

# **Power Stow A/S**

Erhvervsparken 7, 4621 Gadstrup

Company reg. no. 27 49 47 22

## **Annual report**

**2017/18**

The annual report have been submitted and approved by the general meeting on the 27 September 2018.

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**Martin Vestergaard**

Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

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## Management's report

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The board of directors and the executive board have today presented the annual report of Power Stow A/S for the financial year 1 May 2017 to 30 April 2018.

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 as on 30 April 2018 and of the company's results of its activities and cash flows in the financial year 1 May 2017 to 30 April 2018.

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.

Gadstrup, 27 September 2018

### Executive board

Martin Vestergaard  
CEO

Jan Louis Mose

### Board of directors

Torben Anker Sørensen  
Chairman

Martin Vestergaard

Hanne Dorthe Malherbes Jensen

## Independent auditor's report

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### To the shareholders of Power Stow A/S

#### Opinion

We have audited the annual accounts of Power Stow A/S for the financial year 1 May 2017 to 30 April 2018, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity, cash flow statement 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 30 April 2018 and of the results of the company's operations and cash flows for the financial year 1 May 2017 to 30 April 2018 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.

Copenhagen, 27 September 2018

### **Redmark**

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

### **Jan Flemming Moldrup**

State Authorised Public Accountant  
MNE-nr. 8996

## Company data

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<b>The company</b>	Power Stow A/S Erhvervsparken 7 4621 Gadstrup
	Company reg. no. 27 49 47 22
	Financial year: 1 May - 30 April
<b>Board of directors</b>	Torben Anker Sørensen, Chairman Martin Vestergaard Hanne Dorthe Malherbes Jensen
<b>Executive board</b>	Martin Vestergaard, CEO Jan Louis Mose
<b>Auditors</b>	Redmark Statsautoriseret Revisionspartnerselskab Dirch Passers Allé 76 2000 Frederiksberg
<b>Bankers</b>	Spar Nord Bank A/S
<b>Parent company</b>	Power Stow International ApS

## Financial highlights

DKK in thousands.	<u>2017/18</u>	<u>2016/17</u>	<u>2015/16</u>	<u>2014/15</u>	<u>2013/14</u>
<b>Profit and loss account:</b>					
Gross profit	145.398	126.020	70.544	28.868	37.742
Results from operating activities	100.945	90.679	43.922	11.178	19.523
Net financials	59.864	6.798	4	4.030	-136
Results for the year	138.088	75.741	34.211	11.612	14.370
<b>Balance sheet:</b>					
Balance sheet sum	263.525	190.062	122.094	64.882	53.896
Investments in tangible fixed assets represent	3.433	2.468	1.339	3.815	3.600
Equity	179.508	138.821	83.080	48.869	37.257
<b>Cash flow:</b>					
Operating activities	51.404	100.122	53.010	5.816	-18.024
Investment activities	-2.553	-2.328	-1.902	-3.815	-3.599
Financing activities	-19.719	-49.670	-55.816	1.088	68
Cash flow in total	29.131	48.125	-4.708	3.089	-21.556
<b>Employees:</b>					
Average number of full time employees	72	51	40	32	34
<b>Key figures in %:</b>					
Acid test ratio	307,4	361,0	369,5	300,7	233,2
Solvency ratio	68,1	73,0	68,0	75,3	69,1
Return on equity	86,8	68,3	51,9	27,0	47,8

The calculation of key figures and ratios does in all material respects follow the Danish Association of Finance Analysts' recommendations and does only in a few respects deviate from the recommendations.

The key figures appearing from the survey have been calculated as follows:

<b>Acid test ratio</b>	$\frac{\text{Current assets} \times 100\%}{\text{Short-term liabilities}}$
<b>Equity share</b>	$\frac{\text{Equity, closing balance} \times 100\%}{\text{Assets in total, closing balance}}$
<b>Return on equity</b>	$\frac{\text{Results for the year} \times 100\%}{\text{Average equity}}$



## Management's review

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### The principal activities of the company

Company activities include development, production and sales of a system for transporting baggage in cargo compartments of airplanes.

The system reduces the hard physical work when pushing/throwing baggage up to 8 meters in the cargo compartment. The system, which primarily consists of an electrically powered roller conveyor, is installed on an existing conveyor belt. The roller conveyor can be driven in and out of the cargo compartment and thereby make it possible to transport baggage inside the airplane. This results in a productivity improvement as the work of loading and unloading can now be carried out by 2 persons, compared with 3 people without the use of the Power Stow system.

Use of the system also allows built-in systems for loading and unloading to be removed from the airplane. This reduces the weight and consequently saves fuel, being both an economic and an environmental asset, and helps make Power Stow a very competitive product.

### Unusual matters

There have been no unusual circumstances during the financial year.

### Uncertainties as to recognition or measurement

There are none uncertainties as to recognition or measurement.

### Development in activities and financial matters

The gross profit for the year is DKK 145,4 mio against DKK 126,0 mio last year. The results from ordinary activities after tax are DKK 138,1 mio against DKK 75,7 mio last year.

Due to a restructuring of the group, a subsidiary has been sold with an internal profit of DKK 62 mio. The management consider the results satisfactory.

At the end of the financial year the equity was DKK 180 mio. against DKK 139 mio. last year. The strong capital structure is an expression of the will to invest long-term with a goal of strengthening the company's position on the global market.

### Special risks

Exchange rate risks:

Activities abroad cause earnings, cash flows and equity to be affected by the development in the exchange rate for a number of currencies. Management evaluates the risk on a regular basis in order to hedge the overall exposure.

### Environmental issues

The company is continuously working on measures that can reduce environmental impact by optimizing production processes and recycling waste products. This is a natural part of the Company's objectives for product quality and production conditions.

## Management's review

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### **Know how resources**

The Company's business base includes the delivery of high-tech and reliable systems for transporting luggage in aircraft cargo spaces. This area places particularly high demands on the employees' knowledge resources and business processes. In addition, there are special requirements for knowledge resources regarding the development and production of the roller conveyor.

In order to continuously deliver these solutions, it is vital that the Company can recruit and maintain employees with a high level of education.

### **Research and development activities**

In order to be able to evolve and diversify the offered products, there have been an increased focus on research and development activities in the financial year.

### **The expected development**

There will be a continued focus on strengthening the organization and systems to meet the increased demands from our customers. Based on the current backlog of orders, the overall activities and result is expected to be higher than last year.

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

There have been no events with materially effect on the Annual Report, after the end of the financial year.

### **Branches abroad**

The Company has no branches abroad.

## Profit and loss account 1 May - 30 April

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All amounts in DKK.

<u>Note</u>	<u>2017/18</u>	<u>2016/17</u>
<b>Gross profit</b>	<b>145.397.979</b>	<b>126.019.609</b>
1 Staff costs	-41.819.964	-32.677.693
Depreciation and writedown relating to tangible fixed assets	-2.632.566	-2.662.474
<b>Operating profit</b>	<b>100.945.449</b>	<b>90.679.442</b>
Income from equity investments in group enterprises	62.395.337	0
Other financial income	1.204.897	6.915.491
Other financial costs	-3.736.468	-117.761
<b>Results before tax</b>	<b>160.809.215</b>	<b>97.477.172</b>
Tax on ordinary results	-22.720.909	-21.736.100
<b>2 Results for the year</b>	<b>138.088.306</b>	<b>75.741.072</b>

## Balance sheet 30 April

All amounts in DKK.

<b>Assets</b>			
<u>Note</u>		<u>2018</u>	<u>2017</u>
<b>Fixed assets</b>			
3	Other plants, operating assets, and fixtures and furniture	3.830.294	3.706.209
	Tangible fixed assets in total	3.830.294	3.706.209
4	Equity investments in group enterprises	0	5.663
5	Deposits	1.605.200	1.605.200
	Financial fixed assets in total	1.605.200	1.610.863
	<b>Fixed assets in total</b>	<b>5.435.494</b>	<b>5.317.072</b>
<b>Current assets</b>			
	Raw materials and consumables	26.454.862	15.681.575
	Work in progress	5.739.897	3.013.719
	Inventories in total	32.194.759	18.695.294
6	Trade debtors	10.296.646	2.233.163
	Amounts owed by group enterprises	116.212.501	102.411.553
7	Deferred tax assets	1.118.167	826.218
	Other debtors	12.803.172	4.716.179
8	Accrued income and deferred expenses	872.150	1.289.415
	Debtors in total	141.302.636	111.476.528
	Available funds	84.592.019	54.573.306
	<b>Current assets in total</b>	<b>258.089.414</b>	<b>184.745.128</b>
	<b>Assets in total</b>	<b>263.524.908</b>	<b>190.062.200</b>

## Balance sheet 30 April

All amounts in DKK.

<b>Equity and liabilities</b>			
<u>Note</u>		<u>2018</u>	<u>2017</u>
<b>Equity</b>			
9	Contributed capital	3.000.000	3.000.000
10	Results brought forward	96.508.311	100.821.005
11	Proposed dividend for the financial year	80.000.000	35.000.000
	<b>Equity in total</b>	<b><u>179.508.311</u></b>	<b><u>138.821.005</u></b>
<b>Liabilities</b>			
	Deposits	67.563	67.563
	Long-term liabilities in total	<u>67.563</u>	<u>67.563</u>
	Bank debts	1.738.606	851.292
12	Prepayments received from customers	1.245.615	1.661.263
	Trade creditors	12.472.507	10.483.107
	Debt to group enterprises	0	5.918.311
	Corporate tax	23.012.859	21.968.490
	Other debts	45.479.447	10.291.169
	Short-term liabilities in total	<u>83.949.034</u>	<u>51.173.632</u>
	<b>Liabilities in total</b>	<b><u>84.016.597</u></b>	<b><u>51.241.195</u></b>
	<b>Equity and liabilities in total</b>	<b><u>263.524.908</u></b>	<b><u>190.062.200</u></b>
<b>13 Mortgage and securities</b>			
<b>14 Contingencies</b>			
<b>15 Related parties</b>			

## Statement of changes in equity

All amounts in DKK.

	Contributed capital	Results brought forward	Proposed dividend for the financial year	In total
Equity 1 May 2016	3.000.000	60.079.933	20.000.000	83.079.933
Distributed dividend	0	0	-20.000.000	-20.000.000
Profit or loss for the year brought forward	0	40.741.072	35.000.000	75.741.072
Equity 1 May 2017	3.000.000	100.821.005	35.000.000	138.821.005
Distributed dividend	0	0	-35.000.000	-35.000.000
Profit or loss for the year brought forward	0	-4.312.694	80.000.000	75.687.306
Extraordinary dividend adopted during the financial year	0	62.401.000	0	62.401.000
Distributed extraordinary dividend adopted during the financial year.	0	-62.401.000	0	-62.401.000
	<b>3.000.000</b>	<b>96.508.311</b>	<b>80.000.000</b>	<b>179.508.311</b>

## Cash flow statement 1 May - 30 April

All amounts in DKK.

Note	2017/18	2016/17
Results before interests	100.945.447	90.679.442
16 Adjustments	2.429.190	2.662.474
17 Change in working capital	-27.470.623	9.986.886
Cash flow from operating activities before net financials	75.904.014	103.328.802
Interest received and similar amounts	3.084.247	6.915.493
Interest paid and similar amounts	-5.615.818	-117.761
Cash flow from ordinary activities	73.372.443	110.126.534
Corporate tax paid	-21.968.489	-10.004.665
<b>Cash flow from operating activities</b>	<b>51.403.954</b>	<b>100.121.869</b>
Purchase of tangible fixed assets	-3.433.468	-2.467.778
Sale of tangible fixed assets	880.192	30.103
Sale of financial fixed assets	0	110.000
<b>Cash flow from investment activities</b>	<b>-2.553.276</b>	<b>-2.327.675</b>
Intra group financing	-19.719.279	-29.669.674
Dividend paid	0	-20.000.000
<b>Cash flow from financing activities</b>	<b>-19.719.279</b>	<b>-49.669.674</b>
<b>Changes in available funds</b>	<b>29.131.399</b>	<b>48.124.520</b>
Available funds 1 May 2017	53.722.014	5.597.494
<b>Available funds 30 April 2018</b>	<b>82.853.413</b>	<b>53.722.014</b>
<b>Available funds</b>		
Available funds	84.592.019	54.573.306
Short-term bank debts	-1.738.606	-851.292
<b>Available funds 30 April 2018</b>	<b>82.853.413</b>	<b>53.722.014</b>

## Notes

All amounts in DKK.

	2017/18	2016/17
<b>1. Staff costs</b>		
Salaries and wages	35.347.346	27.066.659
Pension costs	5.286.266	4.754.319
Other costs for social security	243.966	174.098
Other staff costs	942.386	682.617
	<b>41.819.964</b>	<b>32.677.693</b>
Executive board and board of directors	2.235.230	2.833.910
Average number of employees	72	51
<b>2. Proposed distribution of the results</b>		
Extraordinary dividend adopted during the financial year	62.401.000	0
Dividend for the financial year	80.000.000	35.000.000
Allocated to results brought forward	0	40.741.072
Allocated from results brought forward	-4.312.694	0
<b>Distribution in total</b>	<b>138.088.306</b>	<b>75.741.072</b>
	30/4 2018	30/4 2017
<b>3. Other plants, operating assets, and fixtures and furniture</b>		
Cost 1 May 2017	14.410.767	11.974.809
Additions during the year	3.433.468	2.467.778
Disposals during the year	-1.038.942	-31.819
<b>Cost 30 April 2018</b>	<b>16.805.293</b>	<b>14.410.768</b>
Amortisation and writedown 1 May 2017	-10.704.559	-8.011.983
Depreciation for the year	-2.632.566	-2.692.576
Reversal of depreciation, amortisation and writedown, assets disposed of	362.126	0
<b>Amortisation and writedown 30 April 2018</b>	<b>-12.974.999</b>	<b>-10.704.559</b>
<b>Book value 30 April 2018</b>	<b>3.830.294</b>	<b>3.706.209</b>



## Notes

All amounts in DKK.

	30/4 2018	30/4 2017
<b>4. Equity investments in group enterprises</b>		
Acquisition sum, opening balance 1 May 2017	5.663	5.663
Disposals during the year	-5.663	0
<b>Cost 30 April 2018</b>	<b>0</b>	<b>5.663</b>
Yearly increase	62.395.337	0
Reversals for the year concerning disposals	-62.395.337	0
<b>Writedown 30 April 2018</b>	<b>0</b>	<b>0</b>
<b>Book value 30 April 2018</b>	<b>0</b>	<b>5.663</b>
<b>5. Deposits</b>		
Cost 1 May 2017	1.605.200	1.705.200
Disposals during the year	0	-100.000
<b>Cost 30 April 2018</b>	<b>1.605.200</b>	<b>1.605.200</b>
<b>Book value 30 April 2018</b>	<b>1.605.200</b>	<b>1.605.200</b>
<b>6. Trade debtors</b>		
Trade debtors	10.421.646	2.358.163
Writedown relating to debtors	-125.000	-125.000
	<b>10.296.646</b>	<b>2.233.163</b>
<b>7. Deferred tax assets</b>		
Deferred tax assets 1 May 2017	826.218	593.829
Deferred tax of the results for the year	291.949	232.389
	<b>1.118.167</b>	<b>826.218</b>

## Notes

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All amounts in DKK.

	<u>30/4 2018</u>	<u>30/4 2017</u>
<b>8. Accrued income and deferred expenses</b>		
Other prepayments	<u>872.150</u>	<u>1.289.415</u>
	<b><u>872.150</u></b>	<b><u>1.289.415</u></b>
<b>9. Contributed capital</b>		
Contributed capital 1 May 2017	<u>3.000.000</u>	<u>3.000.000</u>
	<b><u>3.000.000</u></b>	<b><u>3.000.000</u></b>
<b>10. Results brought forward</b>		
Results brought forward 1 May 2017	100.821.005	60.079.933
Profit or loss for the year brought forward	-4.312.694	40.741.072
Extraordinary dividend adopted during the financial year	62.401.000	0
Distributed extraordinary dividend adopted during the financial year.	<u>-62.401.000</u>	<u>0</u>
	<b><u>96.508.311</u></b>	<b><u>100.821.005</u></b>

## Notes

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All amounts in DKK.

	<u>30/4 2018</u>	<u>30/4 2017</u>
<b>11. Proposed dividend for the financial year</b>		
Dividend 1 May 2017	35.000.000	20.000.000
Distributed dividend	-35.000.000	-20.000.000
Dividend for the financial year	<u>80.000.000</u>	<u>35.000.000</u>
	<b><u>80.000.000</u></b>	<b><u>35.000.000</u></b>

<b>12. Prepayments received from customers</b>		
Prepayments received from customers	<u>1.245.615</u>	<u>1.661.263</u>
	<b><u>1.245.615</u></b>	<b><u>1.661.263</u></b>

## 13. Mortgage and securities

The company has made surety for Power Stow International ApS.

## 14. Contingencies

### Contingent liabilities

There are no contingent liabilities.

### Joint taxation

Martin Vestergaard Holding ApS, company reg. no 39423170 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

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.

## Notes

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All amounts in DKK.

### 15. Related parties

#### Controlling interest

Power Stow International ApS  
Erhvervsparken 7  
4621 Gadstrup  
Denmark

Majority shareholder

#### Transactions

Transactions with related parties have been made regarding sale, purchase of goods, rent og services.

## Notes

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All amounts in DKK.

	<u>2017/18</u>	<u>2016/17</u>
<b>16. Adjustments</b>		
Depreciation and amortisation	2.632.566	2.692.576
Profit from sale of fixed assets	<u>-203.376</u>	<u>-30.102</u>
	<b><u>2.429.190</u></b>	<b><u>2.662.474</u></b>
<b>17. Change in working capital</b>		
Change in inventories	-13.499.465	-2.455.190
Change in debtors	-15.733.210	13.612.110
Change in trade creditors and other liabilities	<u>1.762.052</u>	<u>-1.170.034</u>
	<b><u>-27.470.623</u></b>	<b><u>9.986.886</u></b>

## Accounting policies used

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The annual report for Power Stow A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (medium sized enterprises).

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

### 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 asset can be measured reliably.

Liabilities are recognised in the balance sheet when 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.

## 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.

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.

## Accounting policies used

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

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, amortisation and writedown for the year and gains and losses on disposal of intangible and tangible fixed assets.

### **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.

Dividend from equity investments in group enterprises is recognised in the financial year where the dividend is declared.

### **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.

## Accounting policies used

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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.

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

	<i>Useful life</i>
<i>Other plants, operating assets, fixtures and furniture</i>	<i>3-5 years</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 loss is recognised in the profit and loss account under depreciation.

### **Financial fixed assets**

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

Equity investments in group enterprises are measured at cost. In case the recoverable amount is lower than the cost, writedown takes place to this lower value.

#### **Inventories**

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

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

#### **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.

#### **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.

### Equity

#### Dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

### 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, Power Stow A/S is unlimited, jointly and severally 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

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

## The cash flow statement

The cash flow statement shows the cash flow of the company for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities, respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

## Accounting policies used

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### **Cash flow from operating activities**

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

### **Cash flow from investment activities**

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

### **Cash flow from financing activities**

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

### **Available funds**

Available funds comprise cash funds with deduction of short-term bank debt and short-term securities with a term of less than 3 months which can easily be converted into cash funds and on which only an insignificant risk of value changes exists.