

**AALBORG CSP A/S**  
**HJULMAGERVEJ 55, 9000 AALBORG**  
**ANNUAL REPORT**  
**1 JANUARY - 31 DECEMBER 2016**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 22 May 2017**

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**Albert Carl Holkenberg**

*The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.*

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**COMPANY DETAILS**

<b>Company</b>	Aalborg CSP A/S Hjulmagervej 55 9000 Aalborg  Telephone: 88 16 88 36  CVR no.: 21 14 20 42 Established: 29 July 1998 Registered Office: Aalborg Financial Year: 1 January - 31 December
<b>Board of Directors</b>	Albert Carl Holkenberg, Chairman Peter Rose Thomsen Peter Badstue Jensen
<b>Board of Executives</b>	Svante Bundgaard
<b>Auditor</b>	BDO Statsautoriseret revisionsaktieselskab Nørrebro 15 9800 Hjørring

## STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of Aalborg CSP A/S for the year 1 January - 31 December 2016.

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 the Company's financial position at 31 December 2016 and of the results of the the Company's operations and cash flows for the financial year 1 January - 31 December 2016.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the review.

We recommend the Annual Report be approved at the Annual General Meeting.

Aalborg, 22 May 2017

Board of Executives

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Svante Bundgaard

Board of Directors

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Albert Carl Holkenberg  
Chairman

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Peter Rose Thomsen

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Peter Badstue Jensen

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of Aalborg CSP A/S

#### Opinion

We have audited the Financial Statements of Aalborg CSP A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity, cash flows, notes and 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 assets, liabilities and financial position of the Company at 31 December 2016 and of the results of the Company operations and cash flows for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

#### 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.

#### Management's Responsibility 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.

#### Auditor's Responsibility for 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 judgment and maintain professional skepticism 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.

## INDEPENDENT AUDITOR'S REPORT

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

### 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, we conclude that 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 of Management's Review.

Hjørring, 22 May 2017

BDO Statsautoriseret revisionsaktieselskab  
CVR-nr. 20 22 26 70

Ole Ejsing  
State Authorised Public Accountant

## FINANCIAL HIGHLIGHTS

	2016 DKK '000	2015 DKK '000	2014 DKK '000	2013 DKK '000	2012 DKK '000
<b>Income statement</b>					
Gross profit/loss.....	37.739	26.106	26.145	28.782	19.684
Operating profit/loss.....	5.130	-5.873	1.232	6.665	-5.163
Financial income and expenses, net.....	453	1.185	-431	-661	-321
Profit/loss for the year before tax.....	5.583	-4.688	801	6.004	-5.484
Profit/loss for the year.....	4.276	-3.339	682	5.502	-4.124
<b>Balance sheet</b>					
Balance sheet total.....	76.786	106.194	80.521	72.837	67.627
Equity.....	34.793	30.518	36.756	37.154	30.987
<b>Cash flows</b>					
Investment in tangible fixed assets.....	-319	-898	-237	-102	-309
<b>Average number of full-time employees</b>					
	55	51	43	41	38
<b>Ratios</b>					
Solvency ratio.....	45,3	28,7	45,6	51,0	45,8
Return on equity.....	13,1	Neg.	1,8	16,1	Neg.

The ratios stated in the list of key figures and ratios have been calculated as follows:

Solvency ratio: 
$$\frac{\text{Equity ex. minorities, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$$

Return on equity: 
$$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$$

The ratios follow in all material respects the recommendations of the Danish Finance Society.

## MANAGEMENT'S REVIEW

### Main activity

The primary focus of Aalborg CSP A/S activities is on engineering, design and delivery of components within the field of energy - primarily solar energy based CSP (Concentrated Solar Power). During the financial year of 2016, Aalborg CSP has been engaged in assignments mostly in Denmark, India, and Australia.

The 2016 activities are divided between different fields of activity of which engineering and deliveries within the fields of solar energy work accounts for 95%. The remaining 5% are engineering services, including assignments for the Danish Defence and assignments for clients operating in fields of oil and energy, maritime and technical documentation and 3D drawing, all fields in which the detached area of business BK Engineering is knowledge-intensive.

### Development in activities and financial position

During the implementation of the comprehensive delivery for the Sundrop Farms in Port Augusta, Australia, which is to be handed over to the customer in 2017, the company have continuously been striving at improving competencies to meet the demands for project management, quality management, design, engineering and logistics that is required in order to deliver larger and more complex projects.

Again, this year the after sales market has contributed positively to the company results.

### Profit/loss for the year compared to future expectations

The result for the year is satisfactory; however, a slightly better result was budgeted.

### Significant events after the end of the financial year

Apart from the matter mentioned above no events of special significance have occurred that we expect to have a material impact on the financial position or results of operations of Aalborg CSP.

### Research and development activities

During the year, Aalborg CSP has involved in development projects regarding new technologies e.g. production of electricity by means of ORC, new solar collection equipment and storage of thermal energy. All work connected to development has been charged to the profit and loss account on a regular basis.

### Future expectations

In 2017 Aalborg CSP expects a positive results at same level as in 2016 based on increasing demands from both domestic and international markets.

### The company's foreign branches

The company holds a sales and service office in Seville, Spain as well as a branch office in Adelaide, Australia and a majority owned subsidiary Danish Cleantech Group Africa ApS which holds a sales and service office in Nairobi, Kenya.



## INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2016 DKK	2015 DKK '000
<b>GROSS PROFIT</b> .....		<b>37.739.395</b>	<b>26.106</b>
Staff costs.....	1	-30.215.145	-29.768
Depreciation, amortisation and impairment.....		-2.394.652	-2.211
<b>OPERATING PROFIT</b> .....		<b>5.129.598</b>	<b>-5.873</b>
Other financial income.....	2	507.523	1.422
Other financial expenses.....	3	-54.555	-237
<b>PROFIT BEFORE TAX</b> .....		<b>5.582.566</b>	<b>-4.688</b>
Tax on profit/loss for the year.....	4	-1.306.870	1.349
<b>PROFIT FOR THE YEAR</b> .....	5	<b>4.275.696</b>	<b>-3.339</b>

## BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2016 DKK	2015 DKK '000
Development projects completed.....		3.657.358	5.495
Intangible fixed assets acquired.....		381.613	129
<b>Intangible fixed assets</b> .....	<b>6</b>	<b>4.038.971</b>	<b>5.624</b>
Production plants and machinery.....		644.221	727
Leasehold improvements.....		122.350	180
<b>Tangible fixed assets</b> .....	<b>7</b>	<b>766.571</b>	<b>907</b>
Equity investments in group enterprises.....		70.000	70
Rent deposit and other receivables.....		322.700	323
<b>Fixed asset investments</b> .....	<b>8</b>	<b>392.700</b>	<b>393</b>
<b>FIXED ASSETS</b> .....		<b>5.198.242</b>	<b>6.924</b>
Trade receivables.....		10.051.350	37.582
Contract work in progress.....	9	841.909	5.799
Receivables from group enterprises.....		48.282	119
Receivables from associated enterprises.....		15.789	0
Other receivables.....		8.374.982	2.947
Receivables corporation tax.....		263.643	173
Prepayments and accrued income.....	10	539.509	8.281
<b>Receivables</b> .....		<b>20.135.464</b>	<b>54.901</b>
<b>Cash and cash equivalents</b> .....		<b>51.452.443</b>	<b>44.369</b>
<b>CURRENT ASSETS</b> .....		<b>71.587.907</b>	<b>99.270</b>
<b>ASSETS</b> .....		<b>76.786.149</b>	<b>106.194</b>

## BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2016 DKK	2015 DKK '000
Share capital.....	11	1.750.000	1.750
Retained profit.....		33.042.758	28.768
<b>EQUITY.....</b>		<b>34.792.758</b>	<b>30.518</b>
Provision for deferred tax.....	12	2.687.500	1.375
Other provisions for liabilities.....	13	94.426	1.703
<b>PROVISION FOR LIABILITIES.....</b>		<b>2.781.926</b>	<b>3.078</b>
Prepayments received, from customers.....	9	9.497.664	39.510
Trade payables.....		24.352.224	28.257
Payables to group enterprises.....		12.195	0
Other liabilities.....		5.349.382	4.831
<b>Current liabilities.....</b>		<b>39.211.465</b>	<b>72.598</b>
<b>LIABILITIES.....</b>		<b>39.211.465</b>	<b>72.598</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>76.786.149</b>	<b>106.194</b>
 Contingencies etc.	 14		
Charges and securities	15		
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## EQUITY

	Share capital	Retained profit	Total
Equity at 31 December 2015.....	1.750.000	37.563.962	39.313.962
Change of equity due to correction of errors.....		-8.796.900	-8.796.900
<b>Adjusted equity at 1 January 2016.....</b>	<b>1.750.000</b>	<b>28.767.062</b>	<b>30.517.062</b>
Proposed distribution of profit.....		4.275.696	4.275.696
<b>Equity at 31 December 2016.....</b>	<b>1.750.000</b>	<b>33.042.758</b>	<b>34.792.758</b>

## CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	2016 DKK	2015 DKK '000
Profit/loss for the year.....	4.275.696	-3.339
Reversed depreciation of the year.....	2.394.652	2.211
Reversed tax on profit/loss for the year.....	1.306.870	-1.349
Corporation tax paid.....	-90.440	3.643
Change in receivables.....	34.860.958	-13.768
Change in current liabilities (ex bank and tax).....	-33.386.025	19.480
Other cash flows from operating activities.....	-1.608.998	302
<b>CASH FLOWS FROM OPERATING ACTIVITY.....</b>	<b>7.752.713</b>	<b>7.180</b>
Purchase of intangible fixed assets.....	-349.519	0
Purchase of tangible fixed assets.....	-319.148	-898
Purchase of financial assets.....	0	-15
<b>CASH FLOWS FROM INVESTING ACTIVITY.....</b>	<b>-668.667</b>	<b>-913</b>
Dividend paid in the financial year.....	0	-3.000
<b>CASH FLOWS FROM FINANCING ACTIVITY.....</b>	<b>0</b>	<b>-3.000</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>7.084.046</b>	<b>3.267</b>
Cash and cash equivalents at 1. januar.....	44.368.397	41.102
<b>CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....</b>	<b>51.452.443</b>	<b>44.369</b>
Specification of cash and cash equivalents at 31 December:		
Cash and cash equivalents.....	51.452.443	44.369
<b>CASH AND CASH EQUIVALENTS, NET DEBT.....</b>	<b>51.452.443</b>	<b>44.369</b>

## NOTES

	2016 DKK	2015 DKK '000	Note
<b>Staff costs</b>			<b>1</b>
Average number of employees 55 (2015: 51)			
Wages and salaries.....	27.003.221	27.023	
Pensions.....	1.840.326	1.614	
Social security costs.....	333.493	305	
Other staff costs.....	1.038.105	826	
	<b>30.215.145</b>	<b>29.768</b>	
Remuneration of management and board of directors.....	2.091.864	1.548	
	<b>2.091.864</b>	<b>1.548</b>	
<b>Other financial income</b>			<b>2</b>
Group enterprises.....	482	0	
Other interest income.....	507.041	1.422	
	<b>507.523</b>	<b>1.422</b>	
<b>Other financial expenses</b>			<b>3</b>
Other interest expenses.....	54.555	237	
	<b>54.555</b>	<b>237</b>	
<b>Tax on profit/loss for the year</b>			<b>4</b>
Adjustment of tax for previous years.....	0	-245	
Adjustment of deferred tax.....	1.306.870	-1.104	
	<b>1.306.870</b>	<b>-1.349</b>	
<b>Proposed distribution of profit</b>			<b>5</b>
Proposed dividend for the year.....	0	3.000	
Accumulated profit.....	4.275.696	-6.339	
	<b>4.275.696</b>	<b>-3.339</b>	

## NOTES

	<b>Note</b>
<b>Intangible fixed assets</b>	<b>6</b>

	Development projects completed	Intangible fixed assets acquired
Cost at 1 January 2016.....	9.170.078	967.250
Additions.....	0	349.519
<b>Cost at 31 December 2016.....</b>	<b>9.170.078</b>	<b>1.316.769</b>
Amortisation at 1 January 2016.....	3.674.704	838.139
Depreciation for the year.....	1.838.016	97.017
<b>Depreciation at 31 December 2016.....</b>	<b>5.512.720</b>	<b>935.156</b>
<b>Carrying amount at 31 December 2016.....</b>	<b>3.657.358</b>	<b>381.613</b>

Aalborg CSP A/S has capitalized development costs for the development of new product. Capitalized development costs arise solely from finished activities.

It is crucial for Aalborg CSP A/S to offer its customers more possible solutions, which was the reason for the company's decision to implement a major development project in 2013, thereby providing a broader product palette and strengthened its position in the market.

In 2016 Aalborg CSP A/S has obtained significant sales of the product in question, and expect also a significant sale based on the product for the coming years.

<b>Tangible fixed assets</b>	<b>7</b>
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	Production plants and machinery	Leasehold improvements
Cost at 1 January 2016.....	2.313.742	534.365
Additions.....	317.636	1.512
<b>Cost at 31 December 2016.....</b>	<b>2.631.378</b>	<b>535.877</b>
Depreciation and impairment losses at 1 January 2016.....	1.587.144	353.921
Depreciation for the year.....	400.013	59.606
<b>Depreciation and impairment losses at 31 December 2016....</b>	<b>1.987.157</b>	<b>413.527</b>
<b>Carrying amount at 31 December 2016.....</b>	<b>644.221</b>	<b>122.350</b>

<b>Fixed asset investments</b>	<b>8</b>
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	Equity investments in group enterprises	Rent deposit and other receivables
Cost at 1 January 2016.....	70.000	322.700
<b>Cost at 31 December 2016.....</b>	<b>70.000</b>	<b>322.700</b>
<b>Carrying amount at 31 December 2016.....</b>	<b>70.000</b>	<b>322.700</b>

## NOTES

## Note

## Investments in subsidiaries (DKK)

Name and registered office	Equity	Profit/loss for the year	Ownership
Danish Cleantech Group Africa ApS, Aalborg.....	98.999	1	70 %



## NOTES

	2016 DKK	2015 DKK '000	Note
<b>Contract work in progress</b>			<b>9</b>
Sales value of unfinished production period.....	343.634.779	195.169	
Advance billings.....	-352.290.534	-228.880	
<b>Contract work in progress, net.....</b>	<b>-8.655.755</b>	<b>-33.711</b>	
Which is incorporated as follows:			
Contract work in progress (assets).....	841.909	5.799	
Prebilled to customers (liabilities).....	-9.497.664	-39.510	
	<b>-8.655.755</b>	<b>-33.711</b>	
<b>Prepayments and accrued income</b>			<b>10</b>
Costs.....	539.509	8.281	
	<b>539.509</b>	<b>8.281</b>	
Prepayments contain prepaid costs relating to the following year.			
<b>Share capital</b>			<b>11</b>
Specification of the share capital:			
A-shares, 1.750 in the denomination of 1.000 DKK.....	1.750.000	1.750	
	<b>1.750.000</b>	<b>1.750</b>	
<b>Provision for deferred tax</b>			<b>12</b>
Provision for deferred tax comprises deferred tax on contract work in progress, inventory and intangible and tangible fixed assets.			
Deferred tax, 1 January, 2016.....	1.374.600	2.450	
Deferred tax for the year in the income statement.....	1.312.900	-1.075	
<b>Provision for deferred tax 31 December 2016.....</b>	<b>2.687.500</b>	<b>1.375</b>	
<b>Other provisions for liabilities</b>			<b>13</b>
0-1 år.....	94.426	1.703	
Other provisions for liabilities include usual warranty for the delivery of the company's larger facilities.			

## NOTES

	Note
<p><b>Contingencies etc.</b></p> <p>Guarantees: Usual warranty on work performed.</p> <p>Performance guarantees: The company has filed working bonds for 58.824 DKK '000.</p> <p>The company has towards EKF filed guarantee for regress for 979 DKK '000.</p> <p>Rent: The Company has entered into rental agreements for the company's premises. Rent expense represents annually 647 DKK '000.</p>	14
<p><b>Contingent liabilities</b></p> <p>Joint liabilities: The company is jointly and severally liable together with the parent company and the other group companies for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax.</p> <p>Tax payable of the group's jointly taxed income is stated in the annual report of BKH Holding I ApS, which serves as management company for the joint taxation.</p>	
<p><b>Charges and securities</b></p> <p>As security for exposures to banks is deposited 28.416 DKK '000 in escrow accounts.</p>	15
<p><b>Related parties</b></p> <p><b>Controlling interest</b> BKH Holding I ApS Hjulmagervej 55 9000 Aalborg</p> <p><b>Other related parties having performed transactions with the company</b> The company's related parties having a significant influence comprise subsidiaries and associates as well as the companies' Board of Directors, Board of Executives and executive officers and their relatives. Related parties include also companies in which the above mentioned group of persons has material interests.</p> <p><b>Transactions with related parties</b> The company did not carry out any substantial transactions that were not concluded on market conditions.</p>	16
<p><b>Consolidated financial statements</b></p> <p>The company is included in the consolidated financial statements of BKH Holding I ApS, Hjulmagervej 55, 9000 Aalborg, CVR number 32 76 31 54.</p>	17

## ACCOUNTING POLICIES

The annual report of Aalborg CSP A/S for 2016 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium enterprise.

The Annual Report is prepared consistently with the accounting principles used last year.

### Errors in previous years

In the accounts for 2015, errors were found regarding the recognition of work in progress on contract. By mistake, costs for delaying delivery of one of the company's facilities were not taken into account.

Comparative figures are adapted to the changed accounting policies in accordance with the Danish Financial Statements Act.

The cumulative effect of the change in practice is recognized directly in equity at the beginning of the year.

The cumulative effect of the change in practice represents an increase in profit before tax 11.278 DKK '000 and after tax of 8.797 DKK '000. Total assets and equity of 31 December 2016 is unchanged.

### Consolidated financial statements

Consolidated financial statements have not been prepared because the group fulfils the exemption provisions of section 112 of the Danish Financial Statements Act on sub-groups. The company is included in the consolidated financial statements of BKH Holding I ApS, Hjulmagervej 55, 9000 Aalborg, CVR number 32 76 31 54.

## INCOME STATEMENT

### Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

### Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

### Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

### Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

### Financial income and expenses in general

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

### Tax on profit for the year

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

## ACCOUNTING POLICIES

### BALANCE SHEET

#### Intangible fixed assets

Patents and licences are measured at the lower of cost less accumulated amortisation or the recoverable amount. Patents are amortised over the residual patent term and licences are amortised over the term of the agreement, however, no more than 8 years.

Development costs comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the company's development activities and which fulfil the criteria for recognition.

Capitalised development costs are measured at the lower of cost less accumulated amortisation or recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 5 years.

Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.

#### Tangible fixed assets

Land and buildings, production plant and machinery, other plants, fixtures and equipment are measured at cost less accumulated depreciation and write-down. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plants, fixtures and equipment.....	3-10 years	0 %
Leasehold improvements.....	3-10 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

#### Fixed asset investments

Equity investments in subsidiaries are measured at cost. If the cost exceeds the net realisable value, this is written down to the lower value.

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

## ACCOUNTING POLICIES

### Impairment of fixed assets

The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, write-down is provided to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

### Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down to meet expected losses.

### Contract work in progress

Work in progress on contract is measured at the sales value of the work performed. The sales value is measured on the basis of the degree of completion on the balance sheet date and the total anticipated revenue related to the specific piece of work in progress.

The specific piece of work in progress is recognised in the balance sheet as receivables or payables, depending on the net value of the selling price less progress invoicing and progress payments.

Costs relating to sales work and obtaining of contracts are recognised in the income statement as and when they are incurred.

### Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

### Cash and cash equivalents

Cash comprises cash bank deposits

### Other provisions for liabilities

Other provisions for liabilities include the expected cost of warranty commitments, loss on work in progress, restructuring etc. and deferred tax.

Warranty commitments include liabilities for improvement of work within the warranty period of 1 to 5 years. The provision for liabilities is measured and recognised on the basis of experience with warranty work.

When it is likely that the total costs will exceed the total income on the contract work in progress, a provision is made for the total loss that is anticipated for the contract. The provision is recognised as a cost under production costs.

## ACCOUNTING POLICIES

### Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the on account tax scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

### Liabilities

Other liabilities are measured at amortised cost equal to nominal value.

### Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognised directly in the equity.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

## CASH FLOW STATEMENT

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

### Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

### Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

**ACCOUNTING POLICIES**

Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:

Cash and cash equivalents include bank overdraft and cash in hand.