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CVR no. 20 22 26 70

**ADVANCED CARBON PULTRUSION A/S**  
**BARMSTEDT ALLE 5, 5500 MIDDELFART**  
**ANNUAL REPORT**  
**1 JANUARY - 31 DECEMBER 2020**

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

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Ole Arenfeldt Jensen

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**COMPANY DETAILS**

<b>Company</b>	Advanced Carbon Pultrusion A/S		
	Barmstedt Alle 5		
	5500 Middelfart		
	CVR No.:	37 75 88 17	
	Established:	30 May 2016	
<b>Board of Directors</b>	Registered Office:		Middelfart
	Financial Year:	1 January - 31 December	
<b>Executive Board</b>	Peter Thorning, chairman		
	Henrik Rasmussen		
	Jens Guldborg		
<b>Auditor</b>	Jens Guldborg		
<b>Bank</b>	BDO Statsautoriseret revisionsaktieselskab		
	Kolding Åpark 8A, 7. sal		
	6000 Kolding		
<b>Bank</b>	Nordea		
	Kolding Åpark 2		
	6000 Kolding		

## BOARD OF DIRECTORS STATEMENT AND MANAGEMENT'S STATEMENT

*Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Advanced Carbon Pultrusion A/S for the financial year 1 January - 31 December 2020.*

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

*In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2020.*

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

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

Middelfart, 28 April 2021

Executive Board

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Jens Guldborg

Board of Directors

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Peter Thorning  
Chairman

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Henrik Rasmussen

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Jens Guldborg

## INDEPENDENT AUDITOR'S REPORT

### *To the Shareholders of Advanced Carbon Pultrusion A/S*

#### **Opinion**

*We have audited the Financial Statements of Advanced Carbon Pultrusion A/S for the financial year 1 January - 31 December 2020, which comprise income statement, Balance Sheet, statement of changes in equity, cash flows, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.*

*In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2020 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.*

#### **Basis for Opinion**

*We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.*

#### **Emphasis of matter**

*We draw attention to the note on uncertainty with respect to recognition and measurement in the financial statement, which describes the uncertainty related to the recognised tax assets of EUR ('000) 4,056. Our conclusion is not modified regarding this matter.*

#### **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.*

## INDEPENDENT AUDITOR'S REPORT

### **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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Statement on Management's Review**

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

## INDEPENDENT AUDITOR'S REPORT

*Based on the work we have performed, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management's Review.*

Kolding, 28 April 2021

BDO Statsautoriseret revisionsaktieselskab  
CVR no. 20 22 26 70

Jesper Steensbjerre  
State Authorised Public Accountant  
MNE no. mne31367

## FINANCIAL HIGHLIGHTS

	2020 EUR '000	2019 EUR '000	2018 EUR '000
Gross profit/loss.....	-7	-2.024	-164
Operating profit/loss of main activities.....	-441	-2.733	-20.146
Financial income and expenses, net.....	-115	-410	-536
Profit/loss for the year before tax.....	-557	-3.143	-20.682
Profit/loss for the year.....	2.221	-3.031	-18.208
<b>Balance sheet</b>			
Total assets.....	9.902	10.205	26.948
Equity.....	5.665	4.044	7.375
<b>Cash flows</b>			
Cash flows from operating activities.....	-826	-939	5.173
Cash flows from investing activities.....	0	-441	-1.041
Cash flows from financing activities.....	-600	-300	-1.200
Total cash flows.....	-1.426	-1.680	2.932
Investment in property, plant and equipment.....	0	-441	-1.041
<b>Key ratios</b>			
Return on invested capital.....	-44.1	-273.3	-180.5
Equity ratio.....	57.2	39.6	27.4
Return on equity.....	45.7	-53.1	-121.2

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

<i>Invested capital:</i>	<i>Intangible fixed assets (ex goodwill) + tangible assets + inventories + receivables + other working current assets - trade payables - other provisions - other long and short term working liabilities</i>
<i>Rate of return:</i>	$\frac{\text{Profit/loss on ordinary activities} \times 100}{\text{Average invested capital}}$
<i>Solvency ratio:</i>	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities, at year end}}$
<i>Return on equity:</i>	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$



## MANAGEMENT COMMENTARY

### **Principal activities**

The calendar year 2020 was the fourth full year of operation. The principal activities comprise of production of carbon fiber pultruded profiles for the Wind Turbine industry.

### **Recognition and measurement uncertainty**

In the assets there is a booked value of a deferred tax asset of EUR ('000) 4,056. The management in the group are planning transactions which due to the joint taxation in the group will permit the group to make use of the deferred tax asset.

If the planned transactions in the group are not completed there is uncertainty related to the value of the deferred tax asset.

### **Development in activities and financial and economic position**

Compared to 2019 the activity was lower in 2020.

### **Profit/loss for the year compared to the expected development**

The profit for the year was according to expectations.

### **Significant events after the end of the financial year**

Based on mutual agreement between the shareholders Fiberline Composites A/S has acquired 100 % of the shares in the company after the end of the financial year.

The customer claim mentioned as a special risk has been resolved after the end of the financial year. The financial impact of the claim is according to expectations.

No other events have occurred after the end of the financial year of material importance for the company's financial position.

### **Financial risk**

In 2019 the company has received a customer claim that may involve product ingredient insurance. In such case, the company's risk is contractually limited to the insurance coverage, but could be exposed to the risk of crediting the products supplied and paying the deductible under the insurance.

The company is not exposed to any special environmental, currency or interest rate risks.

The company has not entered into any speculative foreign currency positions.

### **Knowledge resources**

The company's activities are conducted by the parent company Fiberline Composites A/S based on a service agreement.

### **Research and development activities**

Research and development activities are conducted by the parent company Fiberline Composites A/S based on a service agreement.

### **Future expectations**

The company has not been successful in securing new customer contracts, so no activity is expected for 2021.

# INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2020 EUR	2019 EUR
<b>GROSS LOSS</b> .....	1	-7.150	-2.023.974
Depreciation, amortisation and impairment losses.....		-434.108	-458.613
Other operating expenses.....		0	-250.674
<b>OPERATING LOSS</b> .....		-441.258	-2.733.261
Other financial income.....	2	6.576	32.107
Other financial expenses.....		-121.940	-442.169
<b>LOSS BEFORE TAX</b> .....		-556.622	-3.143.323
Tax on profit/loss for the year.....	3	2.777.477	112.820
<b>PROFIT FOR THE YEAR</b> .....	4	2.220.855	-3.030.503

# BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2020 EUR	2019 EUR
Production plant and machinery.....		4.057.117	4.475.118
Other plant, machinery, tools and equipment.....		14.765	30.872
<b>Property, plant and equipment.....</b>	<b>5</b>	<b>4.071.882</b>	<b>4.505.990</b>
<b>NON-CURRENT ASSETS.....</b>		<b>4.071.882</b>	<b>4.505.990</b>
Trade receivables.....		714.518	1.819.234
Receivables from group enterprises.....		119.396	112.820
Deferred tax assets.....	6	4.055.610	2.217.000
Other receivables.....		0	121.805
Joint tax contribution receivable.....		938.867	0
<b>Receivables.....</b>		<b>5.828.391</b>	<b>4.270.859</b>
<b>Cash and cash equivalents.....</b>		<b>2.148</b>	<b>1.428.047</b>
<b>CURRENT ASSETS.....</b>		<b>5.830.539</b>	<b>5.698.906</b>
<b>ASSETS.....</b>		<b>9.902.421</b>	<b>10.204.896</b>

# BALANCE SHEET AT 31 DECEMBER

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>2020 EUR</b>	<b>2019 EUR</b>
Share capital.....	7	1.000.000	1.000.000
Retained profit.....		4.665.173	2.444.319
Proposed dividend.....		0	600.000
<b>EQUITY.....</b>		<b>5.665.173</b>	<b>4.044.319</b>
Other provisions for liabilities.....	8	410.000	0
<b>PROVISIONS.....</b>		<b>410.000</b>	<b>0</b>
Trade payables.....		2.817.066	5.270.263
Payables to group enterprises.....		928.394	890.314
Other liabilities.....		81.788	0
<b>Current liabilities.....</b>		<b>3.827.248</b>	<b>6.160.577</b>
<b>LIABILITIES.....</b>		<b>3.827.248</b>	<b>6.160.577</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>9.902.421</b>	<b>10.204.896</b>
 Contingencies etc.	9		
 Related parties	10		
 Information on uncertainty with respect to recognition and measurement	11		
 Consolidated Financial Statements	12		
 Staff costs	13		

# EQUITY

	Share capital	Retained profit	Proposed dividend	Total
Equity at 1 January 2020.....	1.000.000	2.444.318	600.000	4.044.318
Proposed profit allocation see note4.....		2.220.855		2.220.855
<b>Transactions with owners</b>				
Dividend paid.....			-600.000	-600.000
Equity at 31 December 2020.....	1.000.000	4.665.173	0	5.665.173

# CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	2020 EUR	2019 EUR
Profit/loss for the year.....	2.220.855	-3.030.503
Depreciation and amortisation, reversed.....	434.108	458.613
Reversed realization gains.....	0	250.674
Tax on profit/loss, reversed.....	-2.777.477	-112.820
Corporation tax paid.....	0	112.820
Change in inventories.....	0	2.075.603
Change in receivables (ex tax).....	1.219.944	12.718.394
Change in other provisions.....	410.000	0
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility).....	-2.333.329	-13.412.166
<b>CASH FLOWS FROM OPERATING ACTIVITY.....</b>	<b>-825.899</b>	<b>-939.385</b>
Purchase of property, plant and equipment.....	0	-441.191
<b>CASH FLOWS FROM INVESTING ACTIVITY.....</b>	<b>0</b>	<b>-441.191</b>
Dividends paid in the financial year.....	-600.000	-300.000
<b>CASH FLOWS FROM FINANCING ACTIVITY.....</b>	<b>-600.000</b>	<b>-300.000</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>-1.425.899</b>	<b>-1.680.576</b>
Cash and cash equivalents at 1. januar.....	1.428.047	3.108.623
<b>CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....</b>	<b>2.148</b>	<b>1.428.047</b>
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents.....	2.148	1.428.047
<b>CASH AND CASH EQUIVALENTS, NET DEBT.....</b>	<b>2.148</b>	<b>1.428.047</b>

## NOTES

			Note
<b>Special items</b>			1
Last year the closing down of a business area generated one-off adjustment which have been recognised in last years comparative figures under "Net revenue" and "Cost of sales"			
	<b>2020</b>	<b>2019</b>	
	<b>EUR</b>	<b>EUR</b>	
Closed down business area, one-off adjusment net revenue ....	0	2.106.660	
	<b>0</b>	<b>2.106.660</b>	
<b>Other financial income</b>			2
Group enterprises.....	6.576	32.107	
	<b>6.576</b>	<b>32.107</b>	
<b>Tax on profit/loss for the year</b>			3
Calculated tax on taxable income of the year.....	-938.867	0	
Adjustment of deferred tax.....	-1.838.610	-112.820	
	<b>-2.777.477</b>	<b>-112.820</b>	
<b>Proposed distribution of profit</b>			4
Proposed dividend for the year.....	0	600.000	
Retained earnings.....	2.220.855	-3.630.503	
	<b>2.220.855</b>	<b>-3.030.503</b>	
<b>Property, plant and equipment</b>			5
	<b>Production plant and machinery</b>	<b>Other plant, machinery, tools and equipment</b>	
Cost at 1 January 2020.....	5.488.179	80.536	
<b>Cost at 31 December 2020.....</b>	<b>5.488.179</b>	<b>80.536</b>	
Depreciation and impairment losses at 1 January 2020.....	1.013.061	49.664	
Depreciation for the year.....	418.001	16.107	
<b>Depreciation and impairment losses at 31 December 2020...</b>	<b>1.431.062</b>	<b>65.771</b>	
<b>Carrying amount at 31 December 2020.....</b>	<b>4.057.117</b>	<b>14.765</b>	

## NOTES

## Note

**Deferred tax assets**

6

Provision for deferred tax comprises deferred tax on contract work in progress, inventory and intangible and tangible fixed assets.

	2020 EUR	2019 EUR
Deferred tax relating to:		
Intangible fixed assets.....	0	-2.299.423
Tangible fixed assets.....	460.970	411.526
Trade receivables.....	-408.834	-444.262
Unutilised tax losses.....	-4.107.746	-2.539.860
Impairment loss .....	0	2.655.019
	<b>-4.055.610</b>	<b>-2.217.000</b>
Deferred tax, beginning of year.....	-2.217.000	-2.217.000
Deferred tax of the year, income statement.....	-1.838.610	0
<b>Deferred tax assets 31 December 2020.....</b>	<b>-4.055.610</b>	<b>-2.217.000</b>

The tax asset is based on the expectations for the profit in the joint taxation in the group for 2021, 2022 and 2023

	2020 EUR	2019 EUR
<b>Share capital</b>		
Allocation of share capital:		
A-shares, 510.000 unit in the denomination of 1 EUR.....	510.000	510.000
B-shares, 490.000 unit in the denomination of 1 EUR.....	490.000	490.000
	<b>1.000.000</b>	<b>1.000.000</b>

**Other provisions for liabilities**

8

0-1 year.....	410.000	0
Other provisions for liabilities include the expected cost of warranty commitments. Warranty commitments include liabilities for improvement of work.		



## NOTES

	Note
<b>Contingencies etc.</b>	<b>9</b>
<p><b>Contingent liabilities</b>  The company has received a customer claim that may involve product ingredient insurance. In such case, the company's risk is contractually limited to the insurance coverage, but could be exposed to the risk of crediting the products supplied and paying the deductible under the insurance.</p>	
<p><b>Joint liabilities</b>  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.</p> <p>Tax payable on the Group's joint taxable income is stated in the annual report of Ejner Holding ApS, which serves as management company for the joint taxation.</p>	
<b>Related parties</b>	<b>10</b>
<p>The Company's related parties include:</p> <p><b>Controlling interest</b>  Ejner Holding ApS, Barmstedt Allé 5, 5500 Middelfart, who is the ultimate majority shareholder.</p> <p><b>Other related parties having performed transactions with the company</b>  The company's related parties having a significant influence comprise subsidiaries and associates as well as the companies' Board of Directors, Board of Executives and executive officers and their relatives. Related parties include also companies in which the above mentioned group of persons has material interests.</p> <p><b>Transactions with related parties</b>  The company did not carry out any material transactions that were not concluded on market conditions.</p>	
<b>Information on uncertainty with respect to recognition and measurement</b>	<b>11</b>
<p>In the assets there is a booked value of a deferred tax asset of EUR ('000) 4,056. The management in the group are planning transactions which due to the joint taxation in the group will permit the group to make use of the deferred tax asset.</p> <p>If the planned transactions in the group are not completed the re is uncertainty related to the value of the deferred tax asset.</p>	
<b>Consolidated Financial Statements</b>	<b>12</b>
<p>The company is included in the consolidated financial statements for Ejner Holding ApS, Barmstedt Allé 5, 5500 Middelfart, CVR-number 35 52 31 70.</p>	
	2020                      2019
<b>Staff costs</b>	<b>13</b>
Average number of employees	1                      1

## ACCOUNTING POLICIES

*The Annual Report of Advanced Carbon Pultrusion A/S for 2020 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium enterprise.*

*The annual report is presented in EUR.*

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

## INCOME STATEMENT

### **Net revenue**

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

### **Other operating expenses**

*Other operating expenses include items of a secondary nature in relation to the enterprises' principal activities, including loss from sale of intangible and tangible fixed assets.*

### **Cost of sales**

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

### **Other external expenses**

*Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.*

### **Financial income and expenses**

*Financial income and expenses include interest income and expenses, realised and unrealised gains and losses arising from transactions in foreign currencies as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.*

### **Tax**

*The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.*

## ACCOUNTING POLICIES

### BALANCE SHEET

#### **Tangible fixed assets**

Production plant and machinery, other plants, machinery, tools 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. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Production plant and machinery.....	3-15 years	0 %
Other plant, fixtures and equipment.....	5-10 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

#### **Impairment of fixed assets**

The carrying amount of tangible assets are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, the assets are written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

#### **Receivables**

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.

#### **Other provisions for liabilities**

Other provisions for liabilities include the expected cost of warranty commitments, loss on work in progress, restructuring etc. and deferred tax.

Warranty commitments include liabilities for improvement of work within the warranty period of 1 to 5 years. The provision for liabilities is measured and recognised on the basis of experience with warranty work.

When it is likely that the total costs will exceed the total income on the contract work in progress, a provision is made for the total loss that is anticipated for the contract. The provision is recognised as a cost under production costs.

## ACCOUNTING POLICIES

### ***Tax payable and deferred tax***

*Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.*

*The Company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the on account tax scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.*

*Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.*

*Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.*

*Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.*

### ***Liabilities***

*Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.*

*Amortised cost of current liabilities usually corresponds to nominal value.*

### ***Foreign currency translation***

*Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.*

*Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.*

*Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.*

## CASH FLOW STATEMENT

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

### ***Cash flows from operating activities:***

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

### ***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.*

## ACCOUNTING POLICIES

### *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.*