedge accounting, accumulated changes in value in the forward contract are off-set, up to the time of invoicing, in the fair value reserve in equity.

Differences in exchange rates arising during the recalculation of operating receivables and liabilities and associated securities are reported in the operating profit/loss, while exchange rate differences that arise during the recalculation of financial assets and liabilities and associated securities are reported in net financial income/expense.

Additional information about financial risk management can be found in note 33, Information about financial instruments.

Leasing Agreements

All leasing contracts, both financial and operational, are reported as operational. Operating leases are recognized as an expense over the lease period. See also note 5.

Inventories

The inventory is reported at the lowest acquisition value according to the first in- first out- principle (FIFO) or fair value respectively. In this connection the obsolescence risk has been taken into consideration. The acquisition value for in-house manufactured semi-finished and finished products consists of direct manufacturing costs, plus a reasonable proportion of indirect costs. Normal capacity utilization has been taken into consideration for the purposes of valuation.

Income Taxes

Total tax consists of current tax and deferred tax. Taxes are reported in the income statement, except when the underlying transaction is reported directly in equity, whereby the associated tax effects are reported in equity.

Current tax

Current tax refers to income tax for the current fiscal year as well as the part of the previous financial income not yet recognized. Current tax is calculated with the tax rate applicable on the closing date.

Deferred tax

Deferred tax is the tax that relates to future financial years as a result of past events. Reporting is done using the liability method. Accordingly to this method, deferred tax liabilities and deferred tax assets due to temporary differences arising between the book and tax bases of assets and liabilities and for the tax deductions or deficits.

Deferred tax assets are netted against deferred tax liabilities only if they can be paid by a net amount. Deferred tax is calculated at the tax rate at the balance sheet date. Effects of changes in tax rates are recognized in the period the change becomes statutory. Deferred tax assets are reduced to the extent that it is probable that the underlying asset can be realized in the foreseeable future. Deferred tax assets are recognized as financial assets and deferred tax provision.

Provisions

Warranty provision

A provision is reported when the underlying product or service has been sold. The warranty provision is calculated on the basis of previous year's warranty cost and a calculation of future warranty risk.

Provision for loss-order contracts

A provision for loss-order contracts is reported when the expected economic benefits that the company calculates on receiving from a contract are lower than the unavoidable costs for fulfilment of contractual undertakings.

Restructuring reserve

A provision is reported when a detailed restructuring plan has been established and restructuring has either started or been officially announced.

Receivables, liabilities and provisions

Unless otherwise stated above, short-term receivables are valued at the lower of its acquisition value and the amount which are expected to be settled. Other liabilities and provisions are measured at the amount expected to be regulated. Other assets are recognized at acquisition value unless otherwise stated above.

Employee benefits

Employee benefits refer to all kinds of benefits that the company provides to its employees. The company's remuneration includes salaries, paid vacation, paid absence, bonuses and retirement benefits (pensions). Reporting is done as it is earned. Post-employment benefits are defined contribution or defined benefit pension plans. Defined contribution plans are plans in which fixed fees are paid and there are no obligations, whether legal or constructive, of additional payments, in additions to those charges. Other plans are classified as defined benefit plans. The company has no other long-term employee benefits. The company has both defined contribution and defined benefit pension plans. The defined benefit plans financed via Alecta are accounted for as defined contribution plans until there is enough information to report the plan as defined benefit. This means that premiums paid for the defined benefit pension plans in Alecta are reported as expenses.

Group information

The company is a wholly-owned subsidiary company of Siemens International Holding B.V, the Netherlands. Siemens International Holding B.V. is part of a group whose parent company Siemens AG with headquarters in Berlin and Munich, Germany, prepares consolidated financial statements for the whole group.

Consolidated financial statements

The company is a parent company but does not prepare consolidated financial statements for its group with reference to the exemption rule in the Swedish Annual Accounts Act Chapter 7 § 2 Section 1.

Sustainability report

In accordance with Chapter 6, Section 10, second paragraph of the Swedish Annual Accounts Act, no sustainability report is prepared by the company. Sustainability report covering Siemens Industrial Turbomachinery AB is established by Siemens AG with its registered office in Berlin, HRB 12300, and Munich HRB 6684. The Sustainability Report is published on <https://www.siemens.com/global/en/home/company/sustainability>

Definition of Key Business Ratios

Adjusted equity

Equity plus untaxed reserves reduced by deferred taxes

Equity ratio

Adjusted equity as a percentage of balance sheet total

Estimates and assessments

Following important assessments and estimates have been made when applying the company's accounting principles:

Percentage of completion method

Since results in ongoing projects are calculated using the percentage of completion method it is important that these costs can be calculated on a reliable way. The forecast for the final results of the project is a critical assessment that is essential for reported earnings during the project. These forecasts are regularly evaluated during the lifetime of the project and adjusted as needed. There may be a risk that final results regarding projects may deviate from the previously progressively reported earnings.

Disputes

In the company's project-related activities, uncertainties surrounding contractual terms can lead to questions related to boundaries and dispute with customers. Actual results of disputed amounts may differ from those previously reported, as best assessment.

Note 2 Net sales

	2018-10-01	2017-10-01
	-2019-09-30	-2018-09-30
Net turnover per geographical market:		
Sweden	200 698	276 368
Europe, except Sweden	2 068 423	2 830 748
North and South America	2 977 094	1 129 434
Asia incl. the Middle East	3 030 716	3 544 843
Africa	234 559	146 058
Oceania	207 621	260 934
	8 719 111	8 188 385

Note 3 Other operating income

	2018-10-01	2017-10-01
	-2019-09-30	-2018-09-30
Compensation from Group companies related to research and development	630 112	702 873
Compensation from insurance companies	13 337	41 196
Other	210 381	377 311
	853 830	1 121 380

Note 4 Audit fee

	2018-10-01	2017-10-01
	-2019-09-30	-2018-09-30
Ernst&Young		
Audit engagement	-1 533	-1 871
Audit activities in addition to the audit engagement	0	-83
	-1 533	-1 954

Fees and reimbursements for auditors which have been expensed during the year are reported above. Reimbursement for consultations is reported in those cases in which the same accounting firm holds the audit assignment in the individual company. Auditing refers to the statutory audit of the Annual Report, as well as the Board of Directors' and CEO's administration. Apart from auditing there are no other assignments.

Note 5 Lease agreement - lessee

Operating lease

The paid leasing fees for the year in respect of lease agreements amount to -22 003 KSEK (-25 528 KSEK).

Future leasing fees, as regards non-terminable leasing agreements, have the following payment maturity:

	2018-10-01	2017-10-01
	-2019-09-30	-2018-09-30
Within 1 year	-14 899	-16 241
Later than one year, but within five years	-18 106	-17 682
Later than five year	-744	0
	-33 749	-33 923

All leases are reported as operating leases in accordance with BFNAR 2012:1 chapter 20.29. Included in the leasing costs for the financial year are rent for properties where the business is conducted, which amounts to 9 601 KSEK (15 532 KSEK).

Note 6 Employees and personnel costs

	2018-10-01	2017-10-01
	-2019-09-30	-2018-09-30
Average number of employees		
Women	527	540
Men	1 980	2 081
	2 507	2 621
Salaries and other remunerations		
Board of Directors and Managing Director	-3 141	-3 046
Bonuses and similar remuneration to the Board and the Managing Director	-1 160	-1 825
Other employees	-1 480 162	-1 484 544
	-1 484 463	-1 489 415
Social security expenses		
Pension costs for the Board of Directors and the Managing Director	-1 625	-1 537
Pension costs for other employees	-399 975	-413 923
Other social security expenses pursuant to law and contracts	-316 542	-327 466
	-718 142	-742 926
	-2 202 605	-2 232 341

Upon termination by the company, the notice period is 12 months for the CEO. Furthermore, a severance payment equivalent to 12 monthly salaries is paid out.

Some senior executives in the company is covered by an incentive program which, among other, will include the right to receive shares of Siemens AG.

Gender distribution among leading management positions

Proportion of women in the Board of Directors	0 %	0 %
Proportion of men in the Board of Directors	100 %	100 %
Proportion of women among management positions	26 %	23 %
Proportion of men among management positions	74 %	77 %

Note 7 Purchases and sales between group companies

	2018-10-01 -2019-09-30	2017-10-01 -2018-09-30
Share of the total purchases from other companies within the group	22,18 %	22,49 %
Share of the total sales to other companies within the group	61,10 %	52,33 %

Note 8 Other interest income and similar items

	2018-10-01 -2019-09-30	2017-10-01 -2018-09-30
Interest income from Group companies	194	0
Other interest income	12 120	5 411
Exchange rate profits on financial receivables/liabilities	9 592	859
	21 906	6 270

Note 9 Interest costs and similar items

	2018-10-01 -2019-09-30	2017-10-01 -2018-09-30
Interest costs to group companies	-1 292	-4 590
Other interest costs	-413	-449
	-1 705	-5 039

Note 10 Appropriations

	2018-10-01 -2019-09-30	2017-10-01 -2018-09-30
Machinery and equipment	7 065	26 004
Reversal of allocation to accrual fund 2013	0	490 000
	7 065	516 004

Note 11 Reported tax

	2018-10-01	2017-10-01
	-2019-09-30	-2018-09-30
Reported tax		
Current taxes relating to the period	-206 719	-339 110
Adjustment of current taxes for prior periods	-3 723	0
Change of deferred tax concerning temporary differences	-4 463	-5 903
	-214 905	-345 013
Reconciliation of effective tax rate		
Tax according to current tax rate	-213 066	-342 305
Other non-deductable expenses	-1 654	-2 181
Revaluation of deferred tax	-185	-527
	-214 905	-345 013
Income before tax 968 480 KSEK (1 555 932 KSEK).		
Effective tax rate 22,19% (22,17%).		

Note 12 Licenses

	2019-09-30	2018-09-30
Acquisition values at the start of the year	24 794	27 982
Acquisitions	1 576	2 300
Sales/Disposals	0	-5 488
Accumulated acquisition value	26 370	24 794
Depreciation at the start of the year	-18 524	-21 313
Sales/Disposals	0	5 488
Depreciation according to plan	-2 749	-2 699
Accumulated depreciation	-21 273	-18 524
The book value at the end of the period	5 097	6 270

Note 13 Land and buildings

	2019-09-30	2018-09-30
Acquisition values at the start of the year	770 190	769 949
Acquisitions	0	450
Sales/Disposals	0	-209
Accumulated acquisition value	770 190	770 190
Depreciation at the start of the year	-236 502	-207 594
Reclassifications	0	87
Depreciation according to plan	-28 777	-28 995
Accumulated depreciation	-265 279	-236 502
The book value at the end of the period	504 911	533 688

Note 14 Machinery and other technical installations

	2019-09-30	2018-09-30
Acquisition values at the start of the year	1 694 756	1 605 086
Acquisitions	146 579	133 049
Sales/disposals	-30 551	-42 396
Reclassifications	0	-2 027
Internal Aquisitions	0	1 044
Accumulated acquisition value	1 810 784	1 694 756
Depreciation at the start of the year	-1 217 296	-1 157 741
Sales/disposals	26 924	42 362
Reclassifications	0	692
Depreciation according to plan	-103 325	-101 661
Depreciation internal acquisitions	0	-948
Accumulated depreciation	-1 293 697	-1 217 296
The book value at the end of the period	517 087	477 460

Note 15 Equipment, tools and installations

	2019-09-30	2018-09-30
Acquisition values at the start of the year	676 854	641 494
Acquisitions	77 422	60 706
Sales/Disposals	-24 963	-27 373
Reclassifications	0	2 027
Accumulated acquisition value	729 313	676 854
Depreciation at the start of the year	-538 588	-508 295
Sales/Disposals	24 685	26 861
Reclassifications	0	-692
Depreciation according to plan	-55 373	-56 462
Accumulated depreciation	-569 276	-538 588
The book value at the end of the period	160 037	138 266

Note 16 Construction in progress and advance payments for tangible assets

	2019-09-30	2018-09-30
Acquisition values at the start of the year	380 157	310 965
Capital expenditure	162 521	266 741
Capitalization	-225 577	-197 549
	317 101	380 157

Note 17 Participations in associated companies

	2019-09-30	2018-09-30
Acquisition values at the start of the year	50	50
Accumulated acquisition values	50	50
The book value at the end of the period	50	50

Note 18 Specification of shares in associated companies

Name	Capital	No.of shares	Book value
CNG Curt Nicolin Gymnasiet Holding AB, 556540-4638, Finspång	16%	500	50
			50

Note 19 Other long-term financial investments

	2019-09-30	2018-09-30
Acquisition values at the start of the year	3 475	3 896
Addition of assets	1 687	386
Reduction of assets	-487	-807
Accumulated acquisition value	4 675	3 475
The book value at the end of the period	4 675	3 475

Certain pensions commitments are secured by a company-owned endowment policy. At the same time the pension commitment, including special payroll tax on pension costs, is reported as a provision.

Note 20 Deferred tax

	2019-09-30	2018-09-30
Land and buildings	5 209	5 085
Warranty reserve	7 025	14 534
Endowment insurance	1 000	764
Special payroll tax on endowment insurances	243	185
Other provisions	23 276	5 025
The book value at the end of the period	36 753	25 595

The change between the years are reported as a deferred tax cost of 4 463 KSEK (-5 903 KSEK) as well as against the fair value reserve in equity, -15 622 KSEK (-2 635 KSEK).

See also note 11 Tax on earnings of the year

Note 21 Derivative assets

Outstanding derivatives to fair value

	2019-09-30	2018-09-30
Forward agreements	94 707	84 614
Embedded derivatives in contracts	552 492	209 767
The book value at the end of the period	647 199	294 381

Note 22 Accrued income not yet invoiced

Construction contracts calculated with percentage of completion method

	2019-09-30	2018-09-30
Earned revenue	5 580 066	5 108 036
Invoiced amount	-3 772 843	-4 229 283
	1 807 222	878 753

Note 23 Number of shares and quota value

The number of shares amounts to 300 000 shares with a quota value of SEK 100 per share. Compared with previous year no change has occurred.

Note 24 Appropriation of profits

2019-09-30

Proposals for profit allocation

The Board of Directors recommends that the profit/loss and brought forward profits available for disposition:

profit carried forward	1 890 572
profit for the year	753 575
	2 644 147

be distributed so that they are:

distributed to shareholders	753 575
carried over	1 890 572
	2 644 147

Note 25 Untaxed reserves

2019-09-30

2018-09-30

Accumulated excess depreciation	314 931	321 996
	314 931	321 996

Note 26 Provisions

2019-09-30

2018-09-30

Pensions and similar obligations

Balance at beginning of year	4 318	4 842
Provisions for the year	1 978	283
During the year uncommitted amount	-487	-807
	5 809	4 318

Other provisions

Amount at beginning of year	308 685	263 691
Provisions	118 965	225 275
Amount released	-156 338	-105 472
Amount reversed	-69 990	-74 809
	201 322	308 684

Specification of other provisions

Warranty commitments related to construction contracts	132 588	144 646
Other provisions related to construction contracts	68 734	164 039
	201 322	308 684

Note 27 Derivative liabilities

	2019-09-30	2018-09-30
Outstanding derivative to fair value		
Forward agreements	722 951	388 033
Embedded derivatives in contracts	118	6 465
	723 069	394 498

Note 28 Invoiced but not accrued income

	2019-09-30	2018-09-30
Construction contracts calculated with percentage of completion method		
Earned revenue	-13 593 518	-14 769 876
Invoiced amount	15 359 280	16 332 422
The book value at the end of the period	1 765 761	1 562 547

Note 29 Accrued expenses and deferred income

	2019-09-30	2018-09-30
Accrued personnel costs	525 808	513 686
Accrued outstanding expenses for contracts	281 615	463 000
Property tax	4 483	4 282
Other accrued expenses	562	851
	812 468	981 820

Note 30 Interest and dividends

	2019-09-30	2018-09-30
Interest received	1 359	1 069
Interest paid	-3 062	-6 148
	-1 703	-5 079

Note 31 Adjustments for items not included in the cash flow

	2019-09-30	2018-09-30
Depreciation and amortization	190 225	189 822
Profit upon sales of fixed assets	-263	-1 590
Other provisions	-105 870	44 469
Tax related to prior year	-3 723	0
	80 369	232 701

Note 32 Significant events after the financial year

No significant events after the end of the financial year are known.

Not 33 Information about financial instruments

The company is exposed to various types of currency risks. These consist of risk positions denominated in other currencies than Swedish Crowns (SEK) and are due to exchange rate fluctuations on the foreign exchange market. A risk position can be a contracted sale or cost which leads to a future flow, as well as a binding offer made in which the amount expressed in the foreign currency is fixed. In addition to this, bank account balances in foreign currencies also constitute a risk position.

Currency exposures are managed by currency hedging of all essential binding undertakings and bank account balances in foreign currencies with the help of financial instruments.

Transaction exposure per currency expressed in KSEK as per 2019-09-30 is detailed below. Exposure is defined as monetary assets and liabilities, as well as contracted flows.

(Net flow per currency and financial year)

	Table A		2022/2023 and		Table B	
	2019/2020	2020/2021	2021/2022	forward	Sum	Sum
AED	-267	0	0	0	-267	0
CHF	-986	0	0	0	-986	-986
CNY	550	1 100	42 489	9 213	53 352	54 177
CZK	-146 955	0	0	0	-146 955	-146 955
EUR	741 219	416 067	667 418	646 026	2 470 730	2 465 382
GBP	73 662	12 076	4 830	0	90 568	76 077
HUF	0	56 895	0	0	56 895	56 895
ILS	-847	0	0	0	-847	-706
JPY	-9 532	0	0	0	-9 532	-9 532
NOK	-1 729	0	0	0	-1 729	-1 729
PLN	100 162	18 567	5 863	109 445	234 036	233 548
USD	2 051 935	769 107	321 198	742 586	3 884 826	3 900 543
	2 807 209	1 273 812	1 041 799	1 507 270	6 630 090	6 626 713

Currency	Closing rate
AED	2,6742
AUD	6,6326
CAD	7,4143
CHF	9,8606
CNY	1,3751
EUR	10,6958
GBP	12,0757
HUF	0,0319
ILS	2,8238
JPY	0,0910
PLN	2,4430
SGD	7,1021
THB	0,3211
USD	9,8226

The transactions exposure for significant flows are 100 % secured by forward exchange contracts. Table B shows the sum of forward hedges per currency in KSEK. The exchange rate refers to the closing rate.

Note 34 Contingent liability

As a part of the company's business activities, there are also bank guarantees for the completion of various contractual obligations. Certain of these are of an on-demand character. The probability for an outflow of essential resources related to these commitments is assessed to be very low.

Finspång

Hans Holmström
Chairman and CEO

Henry Fordell
Member of the Board

Jan Vestin
Employee representative Unionen

Kent Gustafsson
Employee representative Metall

Our auditor's report was submitted

Ernst & Young AB

Erik Sandström
Authorized Public Accountant