

Power Stow A/S

Erhvervsparken 7, 4621 Gadstrup

Company reg. no. 27 49 47 22

Annual report

2019/20

The annual report was submitted and approved by the general meeting on the 19 November 2020.

Martin Vestergaard
Chairman of the meeting

Contents

	<u>Page</u>
Reports	
Management's report	1
Independent auditor's report	2
Management commentary	
Company information	5
Financial highlights	6
Management commentary	7
Financial statements 1 May 2019 - 30 April 2020	
Accounting policies	19
Income statement	9
Statement of financial position	10
Statement of changes in equity	12
Statement of cash flows	13
Notes	14

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS 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 %.

Management's report

Today, the board of directors and the executive board have presented the annual report of Power Stow A/S for the financial year 2019/20.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 30 April 2020 and of the company's results of activities and cash flows in the financial year 1 May 2019 – 30 April 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Gadstrup, 19 November 2020

Executive board

Martin Vestergaard
CEO

Jan Louis Mose

Board of directors

Søren de Freiesleben Røssel

Anders Malherbes Vestergaard

Hanne Dorthe Malherbes Jensen

Martin Vestergaard

Anne Clara Malherbes
Vestergaard

Independent auditor's report

To the shareholder of Power Stow A/S

Opinion

We have audited the financial statements of Power Stow A/S for the financial year 1 May 2019 - 30 April 2020, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity, statement of cash flows and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 30 April 2020 and of the results of the company's activities and cash flows for the financial year 1 May 2019 - 30 April 2020 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 section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting 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 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 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.

Independent auditor's report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of 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 and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 commentary

Management is responsible for the management commentary.

Our opinion on and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 19 November 2020

Redmark

Statsautoriseret Revisionspartnerselskab
Company reg. no. 29 44 27 89

Mark Leerdrup Hansen

State Authorised Public Accountant
mne19802

Company information

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

Financial highlights

DKK in thousands.	2019/20	2018/19	2017/18	2016/17	2015/16
Income statement:					
Gross profit	194.789	278.881	144.695	126.020	70.544
Profit from ordinary operating activities	135.149	220.681	100.945	90.679	43.922
Net financials	-957	-3.734	59.864	6.798	4
Results for the year	104.676	171.405	138.088	75.741	34.211
Statement of financial position:					
Balance sheet total	140.995	260.708	263.525	190.062	122.094
Investments in property, plant and equip-ment	2.744	8.034	3.433	2.468	1.339
Equity	25.589	70.913	179.508	138.821	83.080
Cash flows:					
Operating activities	52.629	153.500	51.404	100.122	53.010
Investing activities	1.529	-6.263	-2.553	-2.328	-1.902
Financing activities	-84.496	-172.969	-19.719	-49.670	-55.816
Total cash flows	-30.339	-25.732	29.131	48.125	-4.708
Employees:					
Average number of full-time employees	92	95	72	51	40
Key figures in %:					
Acid test ratio	124,3	135,7	318,2	369,5	300,7
Solvency ratio	18,1	27,2	68,1	73,0	68,0
Return on equity	216,9	136,9	86,8	68,3	51,9

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Acid test ratio
$$\frac{\text{Current assets} \times 100\%}{\text{Short term liabilities other than provisions}}$$

Solvency ratio
$$\frac{\text{Equity, closing balance} \times 100\%}{\text{Total assets, closing balance}}$$

Return on equity
$$\frac{\text{Net profit or loss for the year} \times 100\%}{\text{Average equity}}$$

Management commentary

The principal activities of the company

The activities include development, production and sales of cargo handling solutions for the aviation industry.

The solutions reduce the hard physical work and strain on luggage handlers. They also increase the speed and flexibility when loading and offloading bulk baggage and cargo.

Unusual circumstances

The global Covid-19 crisis have had a substantial negative impact on the aviation industry. Since the first cases of the disease in December 2019, the crisis escalated rapidly, and on 11 March 2020, the WHO declared a pandemic. The subsequent many travel restrictions resulted in a sharp slowdown in investments in new equipment among the Group's customers. However, the economic effect of the crisis did not affect the Group until the end of the financial year, and the impact on the result for the year has therefore been limited.

Uncertainties about recognition or measurement

There are no uncertainties as to recognition or measurement.

Development in activities and financial matters

The gross profit for the year is DKK 194,8 mio against DKK 278,9 mio last year. The results from ordinary activities after tax are DKK 104,7 mio against DKK 171,4 mio last year. Management considers the results satisfactory and in line with last years expectations.

Special risks

Financial risks

The company is only to a limited extent affected by risks in the form of changes in prices, creditworthiness, liquidity and cash flows. When possible, long-term price agreements are made with significant

Foreign currency risks

Activities abroad cause earnings, cash flows and equity to be affected by the development in the exchange rate of several 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 commentary

Know how resources

The Company's business includes the delivery of high-tech and reliable systems for handling luggage in aircraft cargo spaces and airports. 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, the company have maintained its focus on research and development activities in the financial year.

Expected developments

As a result of the current Covid-19 crisis, a large proportion of the company's customers have chosen to postpone planned investments. As a consequence, a significant decline in the company's overall level of activity and profit is expected in the current financial year. Based on completed capacity adjustments and the company's order backlog, a small positive result is expected for the current financial year, although there is still significant uncertainty about the continued development of the Covid-19 crisis. The company has a continued focus on introducing new products and financing options to the market.

Events occurring after the end of the financial year

The global Covid-19 crisis, which started at the end of the financial year, continues to negatively affect the aviation industry and thus the expectations for the current financial year. In relation to the recognition and measurement of the company's accounting items for the financial year 2019/20, no subsequent regulatory matters have been identified.

Income statement 1 May - 30 April

All amounts in DKK.

<u>Note</u>	<u>2019/20</u>	<u>2018/19</u>
Gross profit	194.788.564	278.881.456
1 Staff costs	-56.160.330	-54.942.483
Depreciation and impairment of property, land, and equipment	-3.479.396	-3.258.284
Operating profit	135.148.838	220.680.689
Other financial income from group enterprises	1.708.386	4.286.948
Other financial income	207.117	1.355.857
2 Other financial costs	-2.872.569	-9.377.031
Pre-tax net profit or loss	134.191.772	216.946.463
Tax on ordinary results	-29.516.169	-45.541.664
3 Net profit or loss for the year	104.675.603	171.404.799

Statement of financial position at 30 April

All amounts in DKK.

Assets			
<u>Note</u>		<u>2020</u>	<u>2019</u>
Non-current assets			
4	Other fixtures and fittings, tools and equipment	5.805.000	8.151.074
	Total property, plant, and equipment	5.805.000	8.151.074
5	Deposits	2.034.238	2.034.238
	Total investments	2.034.238	2.034.238
	Total non-current assets	7.839.238	10.185.312
Current assets			
	Raw materials and consumables	53.772.687	40.619.761
	Work in progress	7.111.770	3.464.897
	Manufactured goods and goods for resale	6.297.082	0
	Total inventories	67.181.539	44.084.658
	Trade receivables	27.504.922	26.138.299
	Receivables from group enterprises	0	111.727.932
6	Deferred tax assets	1.402.654	1.403.510
	Other receivables	8.478.470	8.276.550
7	Prepayments and accrued income	1.706.089	1.466.768
	Total receivables	39.092.135	149.013.059
	Available funds	26.881.891	57.425.341
	Total current assets	133.155.565	250.523.058
	Total assets	140.994.803	260.708.370

Statement of financial position at 30 April

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2020</u>	<u>2019</u>
Equity			
8	Contributed capital	3.000.000	3.000.000
	Retained earnings	22.588.713	67.913.110
	Proposed dividend for the financial year	0	0
	Total equity	<u>25.588.713</u>	<u>70.913.110</u>
Provisions			
9	Other provisions	6.120.990	5.130.689
	Total provisions	<u>6.120.990</u>	<u>5.130.689</u>
Liabilities other than provisions			
	Deposits	83.521	0
	Other payables	2.076.814	0
10	Total long term liabilities other than provisions	<u>2.160.335</u>	<u>0</u>
	Bank loans	98.914	303.734
	Prepayments received from customers	3.665.188	3.393.681
	Trade payables	9.019.155	15.200.864
	Payables to group enterprises	56.322.309	102.546.435
	Income tax payable	29.515.316	46.440.416
	Other payables	8.503.883	16.779.441
	Total short term liabilities other than provisions	<u>107.124.765</u>	<u>184.664.571</u>
	Total liabilities other than provisions	<u>109.285.100</u>	<u>184.664.571</u>
	Total equity and liabilities	<u>140.994.803</u>	<u>260.708.370</u>
11 Mortgage and securities			
12 Contingencies			
13 Related parties			

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 May 2019	3.000.000	67.913.110	70.913.110
Profit or loss for the year brought forward	0	-45.324.397	-45.324.397
Extraordinary dividend adopted during the financial year	0	150.000.000	150.000.000
Distributed extraordinary dividend adopted during the financial year.	0	-150.000.000	-150.000.000
	3.000.000	22.588.713	25.588.713

Statement of cash flows 1 May - 30 April

All amounts in DKK.

Note	2019/20	2018/19
Results for the year	135.148.839	220.680.689
14 Adjustments	817.377	1.941.755
15 Change in working capital	-35.939.869	-42.989.040
Cash flows from operating activities before net financials	100.026.347	179.633.404
Interest received and similar amounts	1.915.503	1.998.677
Interest paid and similar amounts	-2.872.569	-5.732.907
Cash flows from ordinary activities	99.069.281	175.899.174
Corporate tax paid	-46.440.414	-22.399.449
Cash flows from operating activities	52.628.867	153.499.725
Purchase of tangible fixed assets	-2.743.530	-8.033.928
Sale of tangible fixed assets	4.272.227	1.771.393
Cash flows from investment activities	1.528.697	-6.262.535
Intra group financing	65.503.806	-12.968.996
Dividend paid	-150.000.000	-160.000.000
Cash flow from financing activities	-84.496.194	-172.968.996
Change in cash and cash equivalents	-30.338.630	-25.731.806
Cash and cash equivalents at 1 May 2019	57.121.607	82.853.413
Cash and cash equivalents at 30 April 2020	26.782.977	57.121.607
Cash and cash equivalents		
Cash on hand and demand deposits	26.881.891	57.425.341
Short-term bank loans	-98.914	-303.734
Cash and cash equivalents at 30 April 2020	26.782.977	57.121.607

Notes

All amounts in DKK.

	<u>2019/20</u>	<u>2018/19</u>
1. Staff costs		
Salaries and wages	49.539.591	46.589.824
Pension costs	5.873.658	7.632.499
Other costs for social security	314.022	323.489
Other staff costs	433.059	396.671
	<u>56.160.330</u>	<u>54.942.483</u>
Executive board and board of directors	<u>4.088.720</u>	<u>4.784.276</u>
Average number of employees	<u>92</u>	<u>95</u>
2. Other financial costs		
Financial costs, group enterprises	1.043.337	4.184.773
Other financial costs	1.829.232	5.192.258
	<u>2.872.569</u>	<u>9.377.031</u>
3. Proposed appropriation of net profit		
Extraordinary dividend adopted during the financial year	150.000.000	200.000.000
Allocated from retained earnings	<u>-45.324.397</u>	<u>-28.595.201</u>
Total allocations and transfers	<u>104.675.603</u>	<u>171.404.799</u>

Notes

All amounts in DKK.

	30/4 2020	30/4 2019
4. Other fixtures and fittings, tools and equipment		
Cost 1 May 2019	23.783.770	16.805.293
Adjustment due to change of accounting policies	0	-31.813
Additions during the year	2.743.530	8.033.928
Disposals during the year	-8.689.347	-1.023.638
Cost 30 April 2020	17.837.953	23.783.770
Amortisation and writedown 1 May 2019	-15.632.696	-12.974.999
Adjustment due to change of accounting policies	0	31.813
Depreciation for the year	-3.479.396	-3.258.197
Reversal of depreciation, amortisation and writedown, assets disposed of	7.079.139	568.687
Amortisation and writedown 30 April 2020	-12.032.953	-15.632.696
Carrying amount, 30 April 2020	5.805.000	8.151.074
5. Deposits		
Cost 1 May 2019	2.034.238	1.605.200
Additions during the year	0	429.038
Cost 30 April 2020	2.034.238	2.034.238
Carrying amount, 30 April 2020	2.034.238	2.034.238
6. Deferred tax assets		
Deferred tax assets 1 May 2019	1.403.510	1.118.167
Deferred tax of the results for the year	-856	285.343
	1.402.654	1.403.510
7. Prepayments and accrued income		
Other prepayments	1.706.089	1.466.768
	1.706.089	1.466.768

Notes

All amounts in DKK.

	30/4 2020	30/4 2019
8. Contributed capital		
Contributed capital 1 May 2019	3.000.000	3.000.000
	3.000.000	3.000.000
9. Other provisions		
Other provisions 1 May 2019	5.130.689	2.850.535
Change of the year in other provisions	990.301	2.280.154
	6.120.990	5.130.689
Maturity is expected to be:		
0-1 years	1.865.739	2.557.918
1-5 years	4.255.251	2.572.771
more than 5 years	0	0
	6.120.990	5.130.689

Other provisions include ordinary guarantee obligations for the sale of goods.

10. Liabilities other than provision

	Total payables 30 Apr 2020	Current portion of long term payables	Long term payables 30 Apr 2020	Outstanding payables after 5 years
Deposits	83.521	0	83.521	83.521
Other payables	2.076.814	0	2.076.814	0
	2.160.335	0	2.160.335	83.521

Notes

All amounts in DKK.

11. Mortgage and securities

The company has provided surety for Power Stow International ApS, for all debt to Spar Nord bank A/S.

12. Contingencies

Joint taxation

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

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

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

There are no other contingent liabilities.

13. Related parties

Controlling interest

Related parties with controlling interest include the parent company Power Stow International ApS, Erhvervsparken 7, 4621 Gadstrup, Denmark and ultimate parent Martin Vestergaard Holding ApS, Erhvervsparken 7, 4621 Gadstrup, Denmark.

Transactions

Transactions with related parties have been made regarding sale, purchase of goods, rent and services. All transactions have been made on arms-length principle.

Consolidated financial statements

The company is included in the consolidated financial statements of Martin Vestergaard Holding ApS, CVR-no. 39423170, which is the largest in which the company is a subsidiary.

Notes

All amounts in DKK.

	<u>2019/20</u>	<u>2018/19</u>
14. Adjustments		
Depreciation, amortisation, and impairment	3.479.396	3.258.197
Profit from sale of fixed assets	<u>-2.662.019</u>	<u>-1.316.442</u>
	<u>817.377</u>	<u>1.941.755</u>
15. Change in working capital		
Change in inventories	-23.096.881	-11.889.899
Change in receivables	-1.807.862	-12.338.685
Change in trade payables and other payables	<u>-11.035.126</u>	<u>-18.760.456</u>
	<u>-35.939.869</u>	<u>-42.989.040</u>

Accounting policies

The annual report for Power Stow A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets and liabilities are recognised in the balance sheet when the asset or 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.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of transaction. Exchange rate differences arising between the rate at the date of transaction and the rate at the date of payment are recognised in the income statement as an item under net financials.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

The net turnover from sale of cargo handling solutions and related services 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.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Accounting policies

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

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

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses 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 income statement with the amounts concerning the financial year.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

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

Statement of financial position

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 future, be recognised as a change in the accounting estimates.

Accounting policies

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

Accounting policies

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other plants, operating assets, fixtures and furniture	3-10 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible assets 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 for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount 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 derived from the use of the asset or group of assets.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Deposits

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

Inventories

Inventories are measured at cost on the basis of weighted measured average prices. In cases when the net realisable value is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Accounting policies

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

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 equity. Proposed dividend is recognised as a liability at the time of approval by the annual general meeting (time of declaration).

Income tax and deferred tax

Current tax receivables and tax liabilities are recognised in the statement of financial position with 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 receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Power Stow A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

Other provisions

Provisions comprise expected costs of warranty commitment. Provisions are recognised when the company has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the company.

If the settlement of the commitment is expected to take place in some remote future, provisions are measured at the net realisable value or at fair value.

Accounting policies

Warranty commitments comprise commitments to repair work being carried out within the warranty period of 15 years. The provisions are measured at the net realisable value and recognised on the basis of experience with warranty work. If provisions have an expected due date later than 1 year from the reporting date, they are discounted at the average bond interest.

Liabilities other than provisions

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

Statement of cash flows

The statement of cash flows shows company cash flows for the year divided into cash flows derived from operating activities, investment activities, and financing activities, respectively, changes in cash and cash equivalents, and cash equivalents at the beginning and end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit or loss for the year adjusted for noncash operating items, changes in the working capital, and income tax paid.

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the share capital and associated costs. Furthermore, cash flows comprise borrowings, repayments of interest-bearing payables, and payments of dividend to the shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits less shortterm bank loans and shortterm financial instruments with a term of less than 3 months which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.