

AALBORG CSP A/S
HJULMAGERVEJ 55, 9000 AALBORG
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2022

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 5 April 2023

Claus Christensen

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COMPANY DETAILS

Company	AALBORG CSP A/S Hjulgagervej 55 9000 Aalborg
	CVR No.: 21 14 20 42 Established: 29 July 1998 Municipality: Aalborg Financial Year: 1 January - 31 December
Board of Directors	Claus Christensen, chairman Per Schak Andreasen Peter Badstue Jensen Søren Sandholm Overgaard Peter Rose Thomsen Per Kirk
Executive Board	Svante Bundgaard
Auditor	BDO Statsautoriseret Revisionsaktieselskab Nørrebro 15 9800 Hjørring

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of AALBORG CSP A/S for the financial year 1 January - 31 December 2022.

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 Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2022.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

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

Aalborg, 30 March 2023

Executive Board

Svante Bundgaard

Board of Directors

Claus Christensen
Chairman

Per Schak Andreasen

Peter Badstue Jensen

Søren Sandholm Overgaard

Peter Rose Thomsen

Per Kirk

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 2022, 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 2022 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2022 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' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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.

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 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 Commentary

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover 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 Management Commentary and, in doing so, consider whether Management Commentary 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that 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 Management Commentary.

Hjørring, 30 March 2023

BDO Statsautoriseret Revisionsaktieselskab
CVR no. 20 22 26 70

Ole Ejsing
State Authorised Public Accountant
MNE no. mne28683

FINANCIAL HIGHLIGHTS

	2022	2021	2020	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Income statement					
Operating profit/loss of main activities...	1.611	1.719	-5.297	3.320	-4.477
Financial income and expenses, net.....	1.653	-891	-728	-112	-396
Profit/loss for the year.....	1.001	574	-4.549	2.578	-3.858
Balance sheet					
Total assets.....	87.043	78.285	55.320	53.532	47.640
Equity.....	24.785	23.785	24.034	27.830	25.181
Cash flows					
Investment in property, plant and equipment.....	-66	-17	0	-132	-284
Key ratios					
Quick ratio.....	159,8	167,3	185,2	246,4	203,1
Equity ratio.....	28,5	30,4	43,4	52,0	52,9
Return on equity.....	4,1	2,4	-17,5	9,7	-14,2

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

Quick ratio:	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Equity ratio:	$\frac{\text{Equity ex. minorities, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$
Return on equity:	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

MANAGEMENT COMMENTARY

Main activity

The primary focus of the Aalborg CSP A/S activities is related to engineering, design, and delivery of components within the field of energy - primarily heat exchangers, thermal energy storage, heat pumps and solar energy for thermal heating and CSP (Concentrated Solar Power). During the financial year of 2022, Aalborg CSP has been engaged in assignments mostly in Denmark, Germany, Norway, USA, Middle East, and Spain.

The 2022 activities are divided between different fields of activity of which engineering and deliveries within the field of energy work accounts for 92%. The remaining 8% are engineering services, including assignments for the Danish Defence and assignments for clients operating within the fields of energy, maritime and technical documentation, and 3D drawing; all fields in which the detached area of business BK Engineering is knowledge intensive.

Activity Development and Financial Conditions

After two years with significant negative effects of the COVID-19 pandemic 2022 saw a normalization of the markets in which Aalborg CSP operates and consequently the company saw an increase in pipeline and order intake during the year. In 2022, we have increased our focus on technologies related to utilization of excess electricity in the grid and excess thermal energy through heat pump technologies as well as storage projects within high temperature and low temperature thermal storage focusing on balancing of excess electrical and thermal energy.

Profit/loss for the year compared to the expected development

The income statement for the period 01.01.22 - 31.12.22 shows a profit of kDKK 1.047 against kDKK 547 for the period 01.01.21 - 31.12.21. The balance shows an equity of kDKK 24.833.

The net result for the financial year 2022 landed in line with outlook presented in the annual report for the financial year 2021.

The management finds the result for the year to be at the expected level.

Significant events after the reporting period

No significant events have occurred after the end of the financial year which are expected to have a material impact on the financial position of the company.

Foreign exchange risks

The Company is exposed to currency risk as part of debtor invoicing is performed in EUR and USD. In order to manage the currency risk the Company enters into forward exchange contracts to hedge the net foreign exchange exposure.

External environment

The companies engineering, design and delivery of components is focused on sustainable & renewable thermal energy solutions. The services and products delivered by the company does not have any significant environmental impact during creation.

Intellectual capital resources

The company is operating in an knowledge-intensive market and attracting and retaining highly-skilled employees is a focus area for the company. The company's focus on renewables and sustainability places the company in an attractive marketplace of both high demand and high competition in relation to attracting and retaining innovative employees.

Research and development activities

During the financial year 2022 R&D activities were focused on cost reduction and thermal performance of the thermal energy storage products for PTES. The cost has been recognized as an immaterial asset.

During the year, Aalborg CSP has also been involved in development projects regarding new technologies e.g. storage of thermal energy. All work connected to such development has been charged to the profit and loss account on a continuous basis.

MANAGEMENT COMMENTARY

Future expectations

Based on order in hand and the pipeline for both the domestic market and the export market Aalborg CSP expects an increased activity during 2023 and a profit for the year in the range of 2-3mDKK.

Branch offices abroad

The company holds a sales and service office in Seville, Spain. The company has initiated wind-down of its branch office in Adelaide, Australia, while continuing to service the Australian market from its head office.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2022 DKK	2021 DKK '000
GROSS PROFIT		39.070.599	35.634
Staff costs.....	1	-36.315.627	-33.016
Depreciation, amortisation and impairment.....		-1.143.666	-899
OPERATING PROFIT		1.611.306	1.719
Income from investments in subsidiaries.....		-1.503.858	-254
Other financial income.....	2	2.006.218	53
Other financial expenses.....		-353.482	-944
PROFIT BEFORE TAX		1.760.184	574
Tax on profit/loss for the year.....	3	-759.118	0
PROFIT FOR THE YEAR	4	1.001.066	574

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2022 DKK	2021 DKK '000
Development projects completed.....		898.126	932
Intangible fixed assets acquired.....		6.164.880	6.825
Intangible assets.....	5	7.063.006	7.757
Production plants and machinery.....		135.549	160
Property, plant and equipment.....	6	135.549	160
Equity investments in group enterprises.....		489.423	1.975
Rent deposit and other receivables.....		324.068	324
Financial non-current assets.....	7	813.491	2.299
NON-CURRENT ASSETS.....		8.012.046	10.216
Raw materials and consumables.....		2.000.000	2.000
Inventories.....		2.000.000	2.000
Trade receivables.....		21.619.481	6.301
Contract work in progress.....	8	7.235.575	6.254
Receivables from group enterprises.....		9.333.652	16.314
Other receivables.....		125.818	289
Prepayments and accrued income.....	9	230.370	402
Receivables.....		38.544.896	29.560
Cash and cash equivalents.....		38.486.096	36.509
CURRENT ASSETS.....		79.030.992	68.069
ASSETS.....		87.043.038	78.285

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2022 DKK	2021 DKK '000
Share capital.....	10	1.750.000	1.750
Reserve for development costs.....		700.538	727
Retained profit.....		22.334.728	21.308
EQUITY.....		24.785.266	23.785
Provision for deferred tax.....	11	3.404.876	4.817
Other provisions for liabilities.....	12	1.515.000	1.177
PROVISIONS.....		4.919.876	5.994
Trade payables.....		5.571.444	5.571
Other liabilities.....		2.294.923	2.247
Non-current liabilities.....	13	7.866.367	7.818
Prepayments received.....	8	11.808.824	9.515
Trade payables.....		32.771.460	17.467
Corporation tax.....		2.150.545	9.513
Other liabilities.....		2.740.700	4.193
Current liabilities.....		49.471.529	40.688
LIABILITIES.....		57.337.896	48.506
EQUITY AND LIABILITIES.....		87.043.038	78.285
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EQUITY

	Share capital	Reserve for net revaluation according to equity value	Reserve for development costs	Retained profit	Total
Equity at 1 January 2022.....	1.750.000	0	726.574	21.307.626	23.784.200
Proposed profit allocation, see note 4....		-1.503.858		2.504.924	1.001.066
Other legal bindings					
Transferred to/from reserve for development costs.....			-26.036	26.036	0
Transfers					
Allowed equalization.....		1.503.858		-1.503.858	0
Equity at 31 December 2022.....	1.750.000	0	700.538	22.334.728	24.785.266

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	2022 DKK	2021 DKK '000
Profit/loss for the year.....	1.001.066	574
Depreciation and amortisation, reversed.....	1.143.666	900
Profit/loss from subsidiaries.....	1.503.858	254
Tax on profit/loss, reversed.....	759.118	0
Other adjustments.....	-19.865	-173
Corporation tax paid.....	-9.512.128	720
Change in receivables (ex tax).....	-8.985.166	-19.664
Change in other provisions.....	338.096	302
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility).....	16.147.692	9.602
CASH FLOWS FROM OPERATING ACTIVITY.....	2.376.337	-7.485
Purchase of intangible assets.....	-361.173	-7.527
Sale of intangible fixed assets.....	0	75.000
Purchase of property, plant and equipment.....	-66.232	-17
Purchase of financial assets.....	-19.013	-59.340
CASH FLOWS FROM INVESTING ACTIVITY.....	-446.418	8.116
Instalments on loans.....	0	-110
Other cash flows from financing activities.....	47.943	0
CASH FLOWS FROM FINANCING ACTIVITY.....	47.943	-110
CHANGE IN CASH AND CASH EQUIVALENTS.....	1.977.862	521
Cash and cash equivalents at 1. januar.....	36.508.234	35.988
CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....	38.486.096	36.509
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents.....	38.486.096	36.509
CASH AND CASH EQUIVALENTS.....	38.486.096	36.509

NOTES

	2022 DKK	2021 DKK '000	Note
Staff costs			1
Average number of employees	48	49	
Wages and salaries.....	32.799.860	29.810	
Pensions.....	2.063.886	2.058	
Social security costs.....	317.620	339	
Other staff costs.....	1.134.261	809	
	36.315.627	33.016	
Remuneration of Management and Board of Directors.....	2.023.708	1.950.285	
	2.023.708	1.950.285	
Other financial income			2
Group enterprises.....	671.295	53	
Other interest income.....	1.334.923	0	
	2.006.218	53	
Tax on profit/loss for the year			3
Calculated tax on taxable income of the year.....	2.150.545	-592	
Adjustment of tax for previous years.....	19.865	0	
Adjustment of deferred tax.....	-1.411.292	592	
	759.118	0	
Proposed distribution of profit			4
Allocation to reserve for net revaluation according to equity value.....	-1.503.858	-254	
Retained earnings.....	2.504.924	828	
	1.001.066	574	
Intangible assets			5
	Development projects completed	Intangible fixed assets acquired	
Cost at 1 January 2022.....	10.834.958	7.964.628	
Additions.....	234.689	126.484	
Disposals.....	0	-199.268	
Cost at 31 December 2022.....	11.069.647	7.891.844	
Amortisation at 1 January 2022.....	9.903.453	1.140.841	
Reversal of amortisation of assets disposed of	0	-199.268	
Amortisation for the year.....	268.068	785.391	
Amortisation at 31 December 2022.....	10.171.521	1.726.964	
Carrying amount at 31 December 2022.....	898.126	6.164.880	

NOTES

Note

Intangible fixed assets (continued)

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Aalborg CSP A/S capitalizes its development costs of new developed products / technologies.

It is crucial for Aalborg CSP A/S to offer its customers innovative solutions. Therefore, we continuously are focusing on possible improvement to our product program enabling us to provide a broader and more innovative product palette.

In 2022 we have initiated R&D projects for cost reduction and thermal performance of the thermal energy storage products for PTES.

Property, plant and equipment

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	Production plants and machinery
Cost at 1 January 2022.....	2.041.366
Additions.....	66.232
Disposals.....	-418.654
Cost at 31 December 2022.....	1.688.944
Depreciation and impairment losses at 1 January 2022.....	1.881.842
Reversal of depreciation of assets disposed of.....	-418.654
Depreciation for the year.....	90.207
Depreciation and impairment losses at 31 December 2022.....	1.553.395
Carrying amount at 31 December 2022.....	135.549

Financial non-current assets

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	Equity investments in group enterprises	Rent deposit and other receivables
Cost at 1 January 2022.....	59.410.000	324.068
Additions.....	19.013	0
Cost at 31 December 2022.....	59.429.013	324.068
Revaluation at 1 January 2022.....	-57.435.732	0
Revaluation and impairment losses for the year.....	-1.503.858	0
Revaluation at 31 December 2022.....	-58.939.590	0
Carrying amount at 31 December 2022.....	489.423	324.068

Investments in subsidiaries (DKK)

Name and domicil	Equity	Profit/loss for the year	Ownership
Header-coil Company A/S, Aalborg.....	51.752.491	-6.910.733	100 %
Aalborg Consult and Engineering ApS, Aalborg..	57.631	-5.740	100 %

NOTES

	2022 DKK	2021 DKK '000	Note
Contract work in progress			8
Sales value of unfinished production period.....	189.440.313	142.833	
Advance billings.....	-194.013.562	-146.094	
Contract work in progress, net.....	-4.573.249	-3.261	
Which is incorporated as follows:			
Contract work in progress (assets).....	7.235.575	6.254	
Prepayments received (liabilities).....	-11.808.824	-9.515	
	-4.573.249	-3.261	
Prepayments and accrued income			9
Costs.....	230.370	402	
	230.370	402	
Prepayments contain prepaid costs relating to the following year.			
Share capital			10
Allocation of share capital:			
A-shares, 1.750 unit in the denomination of 1.000 DKK.....	1.750.000	1.750	
	1.750.000	1.750	
Provision for deferred tax			11
The provision for deferred tax is related to differences between the carrying amount and tax on contract work in progress, intangible and tangible fixed assets and tax loss.			
	2022 DKK	2021 DKK '000	
Deferred tax, beginning of year.....	4.816.168	-1.395	
Deferred tax of the year, income statement.....	-1.411.292	592	
Deferred tax of the year, equity.....	0	-232	
Deferred tax, other adjustments.....	0	5.852	
Provision for deferred tax.....	3.404.876	4.817	
Other provisions for liabilities			12
0-1 år.....	1.515.000	1.177	

Other provisions for liabilities include usual warranty on projects delivered by the company.

NOTES

Note

Long-term liabilities

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	31/12 2022 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2021 total liabilities
Trade payables.....	5.571.444	0	0	5.571.444
Other liabilities.....	2.294.923	0	2.210.267	2.323.503
	7.866.367	0	2.210.267	7.894.947

Contingencies etc.

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Contingent liabilities

Guarantees:

Usual warranty on work performed.

Performance guarantees:

The company has filed working bonds for 29.201 DKK '000.

The company has towards EKF filed guarantee for regress for 3.383 DKK '000.

Rent:

The Company has entered into an agreement regarding property rental with an annual payment of DKK ('000) 936. The agreements have a notice period between 6 and 24 months.

Lease:

The Company has entered into a lease agreement with a remaining term of 32 months and with a payment of total DKK ('000) 230.

Joint liabilities

The company is jointly and severally liable together with the parent company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of BKH Holding I ApS, which serves as management company for the joint taxation.

Charges and securities

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As collateral for exposures to banks is deposited 6.669 DKK '000 in escrow accounts.

As collateral for the bank loans, the company has provided a business charge of a nominal amount of 5.000 DKK '000 secured on intangible and tangible fixed assets, inventories and trade receivables for which the carrying value at 31 December 2022 was 38.054 DKK '000.

NOTES**Note****Related parties****16**

The Company's related parties include:

Controlling interest

BKH Holding I ApS, Hjulmagervej 55, 9000 Aalborg, is the principal shareholder.

Transactions with related parties

The company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

ACCOUNTING POLICIES

The Annual Report of AALBORG CSP A/S for 2022 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium-size enterprises.

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

INCOME STATEMENT

Net revenue

Where products with a high degree of individual adjustments are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total costs and expenses regarding the contract and the degree of completion at the balance sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the company.

When the result of contract work cannot be assessed reliably, revenue is only recognised corresponding to related costs to the extent that it is likely that they will be recovered.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible assets, operating loss as well as salary refunds.

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 of social security etc., for the Company's employees.

Income from investments in subsidiaries

The income statement of the parent company recognises the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

In connection with transfers, potential profits are recognised when the economic rights related to the sold equity interests are transferred, however, at the earliest when the profit has been realised or is regarded as realisable. Moreover, realised losses other than impairments are included where identified.

Financial income and expenses

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

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 and the recoverable amount. Patents are amortised over the remaining patent period and licences are amortised over the period of the agreement, however, no more than 8 years.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Tangible fixed assets

Production plant and machinery are measured at cost less accumulated depreciation and write-down.

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
Production plant and machinery.....	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.

Financial non-current assets

Investments in subsidiaries are measured in the company's balance sheet under the equity method.

Investments in subsidiaries are measured in the balance sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill

Net revaluation of investments in subsidiaries is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition 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.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, write-down is provided to the lower value.

The cost of assets held for sale includes direct and indirect cost related til to the acquisition of the assets.

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 work in progress.

The specific 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.

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.

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.

ACCOUNTING POLICIES

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.

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.