

2022

Annual report for 2022

Nature Energy Construction A/S
Ørbækvej 260, 5220 Odense SØ
CVR no. 27 06 24 66

Adopted at the annual
general meeting on
21 April 2023

Kim Kragelund
chairman

nature
energy

Table of contents

	Page
Statements	
Statement by management on the annual report	1
Independent auditor's report	2
Management's review	
Company details	5
Financial highlights	6
Management's review	7
Financial statements	
Income statement 1 January - 31 December	9
Balance sheet 31 December	10
Statement of changes in equity	12
Notes	13
Accounting policies	20

Statement by management on the annual report

The supervisory board and executive board have today discussed and approved the annual report of Nature Energy Construction A/S for the financial year 1 January - 31 December 2022.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2022 and of the results of the company's operations for the financial year 1 January - 31 December 2022.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Odense, 21 April 2023

Executive board

Jesper Bundgaard
Director

Board of Directors

Ole Hvelplund
chairman

Kim Kragelund
deputy chairman

Jesper Bundgaard

Independent auditor's report

To the shareholder of Nature Energy Construction A/S

Opinion

We have audited the financial statements of Nature Energy Construction A/S for the financial year 1 January - 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2022 and of the results of the company's operations 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements, that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of the 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 judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

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

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

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Independent auditor's report

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Odense, 21 April 2023

PricewaterhouseCoopers
statsautoriseret revisionspartnerselskab
CVR no. 33 77 12 31

Mads Melgaard
State Authorised Accountant
MNE no. mne34354

Claus Damhave
State Authorised Accountant
MNE no. mne34166

Company details

Nature Energy Construction A/S
Ørbækvej 260
5220 Odense SØ

CVR-no. 27 06 24 66

Financial year: 1 January - 31 December 2022

Domicile: Odense

Board of Directors

Ole Hvelplund, chairman
Kim Kragelund, deputy chairman
Jesper Bundgaard

Executive Board

Jesper Bundgaard, director

Auditors

PricewaterhouseCoopers
statsautoriseret revisionspartnerselskab
Munkebjergvænget 1, 3.
5230 Odense M

Bankers

Danske Bank

Consolidated financial statements

The company is reflected in the group report as the parent company NGF Partnership K/S.

Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	2022	2021	2020	2019	2018
	MDKK	MDKK	MDKK	MDKK	MDKK
Key figures					
Profit/loss					
Gross profit/loss	22	32	0	61	7
Profit/loss before amortisation/depreciation and impairment losses	-32	-4	25	31	-13
Profit/loss before net financials	-34	-5	24	29	-26
Profit/loss for the year	-27	2	-6	20	-28
Balance sheet					
Balance sheet total	121	125	286	216	136
Investment in property, plant and equipment	6	0	0	1	0
Equity	2	29	52	58	37
Number of employees	74	47	36	47	58
Financial ratios					
Return on assets	-27.6%	-2.4%	9.6%	16.5%	-18.7%
Solvency ratio	1.7%	23.2%	18.2%	26.9%	27.2%
Return on equity	-174.2%	4.9%	-10.9%	42.1%	-54.4%

For definitions, see the summary of significant accounting policies.

Due to the merger in 2019, comparative figures have been adjusted back from 2018.

Management's review

Business review

The company's purpose is to conduct business in the field of environment and energy. The company designs and builds turnkey biogas plants.

Recognition and measurement uncertainties

The recognition and measurement of items in the annual report is not associated with any uncertainty.

Unusual matters

The company's financial position at 31 December 2022 and the results of its operations for the financial year ended 31 December 2022 are not affected by any unusual matters.

Financial review

The company's income statement for the year ended 31 December 2022 shows a loss of TDKK 27,185, and the balance sheet at 31 December 2022 shows equity of TDKK 1,563.

The Company has lost more than 50% of the share capital. Therefore, the Company is subject to section 119 of the Danish Companies Act. The Executive Board and the Board of Directors expect the share capital to be restored through the Company's ordinary operations and if necessary group contributions.

Management finds the result for the year unsatisfactory compared to expectations.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Objectives and expectations for the coming year

The company acts as the Group's EPC business by primarily serve the Group companies. The company expects a profit for next year in the range of TDKK 40,000 to TDKK 50,000.

Knowledge resources

The company has no research and development activities.

External environment

The company's work with the design and construction of turnkey biogas plants follows the authorities' instructions. Nature Energy Construction A/S's business does not have a special impact on the external environment.

Management's review

The past year and follow-up on last year's expected development

Last year's expectation for the result for 2022 was in the range of TDKK 15,000 to TDKK 25,000, which has been realized at an unsatisfactory level with a loss after tax of TDKK 27,185, among other things due to a lower level of projects than expected.

Special risks - operational risks and financial risks

Operating risks:

The company seeks to eliminate or reduce operational risk in collaborations with external partners, advice from external specialists and not least through building relevant competencies in the Nature Energy companies.

Market risks:

Nature Energy Construction A/S is generally exposed for risk concerning prices for construction materials. The company handles these risks within the procedures of an established risk policy. Risks are sought eliminated through a high degree of fixed price agreement with subcontractors.

Moreover the company's ability to obtain new projects is a risk.

Currency risks:

The company's activities concerning sales and purchases are primarily made in Danish kroner or Euros which entail that the exchange rates do not significantly affect the result, cash flow and equity of the company.

Income statement 1 January - 31 December

	Note	2022 TDKK	2021 TDKK
Gross profit		22,227	31,939
Staff costs	1	-54,050	-35,560
Profit/loss before amortisation/depreciation and impairment losses		-31,823	-3,621
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-849	-659
Other operating costs		-1,074	-679
Profit/loss before net financials		-33,746	-4,959
Income from investments in subsidiaries	3	-122	5,099
Financial income	4	434	479
Financial costs	5	-1,381	-484
Profit/loss before tax		-34,815	135
Tax on profit/loss for the year	6	7,630	1,581
Profit/loss for the year		-27,185	1,716
Distribution of profit	7		

Balance sheet 31 December

	Note	2022 TDKK	2021 TDKK
Assets			
Completed development projects		0	0
Acquired patents		0	0
Software		0	7
Intangible assets	8	0	7
Plant and machinery		208	546
Other fixtures and fittings, tools and equipment		5,882	593
Leasehold improvements		0	0
Tangible assets	9	6,090	1,139
Investments in subsidiaries	10	5,084	0
Other fixed asset investments	11	112	112
Fixed asset investments		5,196	112
Total non-current assets		11,286	1,258
Trade receivables		1,417	1,116
Contract work in progress	12	8,094	49,337
Receivables from group enterprises		79,145	65,090
Other receivables		8,186	1,287
Deferred tax asset	14	12,773	6,754
Prepayments	13	0	65
Receivables		109,615	123,649
Cash at bank and in hand		231	190
Total current assets		109,846	123,839
Total assets		121,132	125,097

Balance sheet 31 December

	Note	2022 TDKK	2021 TDKK
Equity and liabilities			
Share capital		24,000	24,000
Foreign currency translation reserve		-9	0
Retained earnings		<u>-22,428</u>	<u>4,757</u>
Equity		<u>1,563</u>	<u>28,757</u>
Other provisions	15	<u>4,851</u>	<u>5,710</u>
Total provisions		<u>4,851</u>	<u>5,710</u>
Trade payables		64,350	36,303
Contract work in progress, liabilities	12	17,920	15,571
Payables to group enterprises		28,825	27,123
Other payables		<u>3,623</u>	<u>11,633</u>
Total current liabilities		<u>114,718</u>	<u>90,630</u>
Total liabilities		<u>114,718</u>	<u>90,630</u>
Total equity and liabilities		<u><u>121,132</u></u>	<u><u>125,097</u></u>
Rent and lease liabilities	16		
Contingent liabilities	17		
Mortgages and collateral	18		
Related parties and ownership structure	19		
Significant events occurring after the end of the financial year	20		

Statement of changes in equity

	Share capital	Foreign currency translation reserve	Retained earnings	Total
Equity at 1 January 2022	24,000	0	4,757	28,757
Exchange adjustments	0	-9	0	-9
Net profit/loss for the year	0	0	-27,185	-27,185
Equity at 31 December 2022	24,000	-9	-22,428	1,563

Notes

	<u>2022</u> TDKK	<u>2021</u> TDKK
1 Staff costs		
Wages and salaries	47,865	32,472
Pensions	3,987	1,669
Other social security costs	422	275
Other staff costs	<u>1,776</u>	<u>1,144</u>
	<u>54,050</u>	<u>35,560</u>
 Including remuneration to the Executive Board and the Board of Directors	 <u>1,200</u>	 <u> </u>
 Average number of employees	 <u>74</u>	 <u>47</u>
 According to the Financial Statements Act § 98 B sec. 3, the remuneration to the Executive Board and the Board of Directors has been omitted for 2021.		
2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Depreciation intangible assets	6	28
Depreciation tangible assets	<u>843</u>	<u>631</u>
	<u>849</u>	<u>659</u>
 3 Income from investments in subsidiaries		
Share of profits of subsidiaries	<u>-122</u>	<u>5,099</u>
	<u>-122</u>	<u>5,099</u>

Notes

	2022 <small>TDKK</small>	2021 <small>TDKK</small>
4 Financial income		
Interest received from subsidiaries	264	194
Other financial income	165	258
Exchange adjustments	5	27
	<u>434</u>	<u>479</u>
	<u><u>434</u></u>	<u><u>479</u></u>
5 Financial costs		
Financial expenses, group entities	1,287	51
Other financial costs	94	433
	<u>1,381</u>	<u>484</u>
	<u><u>1,381</u></u>	<u><u>484</u></u>
6 Tax on profit/loss for the year		
Deferred tax for the year	-7,617	-1,077
Adjustment of tax concerning previous years	-1,612	1,784
Adjustment of deferred tax concerning previous years	1,599	-2,288
	<u>-7,630</u>	<u>-1,581</u>
	<u><u>-7,630</u></u>	<u><u>-1,581</u></u>
7 Distribution of profit		
Retained earnings	-27,185	1,716
	<u>-27,185</u>	<u>1,716</u>
	<u><u>-27,185</u></u>	<u><u>1,716</u></u>

Notes

8 Intangible assets

	Completed development projects	Acquired patents	Software	Total
Cost at 1 January 2022	2,695	31,028	4,612	38,335
Cost at 31 December 2022	2,695	31,028	4,612	38,335
Impairment losses and amortisation at 1 January 2022	2,695	31,028	4,606	38,329
Amortisation for the year	0	0	6	6
Impairment losses and amortisation at 31 December 2022	2,695	31,028	4,612	38,335
Carrying amount at 31 December 2022	0	0	0	0

Completed development projects relate to the development and testing of machines for transporting biomass. The development activities were completed in 2014 and depreciated over 5 years.

9 Tangible assets

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2022	3,946	2,207	262	6,415
Additions for the year	0	5,793	0	5,793
Cost at 31 December 2022	3,946	8,000	262	12,208
Impairment losses and depreciation at 1 January 2022	3,400	1,613	262	5,275
Depreciation for the year	338	505	0	843
Impairment losses and depreciation at 31 December 2022	3,738	2,118	262	6,118
Carrying amount at 31 December 2022	208	5,882	0	6,090

Notes

	2022 TDKK	2021 TDKK
10 Investments in subsidiaries		
Cost at 1 January 2022	0	31,676
Additions for the year	5,215	0
Disposals for the year	0	-31,676
Cost at 31 December 2022	<u>5,215</u>	<u>0</u>
Revaluations at 1 January 2022	0	-24,545
Disposals for the year	0	19,083
Exchange adjustment	-9	363
Net profit/loss for the year	7,861	5,099
Change in intercompany profit on tangible assets	<u>-7,983</u>	<u>0</u>
Revaluations at 31 December 2022	<u>-131</u>	<u>0</u>
Carrying amount at 31 December 2022	<u>5,084</u>	<u>0</u>

Investments in subsidiaries are specified as follows:

Name	Registered office	Share capital	Ownership interest
Nature Energy Construction France SAS	France	EUR 700,000	100%
Nature Energy Construction Netherlands B.V.	Netherlands	0	100%

Notes

11 Fixed asset investments

	<u>Other fixed asset investments</u>
Cost at 1 January 2022	<u>112</u>
Cost at 31 December 2022	<u>112</u>
Carrying amount at 31 December 2022	<u><u>112</u></u>

12 Contract work in progress

	<u>2022</u>	<u>2021</u>
	<small>TDKK</small>	<small>TDKK</small>
Work in progress, selling price	1,132,182	853,841
Work in progress, payments received on account	<u>-1,142,008</u>	<u>-820,075</u>
	<u><u>-9,826</u></u>	<u><u>33,766</u></u>
Recognised in the balance sheet as follows:		
Contract work in progress under assets	8,094	49,337
Prepayments received under liabilities	<u>-17,920</u>	<u>-15,571</u>
	<u><u>-9,826</u></u>	<u><u>33,766</u></u>

13 Prepayments

Prepayments comprise prepaid expenses regarding rent, insurance premiums, subscriptions and interest.

Notes

	2022 TDKK	2021 TDKK
14 Provision for deferred tax		
Provision for deferred tax at 1 January 2022	-6,754	-5,677
Deferred tax recognised in income statement	-6,019	-1,077
Provision for deferred tax at 31 December 2022	-12,773	-6,754
Deferred tax asset		
Calculated tax asset	12,773	6,754
Carrying amount	12,773	6,754

The recognized tax asset consists primarily of unutilised tax loss to carry-forward, which are expected to be utilized within the next 3-5 years.

15 Other provisions		
Balance at beginning of year at 1 January 2022	5,710	651
Provision in year	4,920	6,863
Applied in the year	-5,779	-1,804
Balance at 31 December 2022	4,851	5,710

The expected due dates of other provisions are:

Within one year	4,035	2,569
Between 1 and 5 years	816	3,141
Balance at 31 December 2022	4,851	5,710

Guarantee provisions include the company's guarantee for completed projects in accordance with the AB rules.

16 Rent and lease liabilities		
Operating lease liabilities.		
Total future lease payments:		
Within 1 year	1,678	1,533
Between 1 and 5 years	194	265
	1,872	1,798

Notes

17 Contingent liabilities

The Group's Danish companies are jointly and severally liable for tax on the Group's jointly taxed income, etc. The total amount of due corporation tax payable is stated in the annual report of NGF Partnership K/S, which is the company that administers co-taxation. Furthermore, the Group's Danish companies are jointly and severally liable for Danish taxes in the form of dividend tax and interest tax. Any subsequent corrections to corporate taxes may increase the the Company's commitment.

18 Mortgages and collateral

The company has provided a payment guarantee of TDKK 231,865 to third parties.

The company is unlimited jointly and severally liable to banks for the subsidiaries; Nature Energy Holsted A/S, Nature Energy Midtfyn A/S, Nature Energy Nordfyn A/S, Nature Energy Vaarst A/S, Nature Energy Kors kro A/S, Nature Energy Videbæk A/S, Nature Energy Hemmet ApS, Nature Energy Sdr. Vium ApS, Nature Energy Månsson A/S, Nature Energy Glansager A/S, Nature Energy Bånlev A/S, Nature Energy Køng A/S, Nature Energy Kværs A/S, Nordliq A/S and Nature Energy Green Transport A/S.

19 Related parties and ownership structure

Controlling interest

NGF Partnership K/S.

Transactions

Transactions with related parties have been made on market terms.

Consolidated financial statements

The company is reflected in the group report as the parent company NGF Partnership K/S.

20 Significant events occurring after the end of the financial year

No significant events have occurred after the balance sheet date that have a significant impact on the assessment of the annual report.

Accounting policies

The annual report of Nature Energy Construction A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied are consistent with those of last year.

The annual report for 2022 is presented in TDKK.

Pursuant to sections §112, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

Basis of recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Accounting policies

Work in progress for third parties (construction contracts) is recognized as production is carried out, whereby the net turnover corresponds to the sales value of the work performed during the year (the production method). This method is used when the total revenue and costs of the construction contract and the degree of completion on the balance sheet date can be measured reliably and it is probable that the economic benefits, including payments, will access the company. Costs incurred in relation to the expected total are used as the degree of completion costs on the construction contract.

Services are recognized in line with the performance of the service to which the contract relates when using the production method, whereby the net turnover corresponds to the sales value of the service performed during the year. The method used when the total income and expenses on the service and the degree of completion on the balance sheet date can be calculated reliably and it is likely that the financial benefits, including payments, will accrue to the company. As a degree of completion, costs incurred in relation to the expected total costs are used the service

Raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and items of property, plant and equipment.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the company's activities, including losses on the sale of intangible assets and items of property, plant and equipment.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Income from investments in subsidiaries, associates and participating interests

The proportionate share of the profit/loss for the year of subsidiaries is recognised in the company's income statement after full elimination of intra-group profits/losses.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet

Intangible assets

Development projects, patents and licences

Development costs comprise costs, wages/salaries and amortisation losses that are directly and indirectly attributable to the company's development activities.

Development projects recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually five years.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the term of the licence, however not more than 8 years.

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Accounting policies

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Plant and machinery	years	5-8
Other fixtures and fittings, tools and equipment	years	3-10
Leasehold improvements	years	5

The fixed assets' residual values are determined at nil.

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Leases

All leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other rent agreements are disclosed under 'Contingencies, etc.'.

Investments in subsidiaries, associates and participating interests

Investments in subsidiaries and associates are measured in the parent company financial statements using the equity method.

The items "Investments in subsidiaries" and "Investments in associates" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries and the associates.

Investments in subsidiaries, associates and participating interests with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

Accounting policies

Other securities and investments, fixed assets

Investments are measured at cost. In cases where the cost price exceeds the recoverable amount, it is written down to this lower value.

Impairment of fixed assets

The carrying amount of intangible assets and other investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Receivables

Receivables are measured in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and the expected aggregate income from the individual work in progress. The stage of completion is determined as the share of the expenses incurred relative to the expected total expenses for the individual work in progress.

Where the selling price of work in progress cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual work in progress is recognised in the balance sheet under receivables or payables. Net assets comprise the sum of work in progress where the selling price of the work performed exceeds invoicing on account. Net liabilities comprise the sum of work in progress where invoicing on account exceeds the selling price.

Selling costs and costs incurred in securing contracts are recognised in the income statement as incurred.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Accounting policies

Equity

Dividends

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions comprise expected expenses relating to warranty commitments, losses on work in progress, restructuring, etc. Provisions are recognised when, as a result of a past event, the company has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Warranty commitments include expenses for remedial action within the warranty period of 1-5 years. Provisions for warranty commitments are measured and recognised based on experience gained from guarantee work. Provisions with an expected maturity of more than one year from the balance sheet date are discounted using a rate that reflects the risk and maturity of the liability.

Income tax and deferred tax

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the assets are expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

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

Cash flow statement

No cash flow statement has been prepared for the parent company, as the parent company's cash flows are included in the consolidated cash flow statement, see section 86(4) of the Danish Financial Statements Act.

Financial Highlights

Definitions of financial ratios.

Return on assets	$\frac{\text{Profit/loss before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$