
Ocean Team Group A/S

Vesterhavsgade 56, DK-6700 Esbjerg

Annual Report for 1 October 2019 - 30 September 2020

CVR No 32 83 33 73

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
15/01 2021

Claus Boel
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Ocean Team Group A/S for the financial year 1 October 2019 - 30 September 2020.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 September 2020 of the Company and the Group and of the results of the Company and Group operations for 2019/20.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Esbjerg, 18 December 2020

Executive Board

Jens Peder Ravn Thomsen
Executive Officer

Board of Directors

Carsten Steen Jensen
Chairman

Jens Peder Ravn Thomsen

Claus Boel

Independent Auditor's Report

To the Shareholders of Ocean Team Group A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 September 2020 and of the results of the Group's and the Parent Company's operations for the financial year 1 October 2019 - 30 September 2020 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Ocean Team Group A/S for the financial year 1 October 2019 - 30 September 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("the Financial Statements").

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 Group 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.

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, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company

Independent Auditor's Report

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 Group's and 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 Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

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

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

- 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 and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 condi-

Independent Auditor's Report

tions may cause the Group and 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Esbjerg, 18 December 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Palle H. Jensen

statsautoriseret revisor

mne32115

Company Information

The Company

Ocean Team Group A/S
Vesterhavsgade 56
DK-6700 Esbjerg

CVR No: 32 83 33 73
Financial period: 1 October - 30 September
Municipality of reg. office: Esbjerg

Board of Directors

Carsten Steen Jensen, Chairman
Jens Peder Ravn Thomsen
Claus Boel

Executive Board

Jens Peder Ravn Thomsen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Esbjerg Brygge 28
DK-6700 Esbjerg

Management's Review

Key activities

Company activities consist of owning shares in subsidiaries and patents for the whole group. Furthermore, it is holding the group management together with some of the administration and internal service departments for the whole group.

Development in the year

The income statement of the Group for 2019/20 shows a profit of DKK 3,347,953, and at 30 September 2020 the balance sheet of the Group shows equity of DKK 25,494,816.

The profit is considered satisfactory by management.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 October - 30 September

	Note	Koncern		Moterselskab	
		2019/20	2018/19	2019/20	2018/19
		DKK	DKK	DKK	DKK
Gross profit/loss		26.722.845	30.702.736	4.425.161	4.881.216
Staff expenses	1	-16.935.223	-22.609.112	-4.006.709	-4.705.885
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-5.347.312	-4.142.719	-417.941	-316.087
Profit/loss before financial income and expenses		4.440.310	3.950.905	511	-140.756
Income from investments in subsidiaries	3	0	0	3.266.718	2.908.563
Financial income	4	6.304	2.616	157.950	226.576
Financial expenses	5	-150.921	-196.524	-46.152	-65.821
Profit/loss before tax		4.295.693	3.756.997	3.379.027	2.928.562
Tax on profit/loss for the year	6	-947.740	-849.106	-31.074	-20.669
Net profit/loss for the year		3.347.953	2.907.891	3.347.953	2.907.893

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year		3.000.000	10.000.000
Reserve for net revaluation under the equity method		3.266.718	0
Retained earnings		-2.918.765	-7.092.107
		3.347.953	2.907.893

Balance Sheet 30 September

Assets

	Note	Koncern		Moderselskab	
		2020 DKK	2019 DKK	2020 DKK	2019 DKK
Acquired patents		1.062.984	987.600	1.062.984	987.600
Intangible assets	7	1.062.984	987.600	1.062.984	987.600
Land and buildings		10.274.237	10.558.549	0	0
Other fixtures and fittings, tools and equipment		5.201.269	5.367.403	22.586	0
Leasehold improvements		0	248.529	0	0
Property, plant and equipment in progress		21.740	1.981.229	0	0
Property, plant and equipment	8	15.497.246	18.155.710	22.586	0
Investments in subsidiaries	9	0	0	19.835.810	23.069.092
Fixed asset investments		0	0	19.835.810	23.069.092
Fixed assets		16.560.230	19.143.310	20.921.380	24.056.692
Inventories	10	2.551.849	3.383.555	0	0
Trade receivables		9.389.659	10.658.471	0	0
Contract work in progress	11	364.521	331.866	0	0
Receivables from group enterprises		0	0	3.066.250	7.071.148
Other receivables		726.783	999.062	0	0
Deferred tax asset	12	409.000	0	0	0
Corporation tax receivable from group enterprises		0	0	0	8.000
Prepayments		406.494	646.819	328.619	524.628
Receivables		11.296.457	12.636.218	3.394.869	7.603.776
Cash at bank and in hand		10.018.895	13.112.913	3.572.554	4.198.320
Currents assets		23.867.201	29.132.686	6.967.423	11.802.096
Assets		40.427.431	48.275.996	27.888.803	35.858.788

Balance Sheet 30 September

Liabilities and equity

	Note	Koncern		Moderselskab	
		2020 DKK	2019 DKK	2020 DKK	2019 DKK
Share capital		500.000	500.000	500.000	500.000
Reserve for net revaluation under the equity method		0	0	5.722.276	10.455.558
Retained earnings		21.994.816	21.646.861	16.272.539	11.191.304
Proposed dividend for the year		3.000.000	10.000.000	3.000.000	10.000.000
Equity		25.494.816	32.146.861	25.494.815	32.146.862
Provision for deferred tax	12	0	51.458	10.000	41.000
Provisions		0	51.458	10.000	41.000
Mortgage loans		3.404.672	3.747.597	0	0
Deposits		47.852	47.852	0	0
Long-term debt	13	3.452.524	3.795.449	0	0
Mortgage loans	13	342.000	340.000	0	0
Prepayments received from customers		0	513.110	0	0
Trade payables		2.306.249	3.805.230	45.361	173.602
Contract work in progress, liabilities	11	0	573.500	0	0
Payables to group enterprises		0	0	481.250	2.308.697
Corporation tax		1.409.198	1.135.000	63.074	0
Other payables		7.422.644	5.915.388	1.794.303	1.188.627
Short-term debt		11.480.091	12.282.228	2.383.988	3.670.926
Debt		14.932.615	16.077.677	2.383.988	3.670.926
Liabilities and equity		40.427.431	48.275.996	27.888.803	35.858.788
Contingent assets, liabilities and other financial obligations	14				
Accounting Policies	15				

Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 October	500.000	0	21.646.863	10.000.000	32.146.863
Ordinary dividend paid	0	0	0	-10.000.000	-10.000.000
Net profit/loss for the year	0	0	347.953	3.000.000	3.347.953
Equity at 30 September	500.000	0	21.994.816	3.000.000	25.494.816

Parent Company

Equity at 1 October	500.000	10.455.558	11.191.304	10.000.000	32.146.862
Ordinary dividend paid	0	0	0	-10.000.000	-10.000.000
Dividend from group enterprises	0	-8.000.000	8.000.000	0	0
Net profit/loss for the year	0	3.266.718	-2.918.765	3.000.000	3.347.953
Equity at 30 September	500.000	5.722.276	16.272.539	3.000.000	25.494.815

Notes to the Financial Statements

	Koncern		Morderselskab	
	2019/20 DKK	2018/19 DKK	2019/20 DKK	2018/19 DKK
1 Staff expenses				
Wages and salaries	14.854.745	19.197.102	3.452.225	4.205.750
Pensions	364.709	370.096	233.028	263.845
Other social security expenses	1.203.124	2.554.792	56.101	64.930
Other staff expenses	512.645	487.122	265.355	171.360
	16.935.223	22.609.112	4.006.709	4.705.885
Average number of employees	30	32	7	7
2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment				
Amortisation of intangible assets	413.954	316.087	413.954	316.087
Depreciation of property, plant and equipment	4.987.404	3.718.617	3.987	0
Gain and loss on disposal	-54.046	108.015	0	0
	5.347.312	4.142.719	417.941	316.087
3 Income from investments in subsidiaries				
Share of profits of subsidiaries			3.414.379	4.786.844
Share of losses of subsidiaries			-147.661	-1.878.281
			3.266.718	2.908.563
4 Financial income				
Interest received from group enterprises	0	0	157.950	226.576
Other financial income	6.304	2.616	0	0
	6.304	2.616	157.950	226.576

Notes to the Financial Statements

	Koncern		Moderselskab	
	2019/20 DKK	2018/19 DKK	2019/20 DKK	2018/19 DKK
5 Financial expenses				
Interest paid to group enterprises	0	0	26.577	50.216
Other financial expenses	145.443	170.272	19.575	15.605
Exchange adjustments, expenses	5.478	26.252	0	0
	150.921	196.524	46.152	65.821
6 Tax on profit/loss for the year				
Current tax for the year	1.409.198	1.135.000	63.074	-8.000
Deferred tax for the year	-460.458	-286.168	-31.000	28.669
Adjustment of tax concerning previous years	-1.000	274	-1.000	0
	947.740	849.106	31.074	20.669
7 Intangible assets				
Group			Acquired pa- tents DKK	
Cost at 1 October			1.580.436	
Additions for the year			489.336	
Cost at 30 September			2.069.772	
Impairment losses and amortisation at 1 October			592.834	
Amortisation for the year			413.954	
Impairment losses and amortisation at 30 September			1.006.788	
Carrying amount at 30 September			1.062.984	
Amortised over			5 years	

Notes to the Financial Statements

8 Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	DKK	DKK	DKK	DKK
Cost at 1 October	12.613.670	31.493.413	3.305.920	1.981.229
Additions for the year	0	2.810.211	0	21.740
Disposals for the year	0	-3.038.570	0	0
Transfers for the year	0	1.981.229	0	-1.981.229
Cost at 30 September	<u>12.613.670</u>	<u>33.246.283</u>	<u>3.305.920</u>	<u>21.740</u>
Impairment losses and depreciation at 1 October	2.055.121	26.126.009	3.057.391	0
Impairment losses for the year	0	2.000.000	0	0
Depreciation for the year	284.312	2.454.565	248.529	0
Impairment and depreciation of sold assets for the year	0	-346.558	0	0
Reversal of impairment and depreciation of sold assets	0	-2.189.002	0	0
Impairment losses and depreciation at 30 September	<u>2.339.433</u>	<u>28.045.014</u>	<u>3.305.920</u>	<u>0</u>
Carrying amount at 30 September	<u>10.274.237</u>	<u>5.201.269</u>	<u>0</u>	<u>21.740</u>

Moderselskab

9 Investments in subsidiaries

	2020	2019
	DKK	DKK
Cost at 1 October	12.613.534	12.593.534
Additions for the year	<u>1.500.000</u>	<u>20.000</u>
Cost at 30 September	<u>14.113.534</u>	<u>12.613.534</u>
Value adjustments at 1 October	10.455.558	9.546.995
Net profit/loss for the year	3.266.718	2.908.563
Dividend to the Parent Company	<u>-8.000.000</u>	<u>-2.000.000</u>
Value adjustments at 30 September	<u>5.722.276</u>	<u>10.455.558</u>
Carrying amount at 30 September	<u>19.835.810</u>	<u>23.069.092</u>

Notes to the Financial Statements

9 Investments in subsidiaries (continued)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Ocean Team Scandinavia A/S	Esbjerg	100%
OTG Ejendomme A/S	Esbjerg	100%
Ocean Team Windcare A/S	Esbjerg	100%
Ocean Team Powertech A/S	Esbjerg	100%
Ocean Team Fluidcare India Pvt. Ltd.	India	51%
Ocean Team Fluidcare UK Ltd.	England	100%

	Koncern		Moderselskab	
	2020 DKK	2019 DKK	2020 DKK	2019 DKK
10 Inventories				
Raw materials and consumables	1.944.144	2.394.649	0	0
Work in progress	607.705	988.906	0	0
	2.551.849	3.383.555	0	0
11 Contract work in progress				
Selling price of work in progress	588.860	4.795.386	0	0
Payments received on account	-224.339	-5.037.020	0	0
	364.521	-241.634	0	0
Recognised in the balance sheet as follows:				
Contract work in progress recognised in assets	364.521	331.866	0	0
Prepayments received recognised in debt	0	-573.500	0	0
	364.521	-241.634	0	0

Notes to the Financial Statements

	Koncern		Moterselskab	
	2020 DKK	2019 DKK	2020 DKK	2019 DKK
12 Deferred tax asset				
Intangible assets	-63.000	-37.000	-63.000	-37.000
Property, plant and equipment	-452.000	-88.000	1.000	0
Trade receivables	-6.000	0	0	0
Prepayments	90.000	92.458	72.000	78.000
Contract work in progress	22.000	84.000	0	0
Transferred to deferred tax asset	409.000	0	0	0
	0	51.458	10.000	41.000

Deferred tax has been provided at 22% corresponding to the current tax rate.

Deferred tax asset

Calculated tax asset	409.000	0	0	0
Carrying amount	409.000	0	0	0

13 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Mortgage loans

After 5 years	1.410.000	1.750.000	0	0
Between 1 and 5 years	1.994.672	1.997.597	0	0
Long-term part	3.404.672	3.747.597	0	0
Within 1 year	342.000	340.000	0	0
	3.746.672	4.087.597	0	0

Deposits

Between 1 and 5 years	47.852	47.852	0	0
Long-term part	47.852	47.852	0	0
Within 1 year	0	0	0	0
	47.852	47.852	0	0

Notes to the Financial Statements

14 Contingent assets, liabilities and other financial obligations	Koncern		Moderselskab	
	2020	2019	2020	2019
	DKK	DKK	DKK	DKK
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	710.897	249.477	476.532	56.532
Between 1 and 5 years	743.064	403.961	743.064	383.964
	1.453.961	653.438	1.219.596	440.496

Other contingent liabilities

The entity has entered into two business leases with Esbjerg Havn, which cannot be terminated from the landlord until January 1st 2033 and January 1st 2035.

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of O. & J. Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

15 Accounting Policies

The Annual Report of Ocean Team Group A/S for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2019/20 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions.

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

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

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

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Ocean Team Group A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

15 Accounting Policies (continued)

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

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

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

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

Expenses for raw materials and consumables

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

Other external expenses

Other external expenses comprise premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Notes to the Financial Statements

15 Accounting Policies (continued)

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

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

Tax on profit/loss for the year

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

Balance Sheet

Intangible assets

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 5 years.

Notes to the Financial Statements

15 Accounting Policies (continued)

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	22-25 years
Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5 years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,200 are expensed in the year of acquisition.

Impairment of fixed assets

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

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

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend

Notes to the Financial Statements

15 Accounting Policies (continued)

distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Notes to the Financial Statements

15 Accounting Policies (continued)

Prepayments

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

Dividend

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

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

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

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

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

Financial debts

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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