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ENGINEERED MARKET SOLUTIONS APS

LILLEBÆLTSVEJ 37, 6715 ESBJERG N

ANNUAL REPORT

1 JUNE 2023 - 31 MAY 2024

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 23 October 2024**

Kenneth Sandal Hagelskjær

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 33 38 79 97

CONTENTS

	Page
Company Details	
Company Details.....	3
Statement and Report	
Management's Statement.....	4
Independent Auditor's Report.....	5-6
Management Commentary	
Financial Highlights.....	7
Management Commentary.....	8
Financial Statements 1 June 2023 - 31 May 2024	
Income Statement.....	9
Balance Sheet.....	10-11
Equity.....	12
Cash Flow Statement.....	13
Notes.....	14-17
Accounting Policies.....	18-21

COMPANY DETAILS

Company	Engineered Market Solutions ApS Lillebæltsvej 37 6715 Esbjerg N
	CVR No.: 33 38 79 97 Established: 3 January 2011 Municipality: Esbjerg Financial Year: 1 June 2023 - 31 May 2024
Executive Board	Kenneth Sandal Hagelskjær
Auditor	BDO Statsautoriseret revisionsaktieselskab Dokken 8 6700 Esbjerg
Bank	Sydbank Kongensgade Kongensgade 6701 Esbjerg

MANAGEMENT'S STATEMENT

Today the Executive Board have discussed and approved the Annual Report of Engineered Market Solutions ApS for the financial year 1 June 2023 - 31 May 2024.

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

In my opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 May 2024 and of the results of the Company's operations and cash flows for the financial year 1 June 2023 - 31 May 2024.

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

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

Esbjerg, 21 October 2024

Executive Board

Kenneth Sandal Hagelskjær

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Engineered Market Solutions ApS

Opinion

We have audited the Financial Statements of Engineered Market Solutions ApS for the financial year 1 June 2023 - 31 May 2024, 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 May 2024 and of the results of the Company's operations and cash flows for the financial year 1 June 2023 - 31 May 2024 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' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 Commentary

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover Management Commentary, 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 Commentary and, in doing so, consider whether Management Commentary 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management Commentary 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 Commentary.

Esbjerg, 21 October 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Dorte Larsen
State Authorised Public Accountant
MNE no. mne26694

FINANCIAL HIGHLIGHTS

	2023/24 DKK '000	2022/23 DKK '000	2021/22 DKK '000	2020/21 DKK '000	2019/20 DKK '000
Income statement					
Gross profit/loss.....	60.367	64.126	44.227	38.824	34.971
Operating profit/loss of main activities...	-3.064	4.752	2.165	5.559	3.442
Financial income and expenses, net.....	-654	-636	-92	-6	15
Profit/loss for the year before tax.....	-3.718	4.116	2.073	5.554	3.457
Profit/loss for the year.....	-2.905	3.153	1.598	4.310	2.662
Balance sheet					
Total assets.....	69.245	52.806	60.832	38.450	32.178
Equity.....	14.177	17.082	13.929	15.131	13.327
Cash flows					
Investment in property, plant and equipment.....	-3.399	-9.238	-13.335	-7.334	-4.508
Key ratios					
Equity ratio.....	20,5	32,3	22,9	39,4	41,4
Return on equity.....	-18,6	20,3	11,0	30,3	22,2

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

Equity ratio:
$$\frac{\text{Equity, at year-end} \times 100}{\text{Total assets, at year-end}}$$

Return on equity:
$$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$$

MANAGEMENT COMMENTARY

Principal activities

The principal activities comprise are trading, consulting, maintenance and production in the energy sector.

Development in activities and financial and economic position

Loss after tax in 2023/24 DKK 2,905 thousand against profit DKK 3,153 thousand in 2022/23.

The year result 2023/24 is unsatisfactory.

The expected growth rates in the green energy segment and maintenance have been challenged and has not progressed as expected.

We have in financial year 2023/24 started up a program to optimize internal procedures and adjust our organization to be more effective, to reduce our costs and to create a solid foundation for the future growth.

The result in 2023/24 have been affected with extraordinary costs for above mentioned restructuring program, and this program will continue into the financial year 2024/25.

The equity amount to DKK 14,177 thousand at the 31st of May 2024 against DKK 17,082 thousand at the 31st of May 2023.

Profit/loss for the year compared to the expected development

The result in 2023/24 was significant below the expectations for the year.

The reasons as described in the section 'Development in activities and financial and economic position'.

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.

Future expectations

The result for 2024/25 will in the first half still be affected by the restructuring program.

Hereafter we expect to see a positive operating profit.

The result for 2024/25 is expected to be positive at a level around DKK 1 million

INCOME STATEMENT 1 JUNE - 31 MAY

	Note	2023/24 DKK	2022/23 DKK '000
GROSS PROFIT	1	60.367.008	64.126
Staff costs.....	2	-58.745.188	-55.343
Depreciation, amortisation and impairment losses.....		-4.686.069	-4.027
Other operating expenses.....		0	-4
OPERATING LOSS		-3.064.249	4.752
Other financial income.....	3	281.873	393
Other financial expenses.....	4	-935.545	-1.029
LOSS BEFORE TAX		-3.717.921	4.116
Tax on profit/loss for the year.....	5	812.831	-963
LOSS FOR THE YEAR	6	-2.905.090	3.153

BALANCE SHEET AT 31 MAY

ASSETS	Note	2024 DKK	2023 DKK '000
Other plants, machinery, tools and equipment.....		12.246.895	13.149
Leasehold improvements.....		670.680	1.058
Property, plant and equipment.....	7	12.917.575	14.207
Rent deposit and other receivables.....		789.565	790
Financial non-current assets.....	8	789.565	790
NON-CURRENT ASSETS.....		13.707.140	14.997
Raw materials and consumables.....		816.780	210
Inventories.....		816.780	210
Trade receivables.....		21.680.448	19.756
Contract work in progress.....	9	20.011.783	14.498
Receivables from group enterprises.....		11.067.183	1.439
Other receivables.....		128.629	173
Corporation tax receivable.....		0	606
Prepayments and accrued income.....	10	1.348.685	1.125
Receivables.....		54.236.728	37.597
Cash and cash equivalents.....		484.822	2
CURRENT ASSETS.....		55.538.330	37.809
ASSETS.....		69.245.470	52.806

BALANCE SHEET AT 31 MAY

EQUITY AND LIABILITIES	Note	2024 DKK	2023 DKK '000
Share Capital.....		80.000	80
Retained earnings.....		14.097.109	17.002
EQUITY.....		14.177.109	17.082
Provision for deferred tax.....	11	1.785.882	2.707
PROVISIONS.....		1.785.882	2.707
Lease liabilities.....		3.164.310	5.556
Corporation tax.....		108.715	0
Holiday allowance Frozen.....		698.200	749
Non-current liabilities.....	12	3.971.225	6.305
Bank debt.....		21.898.165	8.758
Lease liabilities.....		2.394.131	1.722
Contract work in progress.....	9	7.742.245	3.097
Trade payables.....		8.575.345	6.189
Other liabilities.....		8.701.368	6.929
Accruals and deferred income.....	13	0	17
Current liabilities.....		49.311.254	26.712
LIABILITIES.....		53.282.479	33.017
EQUITY AND LIABILITIES.....		69.245.470	52.806
 Contingencies etc.	 14		
Charges and securities	15		
Related parties	16		
Consolidated Financial Statements	17		

EQUITY

DKK	Share Capital	Retained earnings	Total
Equity at 1 June 2023.....	80.000	17.002.199	17.082.199
Proposed profit allocation, see note 6.....		-2.905.090	-2.905.090
Equity at 31 May 2024.....	80.000	14.097.109	14.177.109

CASH FLOW STATEMENT 1 JUNE - 31 MAY

	2023/24 DKK	2022/23 DKK '000
Profit/loss for the year.....	-2.905.090	3.153
Depreciation and amortisation, reversed.....	4.686.069	4.027
Reversed realization gains.....	-50.000	-213
Adjustment of other financial expenses.....	28.013	32
Tax on profit/loss, reversed.....	-812.831	963
Corporation tax paid.....	606.158	-1.321
Change in inventories.....	-606.802	26
Change in receivables (ex tax).....	-17.147.636	5.611
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility).....	8.660.164	-4.508
CASH FLOWS FROM OPERATING ACTIVITY.....	-7.541.955	7.770
Purchase of property, plant and equipment.....	-3.398.612	-6.801
Sale of property, plant and equipment.....	50.000	2.342
Sale of financial assets.....	0	23
CASH FLOWS FROM INVESTING ACTIVITY.....	-3.348.612	-4.436
Instalments on loans.....	-1.719.175	-1.621
Other changes in non-current debt.....	-50.890	-193
Change in bank debt.....	13.143.778	-1.519
CASH FLOWS FROM FINANCING ACTIVITY.....	11.373.713	-3.333
CHANGE IN CASH AND CASH EQUIVALENTS.....	483.146	1
Cash and cash equivalents at 1. juni.....	1.676	1
CASH AND CASH EQUIVALENTS AT 31. MAJ.....	484.822	2
Cash and cash equivalents at 31 May comprise:		
Cash and cash equivalents.....	484.822	2
CASH AND CASH EQUIVALENTS.....	484.822	2

NOTES

			Note
Special items			1
	2023/24	2022/23	
	DKK	DKK '000	
Compensation.....	0	1.128	
	0	1.128	
Staff costs			2
Average number of full time employees	90	82	
Wages and salaries.....	51.025.431	48.473	
Pensions.....	6.242.837	5.543	
Social security costs.....	1.476.920	1.327	
	58.745.188	55.343	
Other financial income			3
Group enterprises.....	272.815	384	
Other interest income.....	9.058	9	
	281.873	393	
Other financial expenses			4
Group enterprises.....	0	224	
Other interest expenses.....	935.545	805	
	935.545	1.029	
Tax on profit/loss for the year			5
Calculated tax on taxable income of the year.....	108.715	-178	
Adjustment of deferred tax.....	-921.546	1.141	
	-812.831	963	
Proposed distribution of profit			6
Retained earnings.....	-2.905.090	3.153	
	-2.905.090	3.153	

NOTES

			Note
Property, plant and equipment			7
DKK	Other plants, machinery, tools and equipment	Leasehold improvements	
Cost at 1 June 2023.....	24.341.127	1.582.412	
Additions.....	3.320.482	78.130	
Disposals.....	-72.607	0	
Cost at 31 May 2024.....	27.589.002	1.660.542	
Depreciation and impairment losses at 1 June 2023.....	11.194.113	524.394	
Reversal of depreciation of assets disposed of.....	-72.607	0	
Impairment losses.....	0	210.115	
Depreciation for the year.....	4.220.601	255.353	
Depreciation and impairment losses at 31 May 2024.....	15.342.107	989.862	
Carrying amount at 31 May 2024.....	12.246.895	670.680	
Finance lease assets.....	5.358.078		
Financial non-current assets			8
DKK		Rent deposit and other receivables	
Cost at 1 June 2023.....		789.565	
Cost at 31 May 2024.....		789.565	
Carrying amount at 31 May 2024.....		789.565	
	2024	2023	
	DKK	DKK '000	
Contract work in progress			9
Sales value of completed work.....	41.915.148	65.169	
Progress invoicing/advances received.....	-29.645.610	-53.768	
Contract work in progress, net.....	12.269.538	11.401	
Contract work in progress (asset).....	20.011.783	14.498	
Contract work in progress (liability).....	-7.742.245	-3.097	
	12.269.538	11.401	

NOTES

	2024 DKK	2023 DKK '000	Note
Prepayments and accrued income			10
Insurances.....	1.114.081	1.027	
Costs.....	234.604	98	
	1.348.685	1.125	

Provision for deferred tax

11

The provision for deferred tax is related to differences between the carrying amount and tax value of securities, receivables, intangible and tangible fixed assets, including recognised finance lease contracts.

	2024 DKK	2023 DKK '000
Provision for deferred tax concern:		
Other plants, machinery, tools and equipment.....	1.143.011	1.543
Leasehold improvements.....	-127.959	-38
Prepayments and accrued income.....	296.711	266
Contract work in progress.....	1.698.406	2.539
Lease liabilities.....	-1.222.857	-1.601
Loan costs.....	-1.430	-2
	1.785.882	2.707
Deferred tax, beginning of year.....	2.707.428	1.566
Deferred tax of the year, income statement.....	-921.546	1.141
Provision for deferred tax.....	1.785.882	2.707

Long-term liabilities

12

DKK	31/5 2024 total liabilities	Repayment next year	Debt outstanding after 5 years	31/5 2023 total liabilities
Lease liabilities.....	5.558.441	2.394.131	0	7.277.616
Corporation tax.....	108.715	0	0	0
Holiday allowance Frozen.....	698.200	0	0	749.090
	6.365.356	2.394.131	0	8.026.706

Accruals and deferred income

13

Accrued revenue.

NOTES

Note

Contingencies etc.

14

Contingent liabilities

The company has entered an operating lease agreement with an average annual lease payment of 818 tkr.

The leasing contract has a remaining maturity of 4-45 months with a total residual lease payment of 2.039 tkr.

The company has entered a rent obligation, which at the balance sheet date amounts to 272 tkr. during the noncancellation period.

The company has given the guarantee of payment for bank debts in affiliated companies. The debt to the bank amounts to 48.678 tkr. on may 31, 2024.

The company has provided work guarantees for a total of 1.622 tkr.

Joint liabilities

The Company is jointly and severally liable together with the Parent Company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of K. Hagelskjær Holding ApS, which serves as management Company for the joint taxation.

Charges and securities

15

For bank debt security of 21.305 tkr. the company has placed a floating charge on 5.000 tkr. The floating charge incorporates the following assets whose carrying amount on the balance sheet date represents:

Other plants, machinery, tools and equipment.....	12.918
Inventories.....	817
Trade receivables.....	21.860

Related parties

16

The Company's related parties include:

Controlling interest

K. Hagelsjær Holding ApS, Enghøjen 3, 6700 Esbjerg, is the principal 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

17

The company is included in the consolidated financial statements of K. Hagelskjær Holding ApS as the parent company, Lillebæltsvej 37, 6715 Esbjerg N, CVR-nummer 33 38 79 62.

ACCOUNTING POLICIES

The Annual Report of Engineered Market Solutions ApS for 2023/24 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C.

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

Changes due to changed presentation

INCOME STATEMENT

Net revenue

Net revenue from the sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

Where products with a high degree of individual adjustment are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total income and expenses regarding the contract and the degree of completion at the Balance Sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the Company.

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

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 operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including salary refunds. Compensations are recognised when the income is estimated to be realisable.

Other external expenses

Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, operating lease expenses, etc

Payments related to operating lease expenses and other lease agreements are recognised in the Income Statement over the contract period. The Company's total liability concerning operating and other lease agreements are stated under contingencies, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Company's employees.

Other operating expenses

Other operating expenses include items of a secondary nature in relation to the Group's and the Company's activities. Losses from sale of intangible and tangible fixed assets are also included.

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 securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

ACCOUNTING POLICIES

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 share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

BALANCE SHEET

Tangible fixed assets

Other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

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.

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
Other plant, fixtures and equipment.....	2-10 years	0 %
Leasehold improvements.....	1-10 years	0 %

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date 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.

Financial non-current assets

Impairment of fixed assets

The carrying amount of tangible assets together with fixed assets, which are not measured at fair value,, are assessed annually 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 recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

ACCOUNTING POLICIES

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.

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

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

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

Contract work in progress

Work in progress on contract is measured at the sales value of the work performed. The sales value is measured on the basis of the degree of completion on the Balance Sheet date and the total anticipated revenue related to the specific piece of work in progress.

The specific piece of work in progress is recognised in the Balance Sheet as receivables or payables, depending on the net value of the selling price less progress invoicing and progress payments.

Costs relating to sales work and obtaining of contracts are recognised in the Income Statement as and when they are incurred.

Accruals, assets

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

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 tax-on-account 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.

ACCOUNTING POLICIES

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff 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 will 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 transaction 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 loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

Accruals, liabilities

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

CASH FLOW STATEMENT

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

Cash flows from operating activities:

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

Cash flows from investing activities:

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

Cash flows from financing activities:

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

Cash and cash equivalents:

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