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PolyTech A/S

Industrivej 37
6740 Bramming
CVR No. 17736590

Annual report 2019

The Annual General Meeting adopted the annual report on 25.08.2020

Knud Andersen
Conductor

Contents

Entity details

Entity
PolyTech A/S
Industrivej 37
6740 Bramming

CVR No.: 17736590
Registered office: Esbjerg
Financial year: 01.01.2019 - 31.12.2019

Board of Directors
Knud Andersen, Chairman
Bjarne Lie
Erik Laursen
Matthias Albert Harmen Schubert

Executive Board
Mads Kirkegaard, CEO

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
P. O. Box 200
6701 Esbjerg

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of PolyTech A/S for the financial year 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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.

Bramming, 25.08.2020

Executive Board

Mads Kirkegaard
CEO

Board of Directors

Knud Andersen
Chairman

Bjarne Lie

Erik Laursen

Matthias Albert Harmen Schubert

Independent auditor's report

To the shareholder of PolyTech A/S

Opinion
We have audited the financial statements of PolyTech A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared 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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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 Entity'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 Entity'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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 of the management commentary.

Esbjerg, 25.08.2020

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Nikolaj Thomsen
State Authorised Public Accountant
Identification No (MNE) mne33276

Mikael Grosbøl
State Authorised Public Accountant
Identification No (MNE) mne33707

Management commentary

Financial highlights

	2019 EUR'000	2018 EUR'000	2017 EUR'000	2016 EUR'000	2015 EUR'000
Key figures					
Gross profit/loss	32,216	17,991	23,175	18,407	12,806
Operating profit/loss	20,762	9,616	8,049	6,216	5,306
Net financials	(715)	(273)	(345)	(280)	(66)
Profit/loss for the year	22,643	10,124	6,310	5,243	3,532
Total assets	39,991	20,271	32,378	28,175	21,019
Investments in property, plant and equipment	6,973	2,263	3,119	6,651	4,804
Equity	26,936	12,980	15,990	12,852	7,649
Ratios					
Return on equity (%)	113.45	69.89	43.76	51.15	49,1
Equity ratio (%)	67.36	64.03	49.39	45.61	36.39

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):
Profit/loss for the year * 100
Average equity

Equity ratio (%):
Equity * 100
Total assets

Primary activities
The Company's primary activities comprise development and sale of supply systems for the wind industry, the offshore industry as well as the aviation industry.

Development in activities and finances
Profit for the year amounts to EUR 22,643k (EUR 10,124k in 2018). On 31 December 2019 equity stands at EUR 26,936k (EUR 12,980k in 2018).

At January the first 2019 all engineering activities were acquired from PolyTech Lightning A/S strengthening the Company’s product and service offerings.

Profit/loss for the year in relation to expected developments
The developement and result are in line with management's expectations.

Outlook
The company expect an increasing interest and demand within all market segments and an increasing result for 2020.

Particular risks
As key markets within the wind and offshore industry as well as the aftermarket segment are significantly affected by fluctuations of energy prices these may affect turnover as well commodity prices. Significant changes within these may have material negative impact in the Company's result.

The Company buys and selss products predominantly settled in EUR, USD or CNY. The Company has chosen not to enter into forward exchange contracts to hedge currency risks.

The majority of the Company's payables to credit institutions constitute floating rate payables.

Environmental performance
The Company is certified to

ISO 9001:2015 Quality Management System
ISO 14001:2015 Environmental Management System
ISO 29001:2010 Quality Management System within the Oil & Gas Industry

which is subject to inspection on a current basis to ensure a constant monitoring of the Company's quality.

The management systems are examined and updated on a current basis to ensure improvement on key parameters.

Events after the balance sheet date
The spread of COVID-19 throughout the world can potentially have an influence on the business for PolyTech A/S in 2020. Year to date, the spread of COVID-19 has not materially impacted PolyTech A/S business activities. However at this time it is not possible to predict the influence in the coming months. As the potential impact is unknown at this time, this has not been included when setting the expectations for activity and earnings in 2020.

Income statement for 2019

	Notes	2019 EUR'000	2018 EUR'000
Gross profit/loss	2	**32,216**	**17,991**
Staff costs	3	(10,596)	(8,114)
Depreciation, amortisation and impairment losses	4	(858)	(261)
Operating profit/loss		**20,762**	**9,616**
Income from investments in group enterprises		7,016	2,859
Other financial income	5	145	36
Other financial expenses	6	(860)	(309)
Profit/loss before tax		**27,063**	**12,202**
Tax on profit/loss for the year	7	(4,420)	(2,078)
Profit/loss for the year	8	**22,643**	**10,124**

Balance sheet at 31.12.2019

Assets

	Notes	2019 EUR'000	2018 EUR'000
Acquired intangible assets		41	72
Goodwill		2,933	0
Intangible assets	9	**2,974**	**72**
Other fixtures and fittings, tools and equipment		555	649
Property, plant and equipment in progress		4,469	1,273
Property, plant and equipment	10	**5,024**	**1,922**
Investments in group enterprises		7,722	6,643
Other investments		1	0
Deposits		374	0
Other receivables		2,490	0
Other financial assets	11	**10,587**	**6,643**
Fixed assets		**18,585**	**8,637**
Raw materials and consumables		79	0
Manufactured goods and goods for resale		934	0
Prepayments for goods		799	0
Inventories		**1,812**	**0**
Trade receivables		7,629	5,341
Contract work in progress	12	202	0
Receivables from group enterprises		7,796	4,942
Deferred tax	13	404	10
Other receivables		802	603
Prepayments	14	1,313	384
Receivables		**18,146**	**11,280**
Cash		**1,448**	**354**
Current assets		**21,406**	**11,634**
Assets		**39,991**	**20,271**

Equity and liabilities

	Notes	2019 EUR'000	2018 EUR'000
Contributed capital	15	402	402
Reserve for net revaluation according to the equity method		3,574	1,235
Retained earnings		9,960	7,608
Proposed dividend		13,000	3,735
Equity		**26,936**	**12,980**
Other provisions	16	4,111	0
Provisions		**4,111**	**0**
Finance lease liabilities		0	30
Non-current liabilities other than provisions	17	**0**	**30**
Current portion of non-current liabilities other than provisions	17	298	295
Bank loans		0	1,671
Prepayments received from customers		0	6
Trade payables		2,111	759
Payables to group enterprises		37	1,394
Income tax payable		3,979	1,357
Other payables		2,519	1,779
Current liabilities other than provisions		**8,944**	**7,261**
Liabilities other than provisions		**8,944**	**7,291**
Equity and liabilities		**39,991**	**20,271**
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	18		
Contingent liabilities	19		
Assets charged and collateral	20		
Related parties with controlling interest	21		
Non-arm’s length related party transactions	22		
Group relations	23		

Statement of changes in equity for 2019

	Contributed capital EUR'000	Reserve for net revaluation according to the equity method EUR'000	Retained earnings EUR'000	Proposed dividend EUR'000	Total EUR'000
Equity beginning of year	402	1,235	7,608	3,735	12,980
Ordinary dividend paid	0	0	0	(3,735)	(3,735)
Extraordinary dividend paid	0	0	(4,967)	0	(4,967)
Exchange rate adjustments	0	15	0	0	15
Profit/loss for the year	0	2,324	7,319	13,000	22,643
Equity end of year	**402**	**3,574**	**9,960**	**13,000**	**26,936**

Notes

1 Events after the balance sheet date

The spread of COVID-19 throughout the world can potentially have an influence on the business for PolyTech A/S in 2020. Year to date, the spread of COVID-19 has not materially impacted PolyTech A/S business activities. However at this time it is not possible to predict the influence in the coming months. As the potential impact is unknown at this time, this has not been included when setting the expectations for activity and earnings in 2020.

2 Gross profit/loss

Other external expenses has been negative effected by a regulation of an earnout agreement of approx. mEUR 1.

3 Staff costs

	2019 EUR'000	2018 EUR'000
Wages and salaries	9,253	7,156
Pension costs	974	706
Other social security costs	289	214
Other staff costs	80	38
	10,596	**8,114**

Average number of full-time employees	**122**	**94**

	Remuneration of management 2019 EUR'000	Remuneration of management 2018 EUR'000
Total amount for management categories	348	276
	348	**276**

4 Depreciation, amortisation and impairment losses

	2019 EUR'000	2018 EUR'000
Amortisation of intangible assets	510	44
Depreciation of property, plant and equipment	336	226
Profit/loss from sale of intangible assets and property, plant and equipment	12	(9)
	858	**261**

5 Other financial income

	2019 EUR'000	2018 EUR'000
Financial income from group enterprises	139	30
Other financial income	6	6
	145	**36**

6 Other financial expenses

	2019 EUR'000	2018 EUR'000
Financial expenses from group enterprises	55	16
Other interest expenses	396	0
Other financial expenses	409	293
	860	**309**

7 Tax on profit/loss for the year

	2019 EUR'000	2018 EUR'000
Current tax	4,823	2,105
Change in deferred tax	(394)	(16)
Adjustment concerning previous years	(9)	(11)
	4,420	**2,078**

8 Proposed distribution of profit and loss

	2019 EUR'000	2018 EUR'000
Ordinary dividend for the financial year	13,000	3,735
Extraordinary dividend distributed in the financial year	4,967	10,576
Retained earnings	4,676	(4,187)
	22,643	**10,124**

Dividend distributed after the balance sheet date		
Extraordinary dividend	7,500	4,967

9 Intangible assets

	Acquired intangible assets EUR'000	Goodwill EUR'000
Cost beginning of year	163	0
Additions	0	3,443
Cost end of year	**163**	**3,443**
Amortisation and impairment losses beginning of year	(91)	0
Amortisation for the year	(31)	(510)
Amortisation and impairment losses end of year	**(122)**	**(510)**
Carrying amount end of year	**41**	**2,933**

10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment EUR'000	Property, plant and equipment in progress EUR'000
Cost beginning of year	1,656	1,273
Transfers	123	0
Additions	229	6,744
Disposals	(24)	(3,548)
Cost end of year	**1,984**	**4,469**
Depreciation and impairment losses beginning of year	(1,007)	0
Transfers	(123)	0
Depreciation for the year	(305)	0
Reversal regarding disposals	6	0
Depreciation and impairment losses end of year	**(1,429)**	**0**
Carrying amount end of year	**555**	**4,469**
Recognised assets not owned by entity	254	0

11 Financial assets

	Investments in group enterprises EUR'000	Other investments EUR'000	Deposits EUR'000	Other receivables EUR'000
Cost beginning of year	5,409	0	0	0
Disposals on divestments etc	(1,260)	0	0	0
Additions	0	1	374	2,490
Cost end of year	**4,149**	**1**	**374**	**2,490**
Revaluations beginning of year	1,234	0	0	0
Disposals on divestments etc	(4,692)	0	0	0
Exchange rate adjustments	15	0	0	0
Share of profit/loss for the year	6,927	0	0	0
Adjustment of intra-group profits	89	0	0	0
Revaluations end of year	**3,573**	**0**	**0**	**0**
Carrying amount end of year	**7,722**	**1**	**374**	**2,490**

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
PolyTech Wind Power Technology (Wuxi) Co., Ltd.	China	Ltd.	100
PolyTech Wind Power Technology Inc.	USA	Inc.	100

12 Contract work in progress

	2019 EUR'000	2018 EUR'000
Contract work in progress	833	0
Progress billings regarding contract work in progress	(631)	0
	202	**0**

13 Deferred tax

Changes during the year	2019 EUR'000	2018 EUR'000
Beginning of year	10	(109)
Recognised in the income statement	394	119
End of year	**404**	**10**

The deferred tax asset consists of differences between the carrying amount and the tax base regarding fixtures and fittings, tools and equipment as well as earn out agreement.

14 Prepayments

Prepayments consist of prepaid expenses.

15 Share capital

	Number	Recorded par value EUR'000
Share capital	3,000,000	402
	3,000,000	**402**

16 Other provisions

Other provisions consists of liabilities regarding an earn out agreement.

17 Non-current liabilities other than provisions

	Due within 12 months 2019 EUR'000	Due within 12 months 2018 EUR'000
Finance lease liabilities	298	295
	298	**295**

18 Unrecognised rental and lease commitments

	2019 EUR'000	2018 EUR'000
Liabilities under rental or lease agreements until maturity in total	**2,796**	**548**

19 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where VC VII Jupiter Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

20 Assets charged and collateral

Bank loans are secured by way of a registered company charges of DKK 10,000 nominal. Total withdrawal on the banking arrangements amounts to DKK 0k at 31 December 2019.

21 Related parties with controlling interest

VC VIII Polytech Holding ApS, Denmark owns all the shares and thus controls the company.

22 Non-arm’s length related party transactions

Only related party transactions not conducted on an arm’s length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

23 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: JBP Holding AS, reg. no. 822 262 252, Oslo, Norway.

Accounting policies

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

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements
Referring to section 112(1) of the Danish Financial Statements Act,no consolidated financial statements have been prepared. Polytech A/S and its subsidiaries are included in the consolidated financial statements of JBP Holding AS.

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.

Business combinations
The uniting-of-interests method is applied onacquisition of enterprises, mergers, demergers, contributions of assets and exchanges of shares, etc where the enterprises concerned are controlled by the Parent, under which method the combination is considered completed at the date of acquisition without restatement of comparative figures. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies and accounting estimates. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity.

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 subsidiaries and associates 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. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Gross profit or loss

Gross profit or loss comprisesevenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale 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.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

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 include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

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

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income
Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and 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 or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and 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.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful lives are reassessed annually.
The amortisation periods used are 7 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc
Intellectual property rights etc comprise of software.

Software are measured at cost less accumulated amortisation. Software are amorties over 3-4 years.

Software are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
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. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

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:

Other fixtures and fittings, tools and equipment	3-6 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.

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

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

Other investments
Other investments comprise unlisted equity investments measrued at the lower of cost and net realisable value.

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. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

direct production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

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

Contract work in progress
Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Finance lease liabilities
Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

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

Cash flow statement
Pursuant to section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement as it is included in the group cash flow statement of JBP Holding AS.