

# **SystemTeknik A/S**

Sundsholmen 3, 9400 Nørresundby

Company reg. no. 25 29 90 94

## **Annual report**

**1 January - 31 December 2019**

The annual report was submitted and approved by the general meeting on the 6 March 2020.

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**Per Søndergaard Pedersen**  
Chairman of the meeting

## Contents

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	<u>Page</u>
<b>Reports</b>	
Management's report	1
Independent auditor's report	2
<b>Management's review</b>	
Company data	5
Management's review	6
<b>Annual accounts 1 January - 31 December 2019</b>	
Profit and loss account	7
Balance sheet	8
Notes	10
Accounting policies used	13

Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

## Management's report

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The board of directors and the managing director have today presented the annual report of SystemTeknik A/S for the financial year 1 January to 31 December 2019.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2019 and of the company's results of its activities in the financial year 1 January to 31 December 2019.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Nørresundby, 6 March 2020

### Managing Director

Claus Gulbech Clausen

### Board of directors

Per Søndergaard Pedersen

Henrik Pilgaard Andersen

Poul Henning Sørensen

Juttine Nielsen

## Independent auditor's report

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### To the shareholders of SystemTeknik A/S

#### Opinion

We have audited the annual accounts of SystemTeknik A/S for the financial year 1 January to 31 December 2019, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January to 31 December 2019 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

#### The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

## Independent auditor's report

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As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

### Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

## Independent auditor's report

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In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Aalborg, 6 March 2020

### **Redmark**

State Authorised Public Accountants  
Company reg. no. 29 44 27 89

### **Marian Fruergaard**

State Authorised Public Accountant  
mne24699

## Company data

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### The company

SystemTeknik A/S  
Sundsholmen 3  
9400 Nørresundby

Phone +4596317333

Web site [www.systemteknik.dk](http://www.systemteknik.dk)

Company reg. no. 25 29 90 94

Financial year: 1 January - 31 December

### Board of directors

Per Søndergaard Pedersen  
Henrik Pilgaard Andersen  
Poul Henning Sørensen  
Juttine Nielsen

### Managing Director

Claus Gulbech Clausen

### Auditors

Redmark  
Statsautoriseret Revisionspartnerselskab  
Hasseris Bymidte 6  
9000 Aalborg

### Bankers

Nordea Bank Danmark

## Management's review

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### **The principal activities of the company**

SystemTeknik A/S' principal activities are construction, production and sales of control panels, power distribution panels and sales of related software and services.

The Company's customers are international and national in the maritime, industrial, building & construction sectors as well as utilities and companies operating in the energy sector (wind, oil and gas).

### **Development in activities and financial matters**

The Company's income statement for the year ended 31 December 2019 shows a profit of DKK 6,253 million after tax.

The Company's balance sheet at 31 December 2019 shows negative equity of DKK 4,371 million. The Company's share capital amounts to DKK 1,880 million.

Management expect that the Company's share capital can be re-established through positive own earnings in the coming years. In end of 2018 has the management launched new initiatives to make the company profitable and has in 2019 succeed with the plan. New initiatives are identified and launched to continue the development.

In 2019 the credit facilities at the bank has been extended.

The company's equity ratio is 52,8 % including subordinate loan capital and owner additional loans.

The Management consider the result for the year to be satisfactory.

### **Events subsequent to the financial year**

In Management's opinion, no events have occurred after the financial year-end, which could significantly affect the Company's financial position.



## Profit and loss account 1 January - 31 December

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Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK in thousands.

<u>Note</u>	<u>2019</u>	<u>2018</u>
<b>Gross profit</b>	<b>26.373.544</b>	<b>18.903</b>
1 Staff costs	-16.871.625	-19.057
Depreciation and writedown relating to tangible fixed assets	-343.356	-328
<b>Operating profit</b>	<b>9.158.563</b>	<b>-482</b>
Income from equity investments in group enterprises	495.272	-2.165
Other financial income from group enterprises	219.960	175
Other financial income	42.901	0
Other financial costs	-2.007.316	-1.757
<b>Results before tax</b>	<b>7.909.380</b>	<b>-4.229</b>
Tax on ordinary results	-1.656.176	0
<b>Results for the year</b>	<b>6.253.204</b>	<b>-4.229</b>
 <b>Proposed distribution of the results:</b>		
Allocated to results brought forward	6.253.204	0
Allocated from results brought forward	0	-4.229
<b>Distribution in total</b>	<b>6.253.204</b>	<b>-4.229</b>

## Balance sheet 31 December

Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK in thousands.

<u>Note</u>	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
<b>Fixed assets</b>		
Production plant and machinery	271.431	123
Other plants, operating assets, and fixtures and furniture	<u>1.820.403</u>	<u>2.011</u>
Tangible fixed assets in total	<u>2.091.834</u>	<u>2.134</u>
Equity investments in group enterprises	0	0
Amounts owed by group enterprises	4.065.429	4.032
Deposits	<u>280.262</u>	<u>272</u>
Financial fixed assets in total	<u>4.345.691</u>	<u>4.304</u>
<b>Fixed assets in total</b>	<b><u>6.437.525</u></b>	<b><u>6.438</u></b>
<b>Current assets</b>		
Raw materials and consumables	<u>1.708.553</u>	<u>1.402</u>
Inventories in total	<u>1.708.553</u>	<u>1.402</u>
Trade debtors	10.009.809	3.887
2 Work in progress for the account of others	830.859	1.613
Amounts owed by group enterprises	3.772.532	2.640
Deferred tax assets	2.434.261	4.090
Other debtors	210.595	347
Accrued income and deferred expenses	<u>454.067</u>	<u>480</u>
Debtors in total	<u>17.712.123</u>	<u>13.057</u>
Available funds	<u>233.386</u>	<u>0</u>
<b>Current assets in total</b>	<b><u>19.654.062</u></b>	<b><u>14.459</u></b>
<b>Assets in total</b>	<b><u>26.091.587</u></b>	<b><u>20.897</u></b>

## Balance sheet 31 December

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Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK in thousands.

<u>Note</u>	<u>2019</u>	<u>2018</u>
<b>Equity and liabilities</b>		
<b>Equity</b>		
3 Contributed capital	1.880.000	1.880
Results brought forward	<u>-6.251.337</u>	<u>-12.498</u>
<b>Equity in total</b>	<b><u>-4.371.337</u></b>	<b><u>-10.618</u></b>
<b>Liabilities</b>		
Subordinate loan capital	6.641.080	6.641
4 Debt to share holders	<u>11.500.000</u>	<u>11.500</u>
Long-term liabilities in total	<u>18.141.080</u>	<u>18.141</u>
Bank debts	0	2.154
Prepayments received from customers	269.291	80
Trade creditors	6.659.764	4.900
Debt to group enterprises	0	13
Other debts	<u>5.392.789</u>	<u>6.227</u>
Short-term liabilities in total	<u>12.321.844</u>	<u>13.374</u>
<b>Liabilities in total</b>	<b><u>30.462.924</u></b>	<b><u>31.515</u></b>
<b>Equity and liabilities in total</b>	<b><u>26.091.587</u></b>	<b><u>20.897</u></b>
5 Mortgage and securities		
6 Contingencies		

## Notes

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Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK in thousands.

	<u>2019</u>	<u>2018</u>
<b>1. Staff costs</b>		
Salaries and wages	15.393.370	17.509
Pension costs	995.290	1.172
Other costs for social security	<u>482.965</u>	<u>376</u>
	<b><u>16.871.625</u></b>	<b><u>19.057</u></b>
Average number of employees	<u>24</u>	<u>28</u>
<b>2. Work in progress for the account of others</b>		
Sales value of the production of the period	<u>830.859</u>	<u>1.613</u>
<b>Work in progress for the account of others, net</b>	<b><u>830.859</u></b>	<b><u>1.613</u></b>
The following is recognised:		
Work in progress for the account of others (current assets)	<u>830.859</u>	<u>1.613</u>
	<b><u>830.859</u></b>	<b><u>1.613</u></b>

### 3. Contributed capital

Over the past five years the following changes in contributed capital has occurred:

- 2016: Cash capital increase of DKK thousand 564
- 2016: Capital reduction of DKK thousand 4,184

## Notes

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Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK in thousands.

	<u>31/12 2019</u>	<u>31/12 2018</u>
<b>4. Debt to share holders</b>		
Debt to share holders in total	11.500.000	11.500
Share of amount due within 1 year	<u>0</u>	<u>0</u>
<b>Debt to share holders in total</b>	<b><u>11.500.000</u></b>	<b><u>11.500</u></b>
Share of liabilities due after 5 years	<u>0</u>	<u>0</u>

## 5. Mortgage and securities

For bank debts, DKK thousands 0, the company has provided security in company assets representing a nominal value of DKK thousands 12,000. This security comprises specific assets with a carrying amount of DKK thousands 13.167.

## 6. Contingencies

### Contingent liabilities

#### Leasing liabilities

The company has entered into operational leasing contracts with an average annual leasing payment of DKK thousands 357. The leasing contracts have between 4 and 35 months left to run, and the total outstanding leasing payment is DKK thousands 563.

The notice of termination concerning the company's leased premises is 8 months, and the total outstanding lease payment is DKK thousands 370.

#### Repurchase commitment

The company has entered into an agreement on invoice borrowing. The company has a repurchase commitment in case of complaints committed to repurchase the invoice.

#### Warranty commitments and other contingent liabilities

The company's bank has issued contract and payment guarantees totaling DKK thousands 262 as of 31 December 2019.

## Notes

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Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK in thousands.

### 6. Contingencies (continued)

#### Joint taxation

PSP Holding ApS, company reg. no 20438444 being the administration company, the company is subject to the Danish scheme of joint taxation and it is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligation to withhold tax on interest, royalties and dividends of the jointly taxed companies.

The liabilities amount to a maximum corresponding to that share of the company capital, which is owned directly or indirectly by the ultimate parent company.

The jointly taxed enterprises' total, known net liability to the Danish tax authorities appears from the annual accounts of the administration company.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

## Accounting policies used

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The annual report for SystemTeknik A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

### Changes in the accounting policies used

The classification of the item "staff cost" has been changed so that certain types of costs that previously have been recognised under staff cost in the future are recognised under the item "other external charges".

The change in classification has no effect on the profit for the year or the balance sheet, neither for the current financial year, nor for the previous financial year. The comparative figures have been adjusted in accordance with the change of classification.

Apart from the above, the annual accounts have been prepared in accordance with the same accounting policies as last year.

### Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

## Accounting policies used

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### Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

In case the foreign group enterprises meet the criteria for being independent units, the profit and loss accounts are translated by using an average exchange rate for the period in question, and the balance sheet items are translated by using the closing rate. Differences arising in connection with the translation of the equity of foreign group enterprises at the beginning of the year to the closing rate are recognised directly in the equity. The same goes for differences arising in connection with translation of the profit and loss accounts from average exchange rate to the closing rate.

At recognition of foreign group enterprises which are integrated units, the monetary items are translated by using the closing rate. Non monetary items are translated by using the exchange rate prevailing at the time of acquisition or at the time of the following depreciation or writedown of the asset. The items of the profit and loss account are translated by using the exchange rate prevailing at the date of the transaction. However, items in the profit and loss account deriving from non monetary items are translated by using historical prices.

Currency adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in the equity. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised in the equity.

## The profit and loss account

### Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.



## Accounting policies used

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The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Contract work in progress concerning construction contracts is recognised concurrently in the net turnover with the progress of the production. Thus the net turnover corresponds to the sales value of the completed productions of the year (the production method). The net turnover is recognised when the total income and costs of the contract and the scope of completion on the balance sheet date can be determined reliably, and when it is likely that the financial benefits will be received by the company.

When the results of a contract can not be determined reliably, the net turnover is only recognised on a cost basis, however, to the extent that it is probable that the costs will be recovered.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

### **Staff costs**

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

### **Depreciation, amortisation and writedown**

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to tangible fixed assets respectively.

### **Net financials**

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

### **Results from equity investments in group enterprises**

After full elimination of intercompany profit or loss and deduction of amortisation of goodwill and addition of negative goodwill, the equity investment in the individual group enterprises are recognised in the profit and loss account at a proportional share of the group enterprises' results after tax.

## Accounting policies used

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### Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

### The balance sheet

#### Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

	<i>Useful life</i>	<i>Residual value</i>
<i>Technical plants and machinery</i>	<i>3-9 years</i>	<i>0-20 %</i>
<i>Other plants, operating assets, fixtures and furniture</i>	<i>2-10 years</i>	<i>0-20 %</i>

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

## Accounting policies used

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### **Writedown of fixed assets**

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

### **Financial fixed assets**

#### **Equity investments in group enterprises**

Equity investments in group enterprises are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

Group enterprises and associated enterprises with negative equity are recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity. If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserves under the equity for net revaluation as per the equity method. Dividends from group enterprises expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprises.

### **Deposits**

Deposits are measured at amortised cost and represent rent deposits, etc.

### **Inventories**

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

## Accounting policies used

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The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

### Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

### Work in progress for the account of others

Contract work in progress is measured at the selling price of the work performed, however with deduction of invoicing on account and expected losses. Contract work in progress is characterised by the manufactured goods featuring a high level of individualisation in the design. Furthermore, it is a requirement that before work is commenced, a binding contract is to be entered into, implying penalty or damages in case of subsequent cancellation.

The selling price is measured on the basis of the stage of completion on the balance sheet date and the total expected income from the individual contracts. The stage of completion is determined on the basis of an evaluation of the work performed, usually determined as the ratio of the costs incurred to the total expected cost of the contract in question.

When it is probable that the total contract costs will exceed the total contract revenue, the expected contract loss is immediately recognised as costs and provisions.

If the results of a contract can not be estimated reliably, the selling price is only recognised on a cost basis, however, to the extent that it is probable that the costs will be recovered.

Contracts for which the selling price of the work performed exceeds invoicing on account and expected losses are recognised as trade debtors. Contracts for which invoicing on account and expected losses exceed the selling price are recognised as liabilities.

Prepayments from customers are recognised under liabilities.

Costs in connection with sales work and the achievement of contracts are recognised in the profit and loss account when incurred.

### Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

## Accounting policies used

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### Available funds

Available funds comprise cash at bank and in hand.

### Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, SystemTeknik A/S is proportionally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

### Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

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