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Kystvejen 29
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CVR no. 20 22 26 70

CLEMCO DANMARK A/S

NIELS BOHRS VEJ 40, 8660 SKANDERBORG

ANNUAL REPORT

1 JULY 2022 - 30 JUNE 2023

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 13 December 2023

_____

Frederik Sejersdal Uhl Nielsen

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 39 22 30

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BDO Statsautoriseret revisionsaktieselskab, a Danish limited liability company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

COMPANY DETAILS

Company	CLEMCO DANMARK A/S Niels Bohrs Vej 40 8660 Skanderborg
	CVR No.: 33 39 22 30 Established: 18 January 2011 Municipality: Skanderborg Financial Year: 1 July 2022 - 30 June 2023
Board of Directors	Mads Peter Lübeck, chairman Carsten Bezaleel Raunsbæk Frederik Sejersdal Uhl Nielsen
Executive Board	Frederik Sejersdal Uhl Nielsen
Auditor	BDO Statsautoriseret revisionsaktieselskab Kystvejen 29 8000 Aarhus C
Bank	Danske Bank Adelgade 108 8660 Skanderborg

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of CLEMCO DANMARK A/S for the financial year 1 July 2022 - 30 June 2023.

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

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 30 June 2023 and of the results of the Company's operations and cash flows for the financial year 1 July 2022 - 30 June 2023.

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

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

Skanderborg, 12 December 2023

Executive Board

_____
Frederik Sejersdal Uhl Nielsen

Board of Directors

_____	_____	_____
Mads Peter Lübeck Chairman	Carsten Bezaleel Raunsbæk	Frederik Sejersdal Uhl Nielsen

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of CLEMCO DANMARK A/S

Opinion
We have audited the Financial Statements of CLEMCO DANMARK A/S for the financial year 1 July 2022 - 30 June 2023, 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 30 June 2023 and of the results of the Company's operations and cash flows for the financial year 1 July 2022 - 30 June 2023 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.

Aarhus, 12 December 2023

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Klaus Tvede-Jensen
State Authorised Public Accountant
MNE no. mne23304

FINANCIAL HIGHLIGHTS

	2022/23 DKK	2021/22 DKK	2020/21 DKK	2019/20 DKK
Income statement				
Gross profit/loss	23.342.747	26.552.440	18.680.055	18.740.788
Operating profit/loss before depreciation and amortisation (EBITDA)	6.509.206	12.314.157	5.823.680	7.210.414
Operating profit/loss of main activities	4.509.295	10.952.874	4.814.066	6.149.588
Financial income and expenses, net	-222.564	-276.400	-107.356	17.839
Profit/loss for the year before tax	3.706.731	10.076.474	4.706.710	6.167.427
Profit/loss for the year	2.757.004	7.864.984	3.752.603	4.800.807
Results for the year without minority interests	2.757.004	7.864.984	3.752.603	4.800.807
Balance sheet				
Total assets	51.767.797	48.502.669	40.745.229	51.562.344
Equity	21.683.216	23.926.212	19.061.228	25.308.625
Equity ex minority interests	21.683.216	23.926.212	19.061.228	25.308.625
Cash flows				
Cash flows from operating activities	2.237.195	8.672.581	8.394.540	-11.726.533
Cash flows from investing activities	-3.190.366	-3.200.310	0	-3.290.460
Cash flows from financing activities	1.642.623	-4.548.933	-10.000.000	0
Total cash flows	689.452	923.338	-1.605.460	-15.016.993
Investment in property, plant and equipment	-1.897.240	-1.360.047	-736.658	-809.701
Key ratios				
Equity ratio	41,9	49,3	46,8	49,1
Return on equity	12,1	36,6	16,9	21,0

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

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

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

MANAGEMENT COMMENTARY

Principal activities
Principal activities are sales and marketing of machinery and consumables for surface treatment of steel and other materials as well as large scale fully automated turn key projects to international clients within heavy duty industrial surface treatment.

Clemco Denmark are supplying several robotic systems worldwide for surface treatment of steel structures. This activity strengthens Clemco Denmark's market position as an environmentally sustainable company by supporting our customers in reducing the use of resources and lead to safer surface treatment processes for protective coatings.

Our dedication to supply the world's best automation systems for applying corrosion protection will continue in the next financial year.

The company has achieved a reasonable local sale of equipment and machines, as well as consumables to the surface treatment industry.

Development in activities and financial and economic position
The profit for the year is considered acceptable in the light of the increasing price levels and logistic challenges in the market.

The risk of bad debts is managed by close debtor management and credit insurance of all larger debtors.

Due to increase in activity in the financial year Clemco present an annual report in accordance with the rules of reporting class C.

Profit/loss for the year compared to the expected development
The company has faced a number of challenges throughout the year due to an increasing price structure for certain components and consumables for the surface treatment that the company sells. In addition, there is a temporary slowdown in the paint contractor equipment market, which has had a negative impact on sales compared to previous years. The company's result is not as expected, but the company has worked purposefully to change some of these conditions during this period and has developed strong market activities that the company expects good results from in the coming years.
The risk of bad debts is managed by close debtor management and credit insurance of all larger debtors.

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.

Knowledge resources
The company's knowledge resources have been upgraded during the financial year and there has been an increase of engineers and trained technical service professionals to install and service the company's robotic systems abroad. In addition, further investments have been made in data solutions that can automate more processes in the company within financial systems and the operation of the company's sales processes. The management of the company consider the knowledge resources to be appropriate for the coming year and further actions will be taken to increase these resources

Research and development activities
The company's development activities within the development of robotics are further strengthened and there are high expectations that these development resources will provide an improved market position for surface treatment in the wind energy industry in particular, but also for the construction industry and the maritime segment.

Future expectations
The management in Clemco Denmark is expecting the same market share as last year in the local market as well as in the market for robotic surface treatment.

INCOME STATEMENT 1 JULY - 30 JUNE

	Note	2022/23 DKK	2021/22 DKK
GROSS PROFIT		**23.342.747**	**26.552.440**
Staff costs	1	-16.833.541	-14.238.283
Depreciation, amortisation and impairment		-1.877.913	-1.306.283
Other operating expenses		-121.998	-55.000
OPERATING PROFIT		**4.509.295**	**10.952.874**
Other financial income	2	185.880	56.568
Impairment of asset investments		-580.000	-600.000
Other financial expenses	3	-408.444	-332.968
PROFIT BEFORE TAX		**3.706.731**	**10.076.474**
Tax on profit/loss for the year	4	-949.727	-2.211.490
PROFIT FOR THE YEAR	5	**2.757.004**	**7.864.984**

BALANCE SHEET AT 30 JUNE

ASSETS	Note	2023 DKK	2022 DKK
Development projects completed		5.636.271	5.242.992
Intangible fixed assets acquired		356.446	0
Intangible assets	6	**5.992.717**	**5.242.992**
Production plants and machinery		641.182	509.860
Other plants, machinery, tools and equipment		1.223.681	919.229
Leasehold improvements		141.561	57.029
Property, plant and equipment	7	**2.006.424**	**1.486.118**
Equity investments in group enterprises		70.000	650.000
Rent deposit and other receivables		580.914	450.914
Financial non-current assets	8	**650.914**	**1.100.914**
NON-CURRENT ASSETS		**8.650.055**	**7.830.024**
Raw materials and consumables		16.799.329	16.271.219
Inventories		**16.799.329**	**16.271.219**
Trade receivables		19.178.828	18.463.616
Contract work in progress	9	1.279.872	2.558.307
Receivables from group enterprises		2.025.335	1.290.693
Other receivables		0	129.867
Prepayments and accrued income	10	1.962.663	776.680
Receivables		**24.446.698**	**23.219.163**
Cash and cash equivalents		**1.871.715**	**1.182.263**
CURRENT ASSETS		**43.117.742**	**40.672.645**
ASSETS		**51.767.797**	**48.502.669**

BALANCE SHEET AT 30 JUNE

EQUITY AND LIABILITIES	Note	2023 DKK	2022 DKK
Share Capital	11	500.000	500.000
Reserve for development expenditure		4.396.291	4.089.535
Retained profit		13.786.925	14.336.677
Proposed dividend		3.000.000	5.000.000
EQUITY		**21.683.216**	**23.926.212**
Provision for deferred tax	12	2.258.794	1.309.067
PROVISIONS		**2.258.794**	**1.309.067**
Corporation tax		0	1.807.607
Other liabilities		1.136.491	1.074.931
Non-current liabilities	13	**1.136.491**	**2.882.538**
Bank debt		8.459.517	1.816.894
Lease liabilities		166.205	0
Prepayments received concerning work in progress	9	1.886.646	0
Trade payables		9.962.670	12.910.245
Corporation tax		2.700.811	893.204
Other liabilities		2.716.712	4.049.142
Accruals and deferred income		796.735	715.367
Current liabilities		**26.689.296**	**20.384.852**
LIABILITIES		**27.825.787**	**23.267.390**
EQUITY AND LIABILITIES		**51.767.797**	**48.502.669**

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EQUITY

	Share capital	Reserve for development expenditure	Retained profit	Proposed dividend	Total
Equity at 1 July 2022	500.000	4.089.535	14.336.677	5.000.000	23.926.212
Proposed profit allocation, see note 5			-242.996	3.000.000	2.757.004
Transactions with owners					
Dividend paid				-5.000.000	-5.000.000
Other legal bindings					
Capitalized development costs		1.299.824			1.299.824
Other adjustments to equity value			-306.756		-306.756
Other transfers					
Depreciations		-906.547			-906.547
Tax on changes in equity		**-86.521**			**-86.521**
Equity at 30 June 2023	**500.000**	**4.396.291**	**13.786.925**	**3.000.000**	**21.683.216**

CASH FLOW STATEMENT 1 JULY - 30 JUNE

	2022/23 DKK	2021/22 DKK
Profit/loss for the year	2.757.004	7.864.984
Depreciation and amortisation, reversed	1.877.913	1.306.283
Reversed realization gains	140.187	-127.620
Tax on profit/loss, reversed	949.727	2.211.490
Other adjustments	580.000	600.000
Change in inventories	-528.110	-2.012.040
Change in receivables (ex tax)	-1.227.535	-3.400.415
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility)	-2.311.991	2.229.899
CASH FLOWS FROM OPERATING ACTIVITY	**2.237.195**	**8.672.581**
Purchase of intangible assets	-1.455.126	-2.347.153
Purchase of property, plant and equipment	-1.897.240	-1.360.047
Sale of financial assets	162.000	506.890
CASH FLOWS FROM INVESTING ACTIVITY	**-3.190.366**	**-3.200.310**
Change in bank debt	6.642.623	-1.548.933
Dividends paid in the financial year	-5.000.000	-3.000.000
CASH FLOWS FROM FINANCING ACTIVITY	**1.642.623**	**-4.548.933**
CHANGE IN CASH AND CASH EQUIVALENTS	**689.452**	**923.338**
Cash and cash equivalents at 1. juli	1.182.263	258.925
CASH AND CASH EQUIVALENTS AT 30. JUNI	**1.871.715**	**1.182.263**
Cash and cash equivalents at 30 June comprise:		
Cash and cash equivalents	1.871.715	1.182.263
CASH AND CASH EQUIVALENTS	**1.871.715**	**1.182.263**

NOTES

	2022/23 DKK	2021/22 DKK	Note
Staff costs			1
Number of full time employees	31	31	
Wages and salaries	15.176.505	12.599.134	
Pensions	1.453.396	1.487.326	
Social security costs	203.640	151.823	
	16.833.541	**14.238.283**	
Remuneration of Management and Board of Directors	1.139.463	913.334	
	1.139.463	**913.334**	
Other financial income			2
Group enterprises	39.218	18.269	
Other interest income	146.662	38.299	
	185.880	**56.568**	
Other financial expenses			3
Other interest expenses	408.444	332.968	
	408.444	**332.968**	
Tax on profit/loss for the year			4
Calculated tax on taxable income of the year	0	1.807.607	
Adjustment of deferred tax	949.727	403.883	
	949.727	**2.211.490**	
Proposed distribution of profit			5
Proposed dividend for the year	3.000.000	5.000.000	
Retained earnings	-242.996	2.864.984	
	2.757.004	**7.864.984**	

NOTES

Note

Intangible assets 6

	Development projects completed	Intangible fixed assets acquired
Cost at 1 July 2022	7.245.665	0
Transfer	0	1.173.237
Additions	1.299.824	155.302
Disposals	-899.841	-53.613
Cost at 30 June 2023	**7.645.648**	**1.274.926**
Amortisation at 1 July 2022	2.002.671	799.788
Reversal of amortisation of assets disposed of	-899.841	-53.613
Amortisation for the year	906.547	172.305
Amortisation at 30 June 2023	**2.009.377**	**918.480**
Carrying amount at 30 June 2023	**5.636.271**	**356.446**

It is Management's assessment that the Company's robot projects of a total carrying amount of DKK 5.636.271 contribute positively and effectively to the Company's earnings. Thus, in 2023, the Company has sold and delivered several systems. Management performs a annually impairment test, which have not given any impaiment indications as of 30 June 2023.
The robot systems is technically well-functioning, and the Company receives inquiries every month from customers in the wind power industry.

Property, plant and equipment 7

	Production plants and machinery	Other plants, machinery, tools and equipment	Leasehold improvements
Cost at 1 July 2022	1.011.966	2.583.528	157.916
Transferred	0	-1.173.237	0
Additions	646.176	1.144.064	107.000
Disposals	-565.082	-72.121	-32.774
Cost at 30 June 2023	**1.093.060**	**2.482.234**	**232.142**
Depreciation and impairment losses at 1 July 2022	502.108	1.664.295	100.889
Change of policy	0	-799.788	0
Reversal of depreciation of assets disposed of	-360.659	-72.121	-32.774
Depreciation for the year	310.429	466.167	22.466
Depreciation and impairment losses at 30 June 2023	**451.878**	**1.258.553**	**90.581**
Carrying amount at 30 June 2023	**641.182**	**1.223.681**	**141.561**
Finance lease assets		191.167	

NOTES

			Note
Financial non-current assets			8
	Equity investments in group enterprises	Rent deposit and other receivables	
Cost at 1 July 2022	1.250.000	450.914	
Additions	0	130.000	
Cost at 30 June 2023	**1.250.000**	**580.914**	
Revaluation at 1 July 2022	-600.000	0	
Revaluation and impairment losses for the year	-580.000	0	
Revaluation at 30 June 2023	**-1.180.000**	**0**	
Carrying amount at 30 June 2023	**70.000**	**580.914**	

Investments in subsidiaries (DKK)

Name and domicil	Equity	Profit/loss for the year	Ownership
Autosam A/S, Skanderborg	39.321	-181.524	100 %

	2023 DKK	2022 DKK	
Contract work in progress			9
Sales value of completed work	9.554.107	2.558.307	
Invoiced on account/payments on account	-10.160.881	0	
Contract work in progress, net	**-606.774**	**2.558.307**	
Contract work in progress (asset)	1.279.872	2.558.307	
Contract work in progress (liability)	-1.886.646	0	
	-606.774	**2.558.307**	
Prepayments and accrued income			10
Prepaid cost and insurances etc.	1.962.663	776.680	
	1.962.663	**776.680**	

NOTES

			Note
Share Capital			11
Allocation of share capital:			
A-shares, 500.000 unit in the denomination of 1 DKK.....	500.000	500.000	
	500.000	**500.000**	

Provision for deferred tax 12

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.

Deferred tax, beginning of year.....	1.309.067	905.184
Deferred tax of the year, income statement.....	949.727	403.883
Total.....	**2.258.794**	**1.309.067**

Long-term liabilities 13

	30/6 2023 total liabilities	Repayment next year	Debt outstanding after 5 years	30/6 2022 total liabilities
Corporation tax.....	0	0	0	1.807.607
Other liabilities.....	1.136.491	0	0	1.074.931
Accruals and deferred income.....	0	0	1.074.931	0
	1.136.491	**0**	**1.074.931**	**2.882.538**

Contingencies etc. 14

Contingent liabilities

The Company has issued an unlimited guarantee of payment for Danske Bank's account with Autosam A/S.

The company has entered into operational lease agreements with an average lease payment of DKK ('000) 382 per year. The company has also entered into rent agreements with an average rent payment of DKK ('000) 1.061 per year.

The leasing liabilities has a running time of 7 to 21 months. The total liability amount for lease agreements is DKK ('000) 541.

The rent agreements is non-terminable within 6 monts from the day of giving notice of termination, the rent agreement regarding Skanderborg is renegotiated and can be terminated from 31-01-2028.

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 FSUN ApS, which serves as management company for the joint taxation.

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Charges and securities	15

Bank debt is secured by way of a corporate mortgage deed registered to the mortgagor with a floating charge of DKK ('000) 10.000 nominal.

The company have provided a guarantee for bank debt in Autosam ApS 30/6 2023 DKK 452.584.

The corporate mortgage deed includes the following assets, which value on the balance day is:

	DKK
Production plants and machinery	641.182
Other plants, machinery, tools and equipment	1.223.681
Leasehold improvements	141.561
Inventories	16.799.329
Trade receivables	19.178.828
Intangible assets	5.992.717

Related parties 16

The Company's related parties include:

Controlling interest

FSUN ApS, Sejs Søvej 78, Sejs-Svejbæk, 8600 Silkeborg 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.

ACCOUNTING POLICIES

The Annual Report of CLEMCO DANMARK A/S for 2022/23 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.

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.

When the result of contract work cannot be assessed reliably, revenue is only recognised corresponding to the related costs and only to the extent that it is likely that they will be recovered.

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

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

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.

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

Other external expenses
Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, lease expenses, 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. Repayments from public authorities are deducted from staff costs.

Income from investments in subsidiaries
Dividend from equity interests is recognised in the financial year in which the dividend is declared. In connection with transfers, potential profits are recognised when the economic rights related to the sold equity interests are transferred, however, at the earliest when the profit has been realised or is regarded as realisable. Moreover, realised losses other than impairments are included where identified.

ACCOUNTING POLICIES

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.

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

Intangible fixed assets
Development projects comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the Company's development activities and which fulfil the criteria for recognition in the Balance Sheet.

The accounting item is measured at the lower of the capitalised costs less accumulated amortisation and recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period used are 3-7 years.

Intangible fixed assets are generally written down to the recoverable amount if this is lower than the carrying amount.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Tangible fixed assets
Leasehold improvements, production plants and machinery, 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*
Production plant and machinery	*3 years*	*0%*
Other plant, fixtures and equipment	*3-5 years*	*0%*
Leasehold improvements	*3-10 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.

Financial non-current assets
Equity investments in are measured at cost. If the cost exceeds the net realisable value, this is written down to the lower value.

ACCOUNTING POLICIES

Impairment of fixed assets
The carrying amount of intangible fixed and 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.

Inventories
Inventories are measured at cost using the weightet average. 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 cost of finished goods and work in progress includes the cost of raw materials, consumables, direct payroll cost and other direct and other indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, the cost of factory administration and management and capitalised development costs relating to the products.

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.

ACCOUNTING POLICIES

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.

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.

ACCOUNTING POLICIES

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

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

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