

AALBORG CSP A/S
HJULMAGERVEJ 55, 9000 AALBORG
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2023

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 7 March 2024

Claus Christensen

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COMPANY DETAILS

Company	AALBORG CSP A/S Hjulmagervej 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 2023.

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 2023 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2023.

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, 7 March 2024

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 2023, 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 2023 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2023 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, 7 March 2024

BDO Statsautoriseret Revisionsaktieselskab
CVR no. 20 22 26 70

Ole Ejsing
State Authorised Public Accountant
MNE no. mne28683

FINANCIAL HIGHLIGHTS

	2023	2022	2021	2020	2019
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Income statement					
Operating profit/loss of main activities...	-637	1.611	1.719	-5.297	3.320
Financial income and expenses, net.....	880	1.653	-891	-728	-112
Profit/loss for the year.....	30.062	1.001	574	-4.549	2.578
Balance sheet					
Total assets.....	121.109	87.043	78.285	55.320	53.532
Equity.....	44.847	24.785	23.785	24.034	27.830
Cash flows					
Investment in property, plant and equipment.....	0	-66	-17	0	-132
Key ratios					
Quick ratio.....	165,6	159,7	167,3	185,2	246,4
Equity ratio.....	37,0	28,5	30,4	43,4	52,0
Return on equity.....	86,3	4,1	2,4	-17,5	9,7

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 2023, Aalborg CSP has been engaged in assignments mostly in Denmark, Germany, USA, Middle East, and Spain.

The 2023 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

The management finds the result for the year satisfactory. During the financial year 2023 the markets has shown an overall positive development vs. the normalization seen in 2022. The market conditions combined with increased and focused sales efforts has lead to a significant improvement in project order backlog vs. 2022. In 2023, the company maintained a high 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 01.01.23 - 31.12.23 shows a profit of kDKK 30.062 against kDKK 1.001 for the period 01.01.22 - 31.12.22. The balance shows an equity of kDKK 44.847.

The company sold shares in the subsidiary Header-Coil Company A/S to Alfa Laval Corporate AB, which impacted the net result positively.

The net result for the financial year 2023 was above the outlook expected primarily due to the sales of subsidiary shares.

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 a 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.

MANAGEMENT COMMENTARY

Research and development activities

During the financial year 2023 development activities were focused on cost reduction and thermal performance of the thermal energy storage products for PTES, salt storage heaters, utilization of fuel cells and optimization of technical solutions enabling costs savings. The cost has been recognized as an immaterial asset.

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

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 2024 and a profit for the year in the range of 4-5 mDKK.

Branch offices abroad

The company holds a sales and service office in Seville, Spain.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2023 DKK	2022 DKK '000
GROSS PROFIT	1	43.344.125	37.936
Staff costs.....	2	-42.892.352	-35.181
Depreciation, amortisation and impairment.....		-1.088.937	-1.144
OPERATING LOSS		-637.164	1.611
Income from investments in subsidiaries and associates.....		29.825.874	-1.504
Other financial income.....	3	1.473.370	2.006
Other financial expenses.....		-593.579	-353
PROFIT BEFORE TAX		30.068.501	1.760
Tax on profit/loss for the year.....	4	-6.605	-759
PROFIT FOR THE YEAR	5	30.061.896	1.001

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2023 DKK	2022 DKK '000
Development projects completed.....		1.253.376	898
Intangible fixed assets acquired.....		5.391.051	6.165
Intangible assets.....	6	6.644.427	7.063
Production plants and machinery.....		64.272	136
Property, plant and equipment.....	7	64.272	136
Equity investments in group enterprises.....		54.448	489
Equity investments in associated enterprises.....		0	0
Rent deposit and other receivables.....		324.068	324
Financial non-current assets.....	8	378.516	813
NON-CURRENT ASSETS.....		7.087.215	8.012
Raw materials and consumables.....		2.000.000	2.000
Inventories.....		2.000.000	2.000
Trade receivables.....		16.986.620	21.619
Contract work in progress.....	9	23.739.478	7.236
Receivables from group enterprises.....		9.981.247	9.334
Other receivables.....		1.149.838	126
Prepayments and accrued income.....	10	371.254	230
Receivables.....		52.228.437	38.545
Cash and cash equivalents.....		59.793.351	38.486
CURRENT ASSETS.....		114.021.788	79.031
ASSETS.....		121.109.003	87.043

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2023 DKK	2022 DKK '000
Share Capital.....	11	1.750.000	1.750
Reserve for development costs.....		977.633	700
Retained profit.....		42.119.529	22.335
EQUITY.....		44.847.162	24.785
Provision for deferred tax.....	12	3.411.481	3.405
Other provisions for liabilities.....	13	1.616.475	1.515
PROVISIONS.....		5.027.956	4.920
Trade payables.....		0	5.571
Other liabilities.....		2.363.234	2.295
Non-current liabilities.....	14	2.363.234	7.866
Prepayments received.....	9	23.503.424	11.809
Trade payables.....		41.454.135	32.771
Corporation tax.....		0	2.151
Other liabilities.....		3.913.092	2.741
Current liabilities.....		68.870.651	49.472
LIABILITIES.....		71.233.885	57.338
EQUITY AND LIABILITIES.....		121.109.003	87.043
 Contingencies etc.	 15		
Charges and securities	16		
Related parties	17		
Consolidated Financial Statements	18		

EQUITY

	Share capital	Reserve for net revaluation according to equity value	Reserve for development costs	Retained profit	Proposed dividend	Total
Equity at 1 January 2023.....	1.750.000	0	700.538	22.334.728	0	24.785.266
Proposed profit allocation, see note 5.....		29.825.874		-9.763.978	10.000.000	30.061.896
Transactions with owners						
Extraordinary dividend paid.					-10.000.000	-10.000.000
Other legal bindings						
Transferred to/from reserve for development costs.....			277.095	-277.095		0
Transfers						
Allowed equalization.....		-29.825.874		29.825.874		0
Equity at 31 December 2023.....	1.750.000	0	977.633	42.119.529	0	44.847.162

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	2023 DKK	2022 DKK '000
Profit/loss for the year.....	30.061.896	1.001
Depreciation and amortisation, reversed.....	1.088.937	1.144
Profit/loss from subsidiaries.....	-29.825.874	1.504
Tax on profit/loss, reversed.....	6.605	759
Other adjustments.....	0	-20
Corporation tax paid.....	-2.150.545	-9.512
Change in receivables (ex tax).....	-13.683.544	-8.985
Change in other provisions.....	101.475	338
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility).....	15.978.223	16.147
CASH FLOWS FROM OPERATING ACTIVITY.....	1.577.173	2.376
Purchase of intangible assets.....	-599.079	-361
Purchase of property, plant and equipment.....	0	-66
Purchase of financial assets.....	0	-19
Sale of financial assets.....	30.260.850	0
CASH FLOWS FROM INVESTING ACTIVITY.....	29.661.771	-446
Dividends paid in the financial year.....	-10.000.000	0
Other cash flows from financing activities.....	68.311	48
CASH FLOWS FROM FINANCING ACTIVITY.....	-9.931.689	48
CHANGE IN CASH AND CASH EQUIVALENTS.....	21.307.255	1.978
Cash and cash equivalents at 1. januar.....	38.486.096	36.508
CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....	59.793.351	38.486
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents.....	59.793.351	38.486
CASH AND CASH EQUIVALENTS.....	59.793.351	38.486

NOTES

	2023 DKK	2022 DKK '000	Note
Special items			1
Other operating income.....	4.491.194	0	
	4.491.194	0	
Staff costs			2
Average number of full time employees	54	48	
Wages and salaries.....	40.060.307	32.799	
Pensions.....	2.501.398	2.064	
Social security costs.....	330.647	318	
	42.892.352	35.181	
Remuneration of Management and Board of Directors.....	2.166.323	2.024	
	2.166.323	2.024	
Other financial income			3
Group enterprises.....	151.663	671	
Other interest income.....	1.321.707	1.335	
	1.473.370	2.006	
Tax on profit/loss for the year			4
Calculated tax on taxable income of the year.....	0	2.150	
Adjustment of tax for previous years.....	0	20	
Adjustment of deferred tax.....	6.605	-1.411	
	6.605	759	
Proposed distribution of profit			5
Extraordinary dividend.....	10.000.000	0	
Allocation to reserve for net revaluation according to equity value.....	29.825.874	-1.504	
Retained earnings.....	-9.763.978	2.505	
	30.061.896	1.001	

NOTES

Note

Intangible assets

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	Development projects completed	Intangible fixed assets acquired
Cost at 1 January 2023.....	11.069.647	7.891.845
Additions.....	599.079	0
Cost at 31 December 2023.....	11.668.726	7.891.845
Amortisation at 1 January 2023.....	10.171.521	1.726.964
Amortisation for the year.....	243.829	773.830
Amortisation at 31 December 2023.....	10.415.350	2.500.794
Carrying amount at 31 December 2023.....	1.253.376	5.391.051

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 focus on possible improvement to our product program enabling us to provide a broader and more innovative product palette.

In 2023 we initiated and continued R&D projects focusing on cost reduction, utilization of green technologies in horticulture, and application of thermal energy storage.

Property, plant and equipment

7

	Production plants and machinery
Cost at 1 January 2023.....	1.688.944
Cost at 31 December 2023.....	1.688.944
Depreciation and impairment losses at 1 January 2023.....	1.553.394
Depreciation for the year.....	71.278
Depreciation and impairment losses at 31 December 2023.....	1.624.672
Carrying amount at 31 December 2023.....	64.272

NOTES

				Note
Financial non-current assets				8
	Equity investments in group enterprises	Equity investments in associated enterprises	Rent deposit and other receivables	
Cost at 1 January 2023.....	59.429.013	0	324.068	
Transferred.....	-29.076.600	29.076.600	0	
Disposals from demergers and sale of company.	-30.263.400	0	0	
Cost at 31 December 2023.....	89.013	29.076.600	324.068	
Revaluation at 1 January 2023.....	-58.939.589	0	0	
Transferred.....	29.076.600	-29.076.600	0	
Revaluation and impairment losses for the year.	-434.976	0	0	
Disposal of value adjustment on disposed assets.....	30.263.400	0	0	
Revaluation at 31 December 2023.....	-34.565	-29.076.600	0	
Carrying amount at 31 December 2023.....	54.448	0	324.068	
Investments in subsidiaries (DKK)				
Name and domicil	Equity	Profit/loss for the year	Ownership	
Aalborg Consult and Engineering ApS, Aalborg..	54.448	-3.183	100 %	
Investments in associates (DKK)				
Name and domicil	Equity	Profit for the year	Ownership	
Alfa Laval Header-coil Company A/S, Aalborg...	43.716.301	-8.036.191	49 %	
		2023	2022	
		DKK	DKK '000	
Contract work in progress				
Sales value of unfinished production period.....		255.708.766	189.441	9
Advance billings.....		-255.472.712	-194.014	
Contract work in progress, net.....		236.054	-4.573	
Which is incorporated as follows:				
Contract work in progress (assets).....		23.739.478	7.236	
Prepayments received (liabilities).....		-23.503.424	-11.809	
		236.054	-4.573	

NOTES

	2023 DKK	2022 DKK '000	Note
Prepayments and accrued income			10
Costs.....	371.254	230	
	371.254	230	

Prepayments contain prepaid costs relating to the following year.

Share Capital			11
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			12
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.			

	2023 DKK	2022 DKK '000
Deferred tax, beginning of year.....	3.404.876	4.816
Deferred tax of the year, income statement.....	6.605	-1.411
Provision for deferred tax.....	3.411.481	3.405

Other provisions for liabilities			13
0-1 år.....	1.616.475	1.515	

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

	31/12 2023 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2022 total liabilities
Trade payables.....	0	0	0	5.571.444
Other liabilities.....	2.375.245	12.011	2.214.651	2.294.923
	2.375.245	12.011	2.214.651	7.866.367

NOTES

	Note
Contingencies etc.	15
Contingent liabilities	
Guarantees:	
Usual warranty on work performed.	
Performance guarantees:	
The company has filed working bonds for 37.683 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) 1.211. The agreements have a notice period between 1 and 6 months.	
Lease:	
The Company has entered into a lease agreement with a remaining term of 20 months and with a payment of total DKK ('000) 144.	
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	16
As collateral for exposures to banks is deposited 7.001 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 2023 was 68.640 DKK '000.	
Related parties	17
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.	
Consolidated Financial Statements	18
The company is included in the consolidated financial statements of BKH Holding I ApS, Hjulmagervej 55, 9000 Aalborg, CVR number 32 76 31 54.	

ACCOUNTING POLICIES

The Annual Report of AALBORG CSP A/S for 2023 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C.

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.

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 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.

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 and associates

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 and associates are measured in the company's balance sheet under the equity method.

Investments in subsidiaries and associates 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 and associates 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.

Profit and loss at disposal of investments in subsidiaries and associates are determined as the difference between the net selling price and the carrying amount of the disposed investment at the time of sale, including non-depreciated excess values and goodwill. Profit and loss are recognised in the Income Statement under income from investments.

Subsidiaries and associates with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds receivables, the residual amount is recognised under provision for liabilities to the extent that the company's has a legal or actual liability to cover the subsidiaries and associates deficit.

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.

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

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.

ACCOUNTING POLICIES

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.

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 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.

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.

ACCOUNTING POLICIES

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 cash at bank and in hand and short-term securities, for which there is only negligible risk of changes in value, and which are readily negotiable for cash at bank and in hand.