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ESA TRUCKS DANMARK A/S
KOKBJERG 1 B, 6000 KOLDING
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2016

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 20 June 2017**

Henrik Karlsen

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COMPANY DETAILS

Company	ESA Trucks Danmark A/S Kokbjerg 1 B 6000 Kolding CVR no.: 29 91 33 82 Established: 15 September 2006 Registered Office: Kolding Financial Year: 1 January - 31 December
Board of Directors	Klaas Michiel Elema, Chairman Willem van Nispen Henrik Karlsen
Board of Executives	Henrik Karlsen
Auditor	BDO Statsautoriseret revisionsaktieselskab Birkemose Allé 39 6000 Kolding
Bank	Danske Bank Holmens Kanal 2 1090 Copenhagen K Rabobank Griffeweg 80 9723 Groningen

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of ESA Trucks Danmark A/S for the year 1 January - 31 December 2016.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the the Company's financial position at 31 December 2016 and of the results of the the Company's operations and cash flows for the financial year 1 January - 31 December 2016.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the review.

We recommend the Annual Report be approved at the Annual General Meeting.

Kolding, 20 June 2017

Board of Executives

Henrik Karlsen

Board of Directors

Klaas Michiel Elema
Chairman

Willem van Nispen

Henrik Karlsen

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of ESA Trucks Danmark A/S

Opinion

We have audited the Financial Statements of ESA Trucks Danmark A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity, cash flows, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2016 and of the results of the Company operations and cash flows for the financial year 1 January - 31 December 2016 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the Financial Statements

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

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility for the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

INDEPENDENT AUDITOR'S REPORT

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

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

Statement on Management'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.

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.

Kolding, 20 June 2017

BDO Statsautoriseret revisionsaktieselskab
CVR-nr. 20 22 26 70

Jørn Holm
State Authorised Public Accountant

FINANCIAL HIGHLIGHTS

	2016 DKK '000	2015 DKK '000	2014 DKK '000	2013 DKK '000	2012 DKK '000
Income statement					
Gross profit/loss.....	17.645	18.822	8.048	0	0
Operating profit/loss.....	-1.777	3.455	-5.332	-634	-1.112
Financial income and expenses, net.....	-1.111	-2.121	-2.204	-2.619	-2.069
Profit/loss for the year.....	-6.650	1.334	-7.536	-2.964	-2.393
Balance sheet					
Balance sheet total.....	72.468	64.697	63.264	85.734	55.558
Equity.....	12.567	5.351	-5.984	1.553	1.829
Cash flows					
Cash flows from operating activities.....	-992	-3.990	17.496	-6.894	-4.008
Cash flows from investment-related activities.....	-2.042	284	-3.356	2.565	-4.915
Cash flows from financing activities.....	5.501	799	-11.801	0	0
Total cash flows.....	2.467	-2.907	2.339	-4.329	-8.923
Investment in tangible fixed assets.....	-3.144	-1.431	-5.416	-2.426	-1.184
Ratios					
Solvency ratio.....	17,3	8,3	Neg.	1,8	3,3

The ratios stated in the list of key figures and ratios have been calculated as follows:

Solvency ratio:
$$\frac{\text{Equity ex. minorities, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$$

The ratios follow in all material respects the recommendations of the Danish Finance Society.

MANAGEMENT'S REVIEW

Principal activities

The company's activities is to conduct business in negotiating trucks, truck repair etc. and related activities decided by the Supervisory Board.

Development in activities and financial position

The annual report shows a result of DKK ('000) -6,650 after tax, total assets of DKK ('000) 72,468 and an equity by the end of the year of DKK ('000) 12,567

The resultat is significantly affected by reversal of deferred tax, net effect DKK ('000) -3,762 and provision relating to legal proceedings.

The company has not been able to realize positive earnings in 2016, and the result is considered unsatisfactory.

A written guarantee of loan has been received from the parent company. Equity of the company is at 31st December 2016 increased with a capital contribution on 13,9 m DKK which has settled previous loans from the parent company at year end.

Profit/loss for the year compared to future expectations

The result is not at a satisfactory level in relation to previous announced expectations.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the company's financial position.

Special risks

General risk

The company's main operating risk is linked to the ability to be strongly positioned in the market, where products are sold, and to ensure a consistently competitive price.

Currency risks

The company has foreign currency transactions, which are mainly in euros. There is consequently no identified significant risks related to currency.

Credit risks

Credit risk arises from the risk of default on transactions with both internal and external parties. The company's credit risk is mainly related to trade receivables, other receivables, cash and intercompany loans.

Liquidity risks

The company monitors its liquidity position by using continuous cash flow budgets. Management ensures that the company's liquidity position is adequate, so the company can repay its creditors and comply with banking covenants.

Environmental situation

The company is environmentally conscious and works continuously to reduce the environmental impact of the company's activity. ESA Trucks Denmark AIS is ISO 14001 certified.

Knowledge resources

One of the company's most important resource is it's employees. Continuous development of staff skills and professional challenges for the employees is prioritized.

The authorizartion as DAF dealer and service partner is also found to be essential for the positive development of the company in the future.

ESA Truck Denmark A/S is ISO 9001 certified in all departments of the company. This helps to provide security to customers and customers' vechicles, which are being treated with high quality.

MANAGEMENT'S REVIEW

Future expectations

The management expects rising growth in the future.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2016 DKK '000	2015 DKK '000
GROSS PROFIT		17.645	18.822
Staff costs.....	1	-16.815	-13.462
Depreciation, amortisation and impairment.....		-2.607	-1.905
OPERATING LOSS		-1.777	3.455
Other financial income.....		13	0
Other financial expenses.....	2	-1.124	-2.121
PROFIT BEFORE TAX		-2.888	1.334
Tax on profit/loss for the year.....	3	-3.762	0
PROFIT FOR THE YEAR	4	-6.650	1.334

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2016 DKK '000	2015 DKK '000
Land and buildings.....		13.498	14.090
Production plants and machinery.....		899	1.264
Other plants, machinery, tools and equipment.....		14.651	2.955
Tangible fixed assets.....	5	29.048	18.309
Rent deposit and other receivables.....		70	127
Fixed asset investments.....	6	70	127
FIXED ASSETS.....		29.118	18.436
Spare parts.....		4.549	4.067
Trucks.....		16.966	25.919
Inventories.....		21.515	29.986
Trade receivables.....		15.683	8.897
Contract work in progress.....		898	948
Deferred tax assets.....	7	0	3.762
Other receivables.....		1.274	603
Prepayments and accrued income.....	8	106	658
Receivables.....		17.961	14.868
Cash and cash equivalents.....		3.874	1.407
CURRENT ASSETS.....		43.350	46.261
ASSETS.....		72.468	64.697

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2016 DKK '000	2015 DKK '000
Share capital.....	9	15.344	15.344
Retained profit.....		-2.777	-9.993
EQUITY.....		12.567	5.351
Other provisions for liabilities.....	10	530	516
PROVISION FOR LIABILITIES.....		530	516
Lease liabilities.....		17.082	9.096
Long-term liabilities.....	11	17.082	9.096
Short-term portion of long-term liabilities.....	11	2.840	1.040
Bank debt.....		21.301	16.586
Trade payables.....		8.122	13.938
Payables to group enterprises.....		0	11.633
Other liabilities.....		4.360	2.234
Accruals and deferred income.....		5.666	4.303
Current liabilities.....		42.289	49.734
LIABILITIES.....		59.371	58.830
EQUITY AND LIABILITIES.....		72.468	64.697
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EQUITY

	Share capital	Retained profit	Total
Equity at 1 January 2016.....	15.344	-9.994	5.350
Group contributions.....		13.867	13.867
Proposed distribution of profit.....		-6.650	-6.650
Equity at 31 December 2016.....	15.344	-2.777	12.567

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	2016	2015
	DKK '000	DKK '000
Profit/loss for the year.....	-6.650	1.334
Reversed depreciation of the year.....	2.693	1.985
Reversed realization gains.....	-86	-80
Reversed tax on profit/loss for the year.....	3.762	0
Change in inventory.....	8.471	-6.409
Change in receivables.....	-6.855	-122
Change in current liabilities (ex bank and tax).....	-2.327	-698
CASH FLOWS FROM OPERATING ACTIVITY.....	-992	-3.990
Purchase of tangible fixed assets.....	-3.144	-1.431
Sale of tangible fixed assets.....	1.045	1.272
Sale of financial assets.....	57	443
CASH FLOWS FROM INVESTING ACTIVITY.....	-2.042	284
Changes in bank debt.....	4.729	5.716
Repayments of loans.....	-1.462	-1.310
Change in loans from parent company.....	-11.633	-13.607
Grant from parent company.....	13.867	10.000
CASH FLOWS FROM FINANCING ACTIVITY.....	5.501	799
CHANGE IN CASH AND CASH EQUIVALENTS.....	2.467	-2.907
Cash and cash equivalents at 1. januar.....	1.407	4.314
CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....	3.874	1.407

NOTES

	2016 DKK '000	2015 DKK '000	Note
Staff costs			1
Average number of employees 32 (2015: 29)			
Wages and salaries.....	14.785	11.826	
Pensions.....	1.083	959	
Social security costs.....	180	89	
Other staff costs.....	767	588	
	16.815	13.462	
Remuneration to management and the board is not provided with reference to the Danish Financial Statements Act § 98b, 3.			
Other financial expenses			2
Group enterprises.....	245	471	
Other interest expenses.....	879	1.650	
	1.124	2.121	
Tax on profit/loss for the year			3
Adjustment of deferred tax.....	3.762	0	
	3.762	0	
Proposed distribution of profit			4
Accumulated profit.....	-6.650	1.334	
	-6.650	1.334	
Tangible fixed assets			5
	Land and buildings	Production plants and machinery	Other plants, machinery, tools and equipment
Cost at 1 January 2016.....	19.162	4.306	5.303
Additions.....	57	84	14.254
Disposals.....	0	0	-1.420
Cost at 31 December 2016.....	19.219	4.390	18.137
Depreciation and impairment losses at 1 January 2016.....	5.072	3.042	2.348
Reversal of depreciation of assets disposed of..	0	0	-457
Depreciation for the year.....	649	449	1.595
Depreciation and impairment losses at 31 December 2016.....	5.721	3.491	3.486
Carrying amount at 31 December 2016.....	13.498	899	14.651

The value of recognized tangible fixed assets not owned by the company, DKK ('000) 24,025

NOTES

			Note
Fixed asset investments			6
		Rent deposit and other receivables	
Cost at 1 January 2016.....		127	
Disposals.....		-57	
Cost at 31 December 2016.....		70	
Carrying amount at 31 December 2016.....		70	
<p>Of the leasing receivable, 31. december 2016, DKK ('000) 70, 100 % is due within one year from the balance date.</p>			
Deferred tax assets			7
<p>Provision for deferred tax relates to differences between the carrying amount and the tax value of tangible fixed assets, loan costs, lease liabilities and tax losses.</p>			
Deferred tax concerns			
Land and buildings.....	-125	-555	
Production plants and machinery.....	899	1.264	
Other plants, machinery, tools and equipment.....	-760	-1.092	
Loan costs.....	-306	-306	
Lease liabilities.....	-5	-5	
Tax losses.....	-25.436	-22.042	
	-25.733	-22.736	
Deferred tax, 1. January 2016.....	3.762	3.762	
Adjustment.....	-3.762	0	
Deferred tax assets 31 December 2016.....	0	3.762	
	2016	2015	
	DKK '000	DKK '000	
Prepayments and accrued income			8
Insurances.....	106	658	
	106	658	

Prepaid expenses includes primarily insurance concerning the following financial year.

NOTES

	2016 DKK '000	2015 DKK '000	Note
Share capital			9
Specification of the share capital:			
Shares, 15.344.199 in the denomination of 1 DKK.....	15.344	15.344	
	15.344	15.344	
Other provisions for liabilities			10
0-1 year.....	530	516	

Provisions are provisions for warranty repairs.

	1/1 2016 total liabilities	31/12 2016 total liabilities	Repayment next year	Debt outstanding after 5 years	11
Long-term liabilities					
Lease liabilities.....	10.136	19.922	2.840	6.041	
	10.136	19.922	2.840	6.041	

Contingencies etc. 12

Contingent liabilities

The company has repurchase obligations on sold trucks at approx ('000) DKK 33,660, pr. 31. december 2016 excl. trucks where the truck manufacturer has assumed this obligation.

The company has provided various payment guarantees for a total of ('000) DKK 200.

The company has signed a lease agreement with an annual rent of ('000) DKK 931. The rental agreement is ineligible until 7 years after the balance sheet date. Total lease obligation pr. 31. december 2016 of ('000) DKK 6,519

The company is a party to a consolidated group financing agreement, in which the company guarantees the total debt. The credit limit amounts to ('000) EUR 8,000

Joint liabilities

The Danish companies of the group is jointly and severally liable for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Charges and securities 13

As security for debt to banks, DKK ('000) 21,300 a floating company charge of a total amount of DKK ('000) 17,500 has been registered on production plant and machinery, other plant, fixtures and equipment, trade receivables, and inventories, the carrying amount of which is DKK ('000) 52.748 at 31 December 2016.

Land and buildings, the carrying amount of which is DKK ('000) 13,498 at 31 December 2016, are financed by finance leases for which the lease liability is DKK ('000) 9,021 at 31 December 2016

NOTES**Note****Related parties**

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The Controlling interest

ESA B.V, Bornholmstraat 54, 9723 AZ Groningen, which is the main shareholder.

Other related parties having performed transactions with the company

The company's related parties having a significant influence comprise subsidiaries and associates as well as the companies' Board of Directors, Board of Executives and executive officers and their relatives. Related parties include also companies in which the above mentioned group of persons has material interests.

Transactions with related parties

The company did not carry out any substantial transactions that were not concluded on market conditions.

ACCOUNTING POLICIES

The annual report of ESA Trucks Danmark A/S for 2016 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium enterprise.

The Annual Report is prepared consistently with the accounting principles used last year.

INCOME STATEMENT

Net revenue

The company's revenue is generated by the repair, servicing and sales of trucks and related products and services.

At the conclusion of a sales contract, consisting of several separate sales transactions, divided contract amount of the individual sales, according to the relative current value method. The separate sales transactions is recognized as revenue when the criteria applicable to sales of goods or services are met.

A contract is divided into individual transactions if the fair value of individual sales can be reliably and sales transactions each have independent value to the buyer. Sales Transactions deemed to be of value to the buyer when the transaction is individually identifiable and usually sold individually.

Revenue is measured at the fair value of the consideration paid excl. VAT and duties collected on behalf of third parties. All discounts granted are recognized in revenue.

Sale of goods

Revenue from sale of goods and finished goods is recognized as revenue when the transition of the main benefits and risks to the buyer, the revenue can be reliably measured and payment is expected.

Revenue from sales of goods which delivery at the buyer's request is deferred, is recognized as revenue when title to the goods passes to the buyer.

Services

Revenue from the provision of services that include repairs and service contracts are recognized in net revenue as the services are provided, since the benefits provided in the form of an indeterminate number of acts over a specified period of time.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Financial income and expenses in general

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

ACCOUNTING POLICIES

Tax on profit for the year

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Tangible fixed assets

Land and buildings, production plant and machinery, other plants, fixtures and equipment are measured at cost less accumulated depreciation and write-down. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Buildings.....	30 years	0 %
Other plants, fixtures and equipment.....	5 - 8 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Lease contracts

Lease contracts relating to tangible fixed assets

where the company bears all material risks and benefits attached to the ownership (finance lease) are recognised as assets in the balance sheet. The assets are at the initial recognition measured at calculated cost equal to the lower of fair value and present value of the future lease payments. The internal interest rate of the lease contract is used as discounting factor or an approximate value when calculating the present value. Finance lease assets are depreciated similarly to the company's other tangible fixed assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability and the interest portion of the lease payment is recognised in the income statement over the term of the contract.

Fixed asset investments

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

ACCOUNTING POLICIES

Impairment of fixed assets

The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, write-down is provided to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, write-down is provided to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down to meet expected losses.

Contract work in progress

Work in progress for third parties is measured at cost price including directly-related costs. No on-account profits relating to work in progress for third parties have been recognised.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Other provisions for liabilities

Other provisions for liabilities include the expected cost of warranty commitments etc. Provisions are recognized when, as a result of a past event, has a legal or constructive obligation and it is probable that the obligation will cause an outflow of financial resources.

Provisions are measured at net realization value.

ACCOUNTING POLICIES

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the on account tax scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Other liabilities are measured at amortised cost equal to nominal value.

Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognised directly in the equity.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

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

ACCOUNTING POLICIES

CASH FLOW STATEMENT

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:

Cash and cash equivalents include bank overdraft and cash in hand.