



Tel.: +45 76 35 56 00
kolding@bdo.dk
www.bdo.dk

BDO Statsautoriseret revisionsaktieselskab
Kolding Åpark 8A, 7. sal
DK-6000 Kolding
CVR no. 20 22 26 70

ESA TRUCKS DANMARK A/S
KOKBJERG 1B, 6000 KOLDING
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2020

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 28 May 2021**

Henrik Karlsen

CVR NO. 29 91 33 82

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COMPANY DETAILS

Company	ESA Trucks Danmark A/S Kokbjerg 1B 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
Executive Board	Henrik Karlsen
Auditor	BDO Statsautoriseret revisionsaktieselskab Kolding Åpark 8A, 7. sal 6000 Kolding

BOARD OF DIRECTORS STATEMENT AND MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of ESA Trucks Danmark A/S for the financial year 1 January - 31 December 2020.

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 Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2020.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

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

Kolding, 28 May 2021

Executive Board

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 2020, 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 2020** and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2020 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional 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, 28 May 2021

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Jørn Holm
State Authorised Public Accountant
MNE no. mne35808

FINANCIAL HIGHLIGHTS

	2020	2019	2018	2017	2016
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Income statement					
Gross profit/loss.....	26.263	28.580	26.723	21.488	17.645
Operating profit/loss of main activities...	2.123	2.663	3.008	1.476	-1.777
Financial income and expenses, net.....	-1.126	-1.982	-1.888	-1.256	-1.111
Profit/loss for the year.....	1.635	681	1.120	220	-6.650
Balance sheet					
Total assets.....	73.739	111.659	97.831	84.991	72.468
Equity.....	16.231	14.596	13.916	12.787	12.567
Cash flows					
Cash flows from operating activities.....	21.996	11.957	2.858	8.833	-992
Cash flows from investing activities.....	-1.701	1.986	-1.743	-3.667	-2.042
Cash flows from financing activities.....	-17.323	-16.258	-496	-6.392	5.501
Total cash flows.....	2.972	-2.315	619	-1.226	2.467
Investment in property, plant and equipment.....	-8.672	-17.994	-2.663	-7.424	-3.144
Key ratios					
Equity ratio.....	22,0	13,1	14,2	15,0	17,3

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

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

MANAGEMENT COMMENTARY

Principal activities

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

Development in activities and financial and economic position

The annual report shows a result of DKK ('000) 1,635 after tax, total assets of DKK ('000) 73,739 and an equity by the end of the year of DKK ('000) 16,231

The COVID-19 pandemic has had implications on how to manage and operate the Company. The company was fast to implement all the necessary precautions and safeguarding measures suggested by Government and Health Authorities. As a result, we have managed to maintain satisfactory sales, despite a decline in revenue through 2020 compared to 2019.

The result is considered satisfactory.

Profit/loss for the year compared to the expected development

The result is 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.

Financial risk

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 authorization 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' vehicles, which are being treated with high quality.

Future expectations

The management expects increased growth in sales and earnings the future.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2020 DKK '000	2019 DKK '000
GROSS PROFIT	1	26.263	28.580
Staff costs.....	2	-15.279	-16.400
Depreciation, amortisation and impairment.....		-8.861	-9.517
OPERATING PROFIT		2.123	2.663
Other financial income.....	3	89	41
Other financial expenses.....	4	-1.215	-2.023
PROFIT BEFORE TAX		997	681
Tax on profit/loss for the year.....	5	638	0
PROFIT FOR THE YEAR	6	1.635	681

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2020 DKK '000	2019 DKK '000
Land and buildings.....		11.206	11.888
Production plants and machinery.....		604	766
Other plants, machinery, tools and equipment.....		26.492	33.343
Property, plant and equipment.....	7	38.302	45.997
NON-CURRENT ASSETS.....		38.302	45.997
Spare parts.....		5.021	5.467
Trucks.....		18.422	51.405
Inventories.....		23.443	56.872
Trade receivables.....		5.027	5.427
Contract work in progress.....		844	311
Receivables from group enterprises.....		11	18
Deferred tax assets.....	8	600	0
Other receivables.....		920	2.056
Joint taxation contribution.....		38	0
Prepayments and accrued income.....	9	622	18
Receivables.....		8.062	7.830
Cash and cash equivalents.....		3.932	960
CURRENT ASSETS.....		35.437	65.662
ASSETS.....		73.739	111.659

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2020 DKK '000	2019 DKK '000
Share capital.....	10	15.344	15.344
Retained profit.....		887	-748
EQUITY.....		16.231	14.596
Other provisions for liabilities.....	11	485	660
PROVISIONS.....		485	660
Lease liabilities.....		19.003	23.333
Holiday allowance commitment		842	273
Non-current liabilities.....	12	19.845	23.606
Bank debt.....		6.920	17.852
Lease liabilities.....		8.135	11.300
Trade payables		13.458	36.421
Other liabilities.....		2.453	2.009
Accruals and deferred income.....	13	6.212	5.215
Current liabilities.....		37.178	72.797
LIABILITIES.....		57.023	96.403
EQUITY AND LIABILITIES.....		73.739	111.659
 Contingencies etc.	 14		
Charges and securities	15		
Related parties	16		
Consolidated Financial Statements	17		

EQUITY

	Share capital	Retained profit	Total
Equity at 1 January 2020.....	15.344	-748	14.596
Proposed profit allocation, according note 6.....		1.635	1.635
Equity at 31 December 2020.....	15.344	887	16.231

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	2020	2019
	DKK '000	DKK '000
Profit/loss for the year.....	1.635	681
Depreciation and amortisation, reversed.....	8.769	9.569
Reversed realization gains.....	92	-52
Tax on profit/loss, reversed.....	-638	0
Change in inventories.....	33.429	-24.528
Change in receivables (ex tax).....	406	11.708
Change in other provisions.....	-175	-125
Change in current liabilities (ex bank and tax).....	-21.522	14.704
CASH FLOWS FROM OPERATING ACTIVITY.....	21.996	11.957
Purchase of property, plant and equipment.....	-2.520	-3.168
Sale of property, plant and equipment.....	819	5.154
CASH FLOWS FROM INVESTING ACTIVITY.....	-1.701	1.986
Changes in bank debt.....	-10.932	-4.662
Repayments of loans.....	-6.960	-11.596
Other changes in non-current debt.....	569	0
CASH FLOWS FROM FINANCING ACTIVITY.....	-17.323	-16.258
CHANGE IN CASH AND CASH EQUIVALENTS.....	2.972	-2.315
Cash and cash equivalents at 1. januar.....	960	3.275
CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....	3.932	960

NOTES

			Note
Special items			1
The company has received compensation for fixed costs of ('000) DKK 1,289 in connection with the Danish state's COVID-19 compensation packages. The amount is recognized in "Other operating income/Gross profit" in the income statement.			
Staff costs			2
Average number of employees	34	35	
Wages and salaries.....	13.549	14.635	
Pensions.....	1.171	1.180	
Social security costs.....	180	163	
Other staff costs.....	379	422	
	15.279	16.400	
Remuneration to management and the board is not provided with reference to the Danish Financial Statements Act § 98b, 3, 2.			
Other financial income			3
Group enterprises.....	61	0	
Other interest income.....	28	41	
	89	41	
Other financial expenses			4
Group enterprises.....	0	41	
Other interest expenses.....	1.215	1.982	
	1.215	2.023	
Tax on profit/loss for the year			5
Calculated tax on taxable income of the year.....	-38	0	
Adjustment of deferred tax.....	-600	0	
	-638	0	
Proposed distribution of profit			6
Retained earnings.....	1.635	681	
	1.635	681	

NOTES

				Note
Property, plant and equipment				7
	Land and buildings	Production plants and machinery	Other plants, machinery, tools and equipment	
Cost at 1 January 2020.....	19.683	4.769	47.569	
Additions.....	25	47	8.600	
Disposals.....	0	0	-15.335	
Cost at 31 December 2020.....	19.708	4.816	40.834	
Depreciation and impairment losses at 1 January 2020.....	7.795	4.003	14.226	
Reversal of depreciation of assets disposed of..	0	0	-7.737	
Depreciation for the year.....	707	209	7.853	
Depreciation and impairment losses at 31 December 2020.....	8.502	4.212	14.342	
Carrying amount at 31 December 2020.....	11.206	604	26.492	
Finance lease assets.....	11.206		22.621	
Deferred tax assets				8
Provision for deferred tax comprises deferred tax on contract work in progress, inventory and intangible and tangible fixed assets.				
		2020 DKK '000	2019 DKK '000	
Deferred tax of the year, income statement.....		600	0	
Deferred tax assets 31 December 2020.....		600	0	
The Company's deferred tax assets are recognised in the Balance Sheet at DKK ('000) 600. The tax asset relates primarily to unutilized tax losses. The tax asset is recognised on the basis of the expectations on the positive tax profits for the next five years. The assessments are based on the Company's budget for the next year and forecasts for the subsequent years.				
The company has a deferred tax asset of a total of DKK ('000) 4,334 which is not recognized in the balance sheet. The deferred tax asset consists primarily from tax losses.				
Prepayments and accrued income				9
Insurances.....		622	18	
		622	18	
Prepaid expenses includes primarily insurance concerning the following financial year.				

NOTES

					Note
		2020		2019	
		DKK '000		DKK '000	
Share capital					10
Allocation of share capital:					
Shares, 15.344.199 unit in the denomination of 1 DKK.....		15.344		15.344	
		15.344		15.344	
Other provisions for liabilities					11
0-1 year.....		485		660	
Provisions for warranty repairs.					
Long-term liabilities					12
	31/12 2020	Repayment	Debt	31/12 2019	
	total liabilities	next year	outstanding	total liabilities	
			after 5 years		
Lease liabilities.....	27.138	8.135	0	34.633	
Holiday allowance commitment	842	0	0	273	
	27.980	8.135	0	34.906	
Accruals and deferred income					13
Accruals and deferred income includes payments received relating to income in subsequent years.					

NOTES

	Note
Contingencies etc.	14
Contingent assets The company has a deferred tax asset of a total of DKK ('000) 4,334 which is not recognized in the balance sheet. The deferred tax asset consists primarily from tax losses.	
Contingent liabilities The company has repurchase obligations on sold trucks at approx. DKK 104 M per 31. December 2020. This includes repurchase obligations backed by the manufacturer of the truck. 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 1,005. The rental agreement is ineligible until 3 years after the balance sheet date. Total lease obligation pr. 31. december 2020 of ('000) DKK 3,015 The company is a party to a group financing agreement, in which the company guarantees the total debt. The credit limit amounts to ('000) EUR 11,015	
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 etc. Tax payable of the group's jointly taxed income amounts to DKK ('000) 0 at the balance sheet date.	
Charges and securities As security for debt to banks, DKK ('000) 6,920 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) 32,945 at 31 December 2020.	15
Related parties The Company's related parties include:	16
Controlling interest ESA B.V, Bornholmstraat 54, 9723 AZ Groningen, Netherlands, which is the main shareholder.	
Transactions with related parties The company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.	
Consolidated Financial Statements The company is included in the consolidated financial statements of ESA B.V. Bornholmstraat 54, 9723 AZ Groningen, Netherlands.	17

ACCOUNTING POLICIES

The Annual Report of ESA Trucks Danmark A/S for 2020 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium-size enterprises.

The Annual Report is prepared consistently with the accounting principles applied 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, the total value of the sales contract is allocated to the separate sales transactions based on the relative fair 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 separate transactions if the fair value of the separate sales transactions can be reliably established and the sales transactions each have independent value to the buyer. Sales transactions are 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.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Other operating income

Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities, including profit from sale of intangible and tangible fixed assets. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.

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.

ACCOUNTING POLICIES

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

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.

Tax

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.....	10-30 years	0 %
Other plant, fixtures and equipment.....	5-8 years	0-50 %

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 for which the Company bears all material risks and benefits attached to the ownership (finance lease, see IAS 17) are recognised as assets in the Balance Sheet. The assets are at the initial recognition measured at the lower of cost stated at fair value and the and present value of the future lease payments. The internal interest rate of the lease contract, or alternatively the Company’s loan interest, is used as discounting factor when calculating the present value. Finance lease assets are hereafter treated as the Group’s and the Company’s other similar 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 contract period.

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.

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.

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.

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.

ACCOUNTING POLICIES

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.