

ODENSE MARITIME TECHNOLOGY A/S

Sverigesgade 4
5000 Odense C

Annual Report
1 July 2019 – 30 June 2020

The Annual Report was presented and adopted at the Annual General Meeting of the Company on
30 September 2020



Per Lønborg-Andersen

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Corporate Information

Company	ODENSE MARITIME TECHNOLOGY A/S	
	Sverigesgade 4	
	5000 Odense C	
	CVR no.:	33074964
	Financial year:	01/07/2019-30/06/2020
Bank	Danske Bank, Department: Holmens Kanal	
	Holmens Kanal 2	
	1092 København K	
	DK Danmark	
Auditor	PRICEWATERHOUSECOOPERS	
	STATSAUTORISERET REVISIONSPARTNERSELSKAB	
	Strandvejen 44	
	2900 Hellerup	
	DK Danmark	
	CVR no.:	33771231

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Odense Maritime Technology A/S for the financial year 1 July 2019 – 30 June 2020.

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

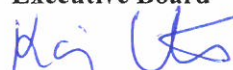
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 June 2020 and of the results of the Company operations for the financial year 1 July 2019 – 30 June 2020 in accordance with the Danish Financial Statements Act.

Further, in our opinion, the information provided in Management's Review is consistent with the Financial Statements.

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

Odense, on 30 September 2020

Executive Board



Peter Kåre Groes Christiansen

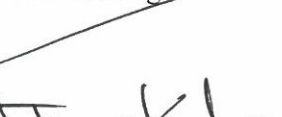
Board of Directors



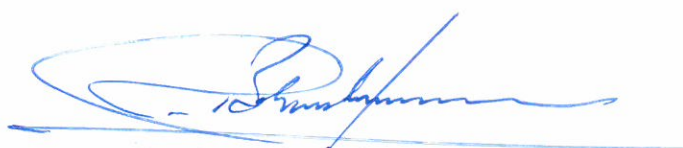
Nils Christian Wang



Poul Præstegaard Skadhede



Thomas Knudsen



Tom Sten Behrens-Sørensen



Peter Kåre Groes Christiansen

Jens Maaløe

Independent Auditor's Report

To the shareholders of Odense Maritime Technology A/S

Opinion

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

We have audited the Financial Statements of Odense Maritime Technology A/S for the financial year 1 July 2019 - 30 June 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to note 1 of the Financial statements, which describes the uncertainty relating to recognition and measurement of the outcome of disputes the Company is party to. Our conclusion is not modified in respect of this matter.

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 in 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 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.

Independent Auditor's Report

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 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 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 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, where such disclosures are not adequate, 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.

Independent Auditor's Report

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.

Hellerup, 30 September 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31



Jacob Fromm Christiansen

State Authorised Public Accountant

mne18628



Kim Danstrup

State Authorised Public Accountant

mne32201

Management's Review

Main activity

Odense Maritime Technology A/S (OMT) was founded by Valcon Business Developments A/S in September 2010 as a spin-off from Odense Stål Skibsværft (OSS).

The unique strength of OMT lies in the maritime technological expertise and experience, which were gained in OSS, and which are continued in the team of ship architects, ship engineers, project managers and consultants working in OMT, who are specialists within ship design, ship building, concepts for rebuilding and retrofitting of ships, ship licenses, ship repairs and outsourcing in the maritime industry.

Development in activities and financial affairs

OMT has worked on several major client projects in APAC and Europe throughout the financial year and has realised a turnover of DKK 94.5 million compared with DKK 71.1 million the year before.

Net profit for the year amounts to DKK 12.4 million, compared with net loss DKK -4.3 million the previous year. The improvement is partly due to the cost reduction efforts initiated last year and partly due to OMT's involvement in several large projects within the Defence sector. Management finds the Company's annual result satisfactory.

OMT has also been affected by the worldwide Covid-19 situation, but until now it has primarily resulted in postponement of projects.

The Company's expectations for the future will rely on the development in the Covid-19 pandemic and the measures taken by the governments around the world to mitigate the effects of eruption. The Company's management has with different scenarios tried to assess the possible Covid-19 effect on the Company's expected earnings, however it is still too early to comment on what the consequences will be.

OMT has continued its cost focus from last year and has among other things closed down the subsidiary in India. The average number of fulltime employees in the financial year has decreased to 47 compared to 48 in the previous year. However, the number of employees is expected to increase in the coming financial year.

The company also expects a small positive result in the coming financial year.

The Company's knowledge resources

The Company's opportunities to retain and recruit a highly qualified staff is critical to the continued development of the Company.

The Company keeps continuous focus on a strengthened recruitment platform.

The work continues on creating concepts and expanding competences to strengthen the value of our services to our clients. As an indication of the strength of our competences, OMT has been selected as advisor in several large defence sector projects globally.

Management's Review

Special risks

The Company's exposure to a specialised market for the sale of consulting services within ship design, ship building, etc. makes the Company dependent on the development in this industry. The commercial ship design segment (container and bulk carriers) served by OMT continues to be depressed. The Navy and special purpose segment continues to be very interesting for OMT, as does the advisory and consulting segment.

By virtue of its business area, the Company is a party to disputes which are not unusual for the business. Management currently assesses and makes provision for such disputes. See Note 1.

Uncertainties in recognition and measurement

As a natural part of its business, the Company has to provide various performance bonds to clients. These are established through the company's financial institutions. See Note 12. Furthermore we refer to note 1 in relation to uncertainties regarding disputes.

Apart from this, the Company does not have any special financial risks.

External environmental impact and measures to prevent or mitigate their damage cf. Årsregnskabsloven §99

Odense Maritime Technology A/S is at part of Valcon Business Development A/S. Referring to the annual report and management's review of this company in respect of the group's external environmental impact and measures to prevent or mitigate their damage.

Financial Highlights

	2019/20	2018/19	2017/18	2016/17	2015/16
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Net revenue	94,516	71,112	84,916	205,828	222,051
Gross profit/loss	67,669	39,445	13,204	82,138	93,470
Operating profit/loss	21,334	-2,885	-44,717	11,816	17,533
Net financials	-5,097	-2,514	-4,521	-1,190	-2,885
Net profit/loss for the year	12,443	-4,315	-38,981	8,526	11,510
Fixed assets	3,305	10,509	2,801	4,415	3,464
Current assets	70,354	50,532	70,713	125,102	119,619
Balance sheet total	73,658	61,041	73,556	129,518	123,084
Equity	13,879	1,534	5,849	44,572	41,146
Key figures					
Profit margin	22.6%	-4.1%	-52.7%	5.7%	7.9%
Return on invested capital	57.4%	-6.1%	-69.4%	18.0%	18.5%
Gross margin	71.6%	47.8%	15.5%	39.9%	42.1%
Solvency ratio	18.8%	2.5%	8.0%	34.4%	33.4%
Return on equity	161.5%	-116.9%	-154.6%	19.9%	28.5%
Average number of employees	47	48	73	97	103

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Income Statement as at 1 July 2019 – 30 June 2020

	Note	2019/20 DKK	2018/19 DKK
Net revenue		94,515,685	71,112,463
Work performed for own account and recognised as immaterial assets		1,686,796	7,959,701
External expenses		-28,533,159	-39,627,599
Gross profit/loss		67,669,322	39,444,565
Staff expenses	2	-46,334,899	-42,329,287
Operating profit/loss		21,334,423	-2,884,722
Income/loss from investments in subsidiaries and associates .	3	-833,393	-439,672
Other financial income		3,182,658	1,407,664
Other financial expenses		-7,446,644	-3,481,979
Profit/loss from ordinary activities before tax		16,237,044	-5,398,709
Tax on profit/loss for the year	4	-3,794,425	1,084,051
Net profit/loss for the year.....		12,442,619	-4,314,658
Proposed distribution of profit	5		

Balance Sheet as at 30 June 2020

	Note	2019/20 DKK	2018/19 DKK
Assets			
Development projects.....	6	1,686,796	7,959,701
Total intangible assets		1,686,796	7,959,701
Investments in subsidiaries	7	1,056,046	1,987,432
Deposits		561,693	561,692
Total fixed asset investments		1,617,738	2,549,124
Total fixed assets		3,304,534	10,508,825
Trade receivables		22,042,701	27,308,865
Contract work in progress	8	325,273	778,724
Receivables from group enterprises		0	1,733,159
Deferred tax assets	9	247,507	242,245
Other receivables		4,064,266	2,100,907
Prepayments	10	1,257,628	472,793
Total receivables		27,937,375	32,636,693
Other securities and investments		18,700,008	17,894,997
Cash at bank and in hand		23,716,374	0
Total current assets		70,353,757	50,531,690
Total assets		73,658,291	61,040,515

Balance Sheet as at 30 June 2020

	Note	2019/20 DKK	2018/19 DKK
Liabilities and equity			
Registered capital, etc.		4,750,000	4,750,000
Reserve for development projects		1,686,796	7,959,701
Reserve for net revaluation under the equity method		0	2,887
Retained earnings		7,442,088	-11,178,330
Total equity		13,878,884	1,534,258
Other long-term payables	9	3,773,260	0
Total long-term debt.....		3,773,260	0
Prepayments received from customers	8	3,132,435	1,741,939
Trade payables		1,834,625	5,315,764
Payables to group enterprises		4,643,073	2,614,064
Loans and borrowings		0	2,416,149
Other payables, including taxes and other social security expenses		46,396,014	47,418,341
Total short-term debt.....		56,006,147	59,506,257
Total payables		59,779,407	59,506,257
Total liabilities and equity		73,658,291	61,040,515
Capital resources	0		
Uncertainty relating to recognition and measurement	1		
Contingent liabilities and contractual obligations	11		
Collateral and assets charged as collateral	12		
Related parties and ownership	13		
Events after the balance sheet date	14		
Accounting policies	15		

Statement of changes in equity

Total equity

	Company capital DKK	Retained earnings DKK	Reserve for net revaluation under the equity methods DKK	Reserve for develop- ment project DKK	In total DKK
Balance at the beginning of the year	4,750,000	-11,178,330	2,887	7,959,701	1,534,258
Allocation of profits	0	18,620,418	95,106	-6,272,905	12,442,619
Exchange adjustments, foreign subsidiaries	0	0	-97,993	0	-97,993
Equity at the end of the year	4,750,000	7,442,088	0	1.686.796	13,878,884

Registered capital, etc.

The share capital consists of 4,750,000 shares of a nominal value of DKK 1. The shares are not divided into classes. No shares carry special rights.

Changes in the share capital in the past financial years:

	DKK
Initial share capital at 5 August 2010	500,000
Increase of capital increase at 20 December 2011	100,000
Increase of capital increase at 25 June 2012	150,000
Increase of capital increase at 25 April 2013	4,000,000
Share capital at the end of the year	4,750,000

Notes

0. Capital resources

In the annual report as of 30 June 2019 (note 0), OMT reported that the company was in a capital loss situation, cf. section 119 of the Danish Companies Act and that the situation was expected to be resolved by the end of 2019.

These expectations were fulfilled, as OMT's share capital was fully reestablished in December 2019.

Based on the positive result in the financial year, the present expectations of a positive result in the coming financial year and the cash situation as of 30 June 2020, OMT's management is satisfied with the financial situation of the Company.

1. Uncertainty relating to recognition and measurement

By virtue of its business area, the Company is a party to disputes which are not unusual for the business. Management currently assesses and makes provision for such disputes. In connection with the completion of a project, Odense Maritime Technology A/S received a significant claim for damages from the customer. However, the claim received is neither justified nor documented, and the Company has categorically refused to accept it. Odense Maritime Technology A/S has advanced a counterclaim of a corresponding size against the customer. The parties strongly disagree, and the cause of the matter is subject to great uncertainty, which also implies uncertainty as to how the amount of any damages and insurance cover should, if relevant, be calculated.

2. Staff expenses

	2019/20	2018/19
	DKK	DKK
Wages and salaries	-46,052,310	-41,856,147
Other social security expenses	-282,589	-335,075
Other staff expenses	0	-138,065
	-46,334,899	-42,329,287

Remuneration to the executive board and the board of directors amounts to DKK 2,482,667 (DKK 2,382,672 in 2018/19).

Average number of full-time employees: 47 (48 in 2018/19).

Notes

3. Income/loss from investments in subsidiaries and associates

	2019/20 DKK	2018/19 DKK
Odense Maritime Technology (India) Private Limited	-833,393	-89,672
Maritime Equity partners ApS	0	-350,000
	-833,393	-439,672

4. Tax on profit/loss for the year

	2019/20 DKK	2018/19 DKK
Current tax	-5,549,199	1,201,344
Changes in current tax previous year	1,749,962	-221,114
Changes in deferred tax previous years	-1,749,962	221,114
Changes in deferred tax	1,754,774	-117,293
	-3,794,425	1,084,051

5. Proposed distribution of profit

	2019/20 DKK	2018/19 DKK
Reserve for net revaluation under the equity method	95,106	-89,672
Reserve for development projects	-6,272,905	7,959,701
Retained earnings	18,620,418	-12,184,687
Total	12,442,619	-4,314,658

6. Total intangible assets

	Development Projects DKK
Cost at the beginning of the year	7,959,701
Sales	-7,959,701
Additions	1,686,796
Cost at the end of the year	1,686,796
Amortisation, depreciation and impairment losses at the beginning of the year	0
Amortisation, depreciation and impairment losses during the year	0
Amortisation, depreciation and impairment losses at the end of the year	0
Carrying amount at the end of the year	1,686,796

In relation to development projects, external directly attributable costs and as well as direct payroll cost (with addition of non-allocated internal costs related to IT etc.) are capitalized.

Notes

7. Total fixed asset investments

	Other Investment DKK	Investments in associates DKK	Investments in subsidiaries DKK
Cost at the beginning of the year	0	350,000	841,589
Additions	1,500,000	0	0
Cost at the end of the year	1,500,000	350,000	841,589
Value adjustments at the beginning of the Year	0	-350,000	2,887
Exchange adjustments	0	0	-97,993
Results for the year / impairment	-1,500,000	0	-833,393
Value adjustments at the end of the year	-1,500,000	-350,000	-928,499
Total	0	0	-86,910
Negative net asset values are set off against receivables from group enterprises.	0	0	1,142,956
Carrying amount at the end of the year	0	0	1,056,046

Investments in subsidiaries and associates comprise:

	Ownership share	Equity	Results for the year
OMT Canada INC	100%	0	0
OMT UK Limited	100%	9	0
Odense Maritime Technology (Shanghai) Co. Ltd.	100%	-1,142,956	0
Odense Maritime Technology (India) Private Limited	100%	1,056,037	-833,393
Maritime Equity partners ApS (Annual Report end June 30 2019)	25%	-4,258,282	-1,949,654

8. Prepayment and contract work in progress

	2019/20 DKK	2018/19 DKK
Selling price of production	325,273	778,724
Payments on account	-3,132,435	-1,741,939
	-2,807,162	-963,215
Contract work in progress	325,273	778,724
Prepayments received from client	-3,132,435	-1,741,939

Notes

9. Deferred tax asset and liability

	2019/20 DKK	2018/19 DKK
Deferred tax at the beginning of the year	242,245	138,424
Changes in deferred tax previous years	-1,749,962	221,114
Changes in deferred tax	1,754,774	-117,293
Deferred tax at the end of the year	247,507	242,245

	2019/20 DKK	2018/19 DKK
Goodwill	133,678	267,356
Prepayments	-276,678	-104,014
Leasehold improvement	60,057	78,903
Loan	330,000	0
Deferred tax assets	247,507	242,245

Management is of the opinion that the deferred tax asset within a period of 3-5 years can be used to offset future positive taxable income in the company or in other jointly taxed companies

10. Prepayments

	2019/20 DKK	2018/19 DKK
IT cost	206,662	249,636
Rent	276,410	0
Insurance and guarantee cost	740,260	194,786
Other cost	34,296	28,371
	1,257,628	472,793

Notes

11. Contingent liabilities and contractual obligations

The Company has entered into an operating lease agreement for the premises Sverigesgade 4, Odense. The periods of notice for the lease are 6 months. Rent for this period amounts to DKK 505 thousand of which DKK 505 thousand falls due in the financial year 2020/21.

The Company is jointly taxed with other enterprises in the Valcon Business Development A/S group. As a jointly taxed company, not wholly-owned, the Company has limited and secondary liability for Danish corporation taxes in the joint taxation group. The total amount of corporation tax payable is disclosed to SKAT in the Annual Report of Valcon Business Development A/S, CVR no. 28 68 10 11, which is the management company in respect of joint taxation. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

12. Collateral and assets charged as collateral

The Company's bank has raised a performance bond made to one of the Company's clients of CAD 14,502,623 equalling DKK 70.5 million.

The Company guarantees the performance bond to the bank.

Other securities and investments have been pledged to cover the performance bonds.

13. Related parties and ownership

Information relating to owners

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Valcon Business Development A/S, Meldahlsgade 5, 2., 1613 Copenhagen V
 OMT Medarbejder Holding ApS, c/o Valcon A/S, Meldahlsgade 5, 2., 1613 Copenhagen V
 Clavis (HK) Limited, Suite 1309 Asia Standard Tower, 59-65, Queens road Central, Hong Kong
 Kuja Holding ApS, Hestehavevej 79, 4720 Præstø
 OMT Employee Holding ApS, Meldahlsgade 5, 2., 1613 Copenhagen V

Information relating to group

The Company's Financial Statements are included in the Consolidated Financial Statements of Valcon Business Development A/S, Meldahlsgade 5, 2., 1613 Copenhagen V, CVR no. 28 68 10 11

Subsidiary:

OMT UK Limited
 OMT Canada INC
 Odense Maritime Technology (Shanghai) Co. Ltd.
 Odense Maritime Technology (India) Private Limited

14. Events after the balance sheet date

No events materially influencing the Company's financial position as at 30 June 2020 have occurred.

Notes

15. Accounting policies

The Annual Report has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium sized class C enterprises.

The accounting principles are consistent with those of last year.

In accordance with section 112 (1) of the Danish Financial Statements Act, consolidated financial statements have not been prepared. In accordance with section 86 (4) of the Danish Financial Statements Act, a cash flow statement has not been prepared.

The Financial Statements are presented in Danish kroner.

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 as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

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.

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.

Notes

Income Statement

Net revenue

Net revenues from services are recognised at the rate of completion of the service, which means that revenue equals the selling price of the service completed (the percentage-of-completion method). This method is applied when total revenues and expenses in respect of the service 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 Company.

Net revenue comprises re-invoicing of work carried out by subsuppliers and other expenses.

External expenses

External expenses comprise expenses related to sales, advertising, administration, premises, bad debts, operating leases, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as holiday pay and staff welfare expenses.

Financial income and expenses

Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses on debt and transactions in foreign currencies as well as allowances and surcharges under the Danish Tax Prepayment Scheme, etc.

Tax on profit/loss for the year

Odense Maritime Technology A/S is subject to the Danish rules on compulsory joint taxation applicable for the Valcon Business Development A/S group's Danish subsidiaries. Subsidiaries are included in the joint taxation in the period when the parent has controlling interest.

The Company's parent company, Valcon Business Development A/S, acts as administration company in relation to the joint taxation and thus settles all corporate tax payments with the tax authorities.

The current Danish corporation tax is allocated among the jointly taxed companies in proportion to their respective taxable income. Companies contributing a tax loss being set off against taxable income in another company receive a cash payment equal to the tax value of the loss from the Company using the loss to reduce its own taxable income.

Tax for the year that comprises current joint taxation contributions and changes in deferred tax is recognised in the Income Statement.

Notes

Balance Sheet

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the Company can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item "Reserve for Development projects".

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work.

Property, plant and equipment

Other fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and less any accumulated impairment losses.

The basis of depreciation is cost less any deducted residual value after the end of the useful life of the asset. Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Cost of a total asset is divided into separate components that are depreciated separately if the useful life of the individual components are different.

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

Other fixtures and fittings, tools and equipment: 3-5 years

Leasehold improvements: 3-5 years

Profit or loss deriving from the sales of tangible assets is measured as the difference between the sales price less selling costs and the carrying amount at the time of the sale. Profits and losses are recognised in the Income Statement as other operating income or other expenses.

Investments in subsidiaries and associates

Investments in subsidiaries are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits and losses and with addition and deduction of any remaining value of positive or negative goodwill determined in accordance with the acquisition method.

Investments in subsidiaries with negative net asset values are measured at DKK 0, and any amounts owed by such enterprises are written down by the parent company's share of the negative net asset value, if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the liabilities of the enterprise.

Notes

Net revaluation of investments in subsidiaries is recognised under equity in the reserve for net revaluation under the equity method to the extent that the carrying amount exceeds cost.

Investment in associates are initially measured at costprice. Costs will be written down to the marketvalue.

Impairment of fixed assets

The carrying amounts of intangible assets, investment in associates 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 or the group of assets is written down. If so, the asset or the group of assets is written down to its lower recoverable amount.

Recoverable amount for the asset is determined as the highest value of net sales price and the net present value. Net present value is determined as the present value of expected net cash flows from the use of the asset or the group of assets.

Receivables

Receivables are recognised at the lower of amortised cost.

Provisions for estimated bad debts are made based on an individual impairment assessment of a receivable or group of receivables.

Contract work in progress

Contract work in progress is recognised according to the production method at the selling price of the work carried out including expenses and less amounts invoiced on account.

Contract work in progress are recognised as financial income and expenses in the balance sheet.

Net assets comprise the sum of contract work in progress in which the selling price exceeds invoicing on account of work carried out. Net payables comprise the sum of contract work in progress in which invoicing on account exceeds the selling price of work carried out.

Prepayments

Prepayments recognised under assets comprise expenses incurred concerning the following financial year.

Other securities and investments

Securities and investments are placed under current assets and includes listed bonds, which are measured at market price at the balance sheet date.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and short-term securities with a duration less than three months that are readily convertible to cash and are subject to an insignificant risk of changes in value.

Equity – dividend

Proposed dividends for the year are recognised as a liability when approved by the Annual General Meeting (declaration date). Dividend proposed for the year is disclosed as a separate equity item.

Notes

Corporation tax and deferred tax

Receivables and payable joint taxation contributions are recognised in the balance sheet in receivables/payables from group enterprises.

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the accounting and tax bases of assets and liabilities. However, deferred income tax of temporary differences related to non-deductible goodwill, office premises or other items where temporary differences occur at the time of acquisition without influencing results or taxable income is not recognised. In case the value for tax purposes can be determined following alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets including the tax base of tax losses to be carried forward are recognised at the expected value of their utilisation, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation in the countries in question 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.

Debt

Financial debts are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, financial debts are measured at amortised cost.

Other debts are measured at net realisable value.

Key figures and financial highlights

Ratios stated in financial highlights have been prepared as follows:

Profit margin:	$\text{Operating profit/loss} \times 100 / \text{net revenue}$
Invested capital:	Total assets less cash and cash equivalents and other interest-bearing assets (including shares)
Gross margin:	$\text{Gross profit} \times 100 / \text{net revenue}$
Solvency ratio:	$\text{Equity at the end of the year} \times 100 / \text{total liabilities and equity at the end of the year}$
Return on equity:	$\text{Net profit for the year} \times 100 / \text{average equity}$
Return on invested capital:	$\text{Operating profit/loss} \times 100 / \text{average invested capital}$