

Washtec A/S
Guldalderen 10
2640 Hedehusene
Business Registration No
16574317

Annual report 2018

The Annual General Meeting adopted the annual report on 29.05.2019

Chairman of the General Meeting

Name: Thomas Munch Andersen

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Entity details

Entity

Washtec A/S
Guldalderen 10
2640 Hedehusene

Central Business Registration No (CVR): 16574317

Registered in: Høje Taastrup

Financial year: 01.01.2018 - 31.12.2018

Phone: +4570101533

Fax: +4570101536

Website: www.washtec.dk

E-mail: wt@washtec.dk

Board of Directors

Stephan Weber

Morten Dale

Thomas Munch Andersen

Executive Board

Morten Dale

Bank

Danske Bank

Holmens Kanal 2

1090 København K

Entity auditors

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab

Milnersvej 43

3400 Hillerød

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Washtec A/S for the financial year 01.01.2018 - 31.12.2018.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Hedehusene, 29.05.2019

Executive Board

Morten Dale

Board of Directors

Stephan Weber

Morten Dale

Thomas Munch Andersen

Independent auditor's report

To the shareholders of Washtec A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of WashTec A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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.

Independent auditor's report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Hillerød, 29.05.2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33771231

Carsten Blicher

State Authorised Public Accountant

Identification No (MNE) mne16560

Management commentary

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|----------------|----------------|----------------|----------------|----------------|
| | DKK'000 | DKK'000 | DKK'000 | DKK'000 | DKK'000 |
| Financial highlights | | | | | |
| Key figures | | | | | |
| Gross profit | 44.754 | 52.775 | 65.465 | 67.920 | 63.918 |
| Operating profit/loss | 5.615 | 8.544 | 9.438 | 9.255 | 7.932 |
| Net financials | 1.434 | (50) | 461 | 486 | (7) |
| Profit/loss for the year | 5.808 | 6.574 | 7.545 | 7.369 | 5.929 |
| Total assets | 44.372 | 54.975 | 66.464 | 59.771 | 59.213 |
| Investments in property, plant and equipment | 1.654 | 3.172 | 3.566 | 2.466 | 2.396 |
| Equity | 16.741 | 14.992 | 17.507 | 19.858 | 18.159 |
| Average numbers of employees | 48 | 56 | 72 | 75 | 75 |
| Ratios | | | | | |
| Return on equity (%) | 36,6 | 40,5 | 40,4 | 38,8 | 28,9 |
| Equity ratio (%) | 37,7 | 27,3 | 26,3 | 33,2 | 30,7 |
| Return on assets (%) | 12,7 | 15,1 | 14,2 | 15,5 | 13,4 |

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

| Ratios | Calculation formula | Calculation formula reflects |
|----------------------|--|--|
| Return on equity (%) | $\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$ | The entity's return on capital invested in the entity by the owners. |
| Equity ratio (%) | $\frac{\text{Equity} \times 100}{\text{Total assets}}$ | The financial strength of the entity. |
| Return on assets (%) | $\frac{\text{EBIT} \times 100}{\text{Total assets}}$ | The entity's return on capital invested. |

Management commentary

Primary activities

WashTec A/S markets and sells car wash systems on the Danish market. WashTec A/S is a subsidiary of WashTec Cleaning Technology GmbH, Germany.

The activities in Denmark comprise sale and maintenance service of automatic wash systems for cars, buses and surveillance for unattended car washing facilities. In relation to these activities, the Company also markets and sells spare parts, cleaning products, car wash installation services, water recovery systems, etc.

With this product programme WashTec A/S is the largest total supplier on the Danish market, and consequently the market leader.

Development in activities and finances

The income statement of the Company for 2018 shows a profit of DKK 5.808 thousand, and at 31.12.2018 the balance sheet of the Company shows equity of DKK 16.741.

The year 2018 is the first year without the Norwegian branch impacting the result of WashTec A/S.

The former Norwegian branch is converted to a subsidiary (WashTec Bilvask AS) owned 100% by WashTec A/S.

Management considers the overall performance for the year satisfactory.

The past year and follow-up on development expectations from last year

During the year, the Company maintained its market shares and also its position on the market as the largest supplier in Denmark.

The focus on environmentally friendly products continued in 2018, thus more than 75% of the chemistry used for car wash today is eco-labelled.

Special risks - operating risks and financial risks

Market risks

The Company is dependent on stability among the oil companies in Denmark. A consolidation of the market would probably imply fewer automatic washing systems on the market.

Increasingly stringent environmental demands are expected to imply a shift from washing at home to washing in a car washing system as the environmental impact is less severe by using automatic washing systems.

Similarly, the number of unattended car wash facilities will become more widespread.

Strategy and objectives

Targets and expectations for the year ahead

The Company expects a gross profit for 2019 slightly above the level of 2018.

Basis of earnings

Management commentary

Research and development

Product development is carried out by the German group enterprise. The Company participates by covering part of the expenses related to product development of special models customized to the Scandinavian market.

Uncertainty relating to recognition and measurement

Recognition and measurement in the financial statements have not been subject to any uncertainty.

Unusual events

The financial position at 31.12.2018 of the Company and the results of the activities of the Company for the financial year for 2018 have not been affected by any unusual events.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2018

| | <u>Notes</u> | <u>2018 DKK</u> | <u>2017 DKK</u> |
|--|--------------|-------------------------|-------------------------|
| Gross profit | | 44.754.008 | 52.775.279 |
| Staff costs | 1 | (37.110.377) | (41.204.024) |
| Depreciation, amortisation and impairment losses | 2 | <u>(2.028.619)</u> | <u>(3.027.403)</u> |
| Operating profit/loss | | 5.615.012 | 8.543.852 |
| Income from investments in group enterprises | | 1.566.011 | 0 |
| Other financial income | 3 | 90.116 | 205.725 |
| Other financial expenses | 4 | <u>(222.060)</u> | <u>(255.240)</u> |
| Profit/loss before tax | | 7.049.079 | 8.494.337 |
| Tax on profit/loss for the year | 5 | <u>(1.241.071)</u> | <u>(1.919.923)</u> |
| Profit/loss for the year | 6 | <u>5.808.008</u> | <u>6.574.414</u> |

Balance sheet at 31.12.2018

| | <u>Notes</u> | <u>2018 DKK</u> | <u>2017 DKK</u> |
|--|--------------|--------------------------|--------------------------|
| Land and buildings | | 1.977.957 | 2.567.901 |
| Other fixtures and fittings, tools and equipment | | 3.598.202 | 5.230.422 |
| Property, plant and equipment | 7 | <u>5.576.159</u> | <u>7.798.323</u> |
| Investments in group enterprises | | 5.198.179 | 5.198.179 |
| Other receivables | | 2.394.303 | 3.180.022 |
| Fixed asset investments | 8 | <u>7.592.482</u> | <u>8.378.201</u> |
| Fixed assets | | <u>13.168.641</u> | <u>16.176.524</u> |
| Manufactured goods and goods for resale | | 5.563.329 | 9.282.590 |
| Inventories | | <u>5.563.329</u> | <u>9.282.590</u> |
| Trade receivables | | 14.512.237 | 18.135.624 |
| Receivables from group enterprises | | 436.941 | 1.242.894 |
| Deferred tax | 9 | 2.398.380 | 2.327.700 |
| Other receivables | | 687 | 23.814 |
| Prepayments | 10 | 669.378 | 600.661 |
| Receivables | | <u>18.017.623</u> | <u>22.330.693</u> |
| Cash | | <u>7.622.034</u> | <u>7.185.226</u> |
| Current assets | | <u>31.202.986</u> | <u>38.798.509</u> |
| Assets | | <u>44.371.627</u> | <u>54.975.033</u> |

Balance sheet at 31.12.2018

| | <u>Notes</u> | <u>2018 DKK</u> | <u>2017 DKK</u> |
|--|--------------|--------------------------|--------------------------|
| Contributed capital | 11 | 4.001.000 | 4.001.000 |
| Retained earnings | | 8.740.356 | 6.990.615 |
| Proposed dividend | | 4.000.000 | 4.000.000 |
| Equity | | <u>16.741.356</u> | <u>14.991.615</u> |
| Other provisions | 12 | 1.689.316 | 3.016.725 |
| Provisions | | <u>1.689.316</u> | <u>3.016.725</u> |
| Prepayments received from customers | | 310.000 | 0 |
| Trade payables | | 3.793.735 | 2.979.674 |
| Payables to group enterprises | | 300.211 | 11.773.160 |
| Income tax payable | | 673.356 | 1.320.497 |
| Other payables | | 12.587.112 | 12.046.597 |
| Deferred income | 13 | 8.276.541 | 8.846.765 |
| Current liabilities other than provisions | | <u>25.940.955</u> | <u>36.966.693</u> |
| Liabilities other than provisions | | <u>25.940.955</u> | <u>36.966.693</u> |
| Equity and liabilities | | <u>44.371.627</u> | <u>54.975.033</u> |
| Contingent liabilities | 14 | | |
| Group relations | 15 | | |

Statement of changes in equity for 2018

| | Contributed capital DKK | Retained earnings DKK | Proposed dividend DKK | Total DKK |
|---|---|---|---|---|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Equity beginning of year | 4.001.000 | 6.990.615 | 4.000.000 | 14.991.615 |
| Changes in accounting policies | <u> 0</u> | <u> (58.267)</u> | <u> 0</u> | <u> (58.267)</u> |
| Adjusted equity, beginning of year | 4.001.000 | 6.932.348 | 4.000.000 | 14.933.348 |
| Ordinary dividend paid | 0 | 0 | (4.000.000) | (4.000.000) |
| Profit/loss for the year | <u> 0</u> | <u> 1.808.008</u> | <u> 4.000.000</u> | <u> 5.808.008</u> |
| Equity end of year | <u> 4.001.000</u> | <u> 8.740.356</u> | <u> 4.000.000</u> | <u> 16.741.356</u> |

Notes

| | 2018 | 2017 |
|-----------------------------|-------------------|-------------------|
| | DKK | DKK |
| 1. Staff costs | | |
| Wages and salaries | 33.653.304 | 37.608.166 |
| Pension costs | 3.244.258 | 3.349.311 |
| Other staff costs | 212.815 | 246.547 |
| | 37.110.377 | 41.204.024 |
| | | |
| Average number of employees | 48 | 56 |

Remuneration to the Executive Board has not been disclosed in the accordance with section 98 B(3) of the Danish Financial Statements Act. No remuneration has been paid to the Board of Directors.

| | 2018 | 2017 |
|--|------------------|------------------|
| | DKK | DKK |
| 2. Depreciation, amortisation and impairment losses | | |
| Depreciation of property, plant and equipment | 2.260.663 | 3.027.403 |
| Profit/loss from sale of intangible assets and property, plant and equipment | (232.044) | 0 |
| | 2.028.619 | 3.027.403 |

| | 2018 | 2017 |
|---|---------------|----------------|
| | DKK | DKK |
| 3. Other financial income | | |
| Financial income arising from group enterprises | 87.646 | 113.381 |
| Exchange rate adjustments | 2.470 | 92.344 |
| | 90.116 | 205.725 |

| | 2018 | 2017 |
|------------------------------------|----------------|----------------|
| | DKK | DKK |
| 4. Other financial expenses | | |
| Exchange rate adjustments | 149.812 | 191.086 |
| Other financial expenses | 72.248 | 64.154 |
| | 222.060 | 255.240 |

Notes

| | 2018 | 2017 |
|---|---------------------------|---|
| | DKK | DKK |
| 5. Tax on profit/loss for the year | | |
| Current tax | 1.311.751 | 2.532.771 |
| Change in deferred tax | <u>(70.680)</u> | <u>(612.848)</u> |
| | <u>1.241.071</u> | <u>1.919.923</u> |
| | | |
| | 2018 | 2017 |
| | DKK | DKK |
| 6. Proposed distribution of profit/loss | | |
| Ordinary dividend for the financial year | 4.000.000 | 4.000.000 |
| Retained earnings | <u>1.808.008</u> | <u>2.574.414</u> |
| | <u>5.808.008</u> | <u>6.574.414</u> |
| | | |
| | Land and buildings | Other fixtures and fittings, tools and equipment |
| | DKK | DKK |
| 7. Property, plant and equipment | | |
| Cost beginning of year | 10.128.758 | 13.106.544 |
| Additions | 0 | 1.654.457 |
| Disposals | <u>(257.243)</u> | <u>(2.859.642)</u> |
| Cost end of year | <u>9.871.515</u> | <u>11.901.359</u> |
| | | |
| Depreciation and impairment losses beginning of year | (7.560.857) | (7.876.122) |
| Depreciation for the year | (589.944) | (1.670.719) |
| Reversal regarding disposals | <u>257.243</u> | <u>1.243.684</u> |
| Depreciation and impairment losses end of year | <u>(7.893.558)</u> | <u>(8.303.157)</u> |
| | | |
| Carrying amount end of year | <u>1.977.957</u> | <u>3.598.202</u> |

Notes

| | Invest- ments in group enterprises DKK | Other receivables DKK |
|------------------------------------|---|--------------------------------------|
| 8. Fixed asset investments | | |
| Cost beginning of year | 5.198.179 | 3.180.022 |
| Disposals | 0 | (785.719) |
| Cost end of year | 5.198.179 | 2.394.303 |
| | | |
| Carrying amount end of year | 5.198.179 | 2.394.303 |

| | Registered in | Corpo- rate form | Equity inte- rest % | Equity DKK | Profit/loss DKK |
|--|----------------------|---------------------------------|--|-----------------------|----------------------------|
| Investments in group enterprises comprise: | | | | | |
| WashTec Bilvask AS | Norge | AS | 100,0 | 11.041.055 | 4.434.581 |

| | 2018 DKK | 2017 DKK |
|--|---------------------|---------------------|
| 9. Deferred tax | | |
| Property, plant and equipment | 857.161 | 770.764 |
| Inventories | 104.767 | 117.200 |
| Other deductible temporary differences | 1.436.452 | 1.439.736 |
| | 2.398.380 | 2.327.700 |

10. Prepayments

Prepayments comprise expenses relating to the financial year 2019.

Notes

| | Number | Par value DKK | Nominal value DKK |
|--------------------------------|---------------|--------------------------|----------------------------------|
| 11. Contributed capital | | | |
| Share capital | 4.001 | 1000 | 4.001.000 |
| | 4.001 | | 4.001.000 |

No shares carry special rights.

There have been no changes in the share capital during the last five years.

12. Other provisions

Other provisions comprise provisions for warranties on installed machinery.

13. Deferred income

Deferred income comprises non-recognised revenue from service contracts.

14. Contingent liabilities

In Denmark, operating leases have been entered into on operating equipment with remaining periods of maximum 48 months. The obligation amounts to DKK 4.026 thousand.

15. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
WashTec AG, Augsburg, Germany

The Group Annual Report of WashTec AG may be obtained at the following address:

www.washtec.de – Investor Relations – Publikationen – Geschäftsberichte

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

Changes in accounting policies

With effect from 1 January 2018, Washtec A/S has implemented IFRS 9.

The implementation has been effected without adjustment of comparative figures in accordance with the transitional provisions of the standard. The accumulated effect of the implementation of IFRS 9 as of 1 January 2018 amounts to DKK (58.267) and is recognised directly in equity on "Retained earnings" at the beginning of 2018.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other 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.

Accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

When recognising foreign branches that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Exchange differences arising out of the translation of the foreign branches' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, costs of raw materials and consumables and other external expenses.

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the financial statements.

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the

Accounting policies

basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises dividend etc received from the individual group enterprises in the financial year.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Property, plant and equipment

Land and buildings as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

| | |
|--|-----------|
| Buildings | 25 years |
| Other fixtures and fittings, tools and equipment | 3-5 years |

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Investments in group enterprises

Investments in group enterprises are recognised and measured at cost. Where exceeds the recoverable amount, write-down is made to this lower value.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Accounting policies

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The Company is included in the consolidated financial statements and thereby the cash flow statement of the Ultimate Parent, WashTec AG, Augsburg, Germany.