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# ***Riantics A/S***

Industrivej 8, DK-9510 Arden

## **Annual Report for 1 January - 31 December 2017**

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CVR No 61 62 87 11

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
29/5 2018

René Toxvig  
Chairman



**pwc**

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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Riantics A/S for the financial year 1 January - 31 December 2017.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Company and of the results of the Company operations and cash flows for 2017.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Arden, 29 May 2018

## Executive Board

Hans-Henrik Jensen  
CEO

## Board of Directors

Thomas Metz  
Chairman

Hubert Kloß

Roland Fuchs

# Independent Auditor's Report

To the Shareholder of Riantics A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Riantics A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for opinion

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

## Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

## 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 misstate-

# Independent Auditor's Report

ment, 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's 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

# Independent Auditor's Report

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.

Trekantområdet, 29 May 2018

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Jan Bunk Harbo Larsen  
State Authorised Public Accountant  
mne30224

Lasse Berg  
State Authorised Public Accountant  
mne35811

## **Company Information**

### **The Company**

Riantics A/S  
Industrivej 8  
DK-9510 Arden

CVR No: 61 62 87 11  
Financial period: 1 January - 31 December  
Municipality of reg. office: Mariagerfjord

### **Board of Directors**

Thomas Metz, Chairman  
Hubert Kloß  
Roland Fuchs

### **Executive Board**

Hans-Henrik Jensen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Herredsvej 32  
DK-7100 Vejle

## Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2017 TDKK	2016 TDKK - 7 months	2015/16 TDKK	2014/15 TDKK	2013/14 TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Gross profit/loss	55.215	44.725	81.100	69.581	62.739
Profit/loss before financial income and expenses	-20.538	2.722	18.377	3.011	2.614
Net financials	492	-427	-5.620	-3.689	-2.200
Net profit/loss for the year	-15.843	1.115	10.444	-1.328	-312
<b>Balance sheet</b>					
Balance sheet total	85.255	112.990	174.372	189.847	196.847
Equity	37.578	53.420	47.188	59.200	65.528
Investment in property, plant and equipment	1.262	689	498	402	1.176
<b>Ratios</b>					
Return on assets	-24,1%	2,4%	10,5%	1,6%	1,3%
Solvency ratio	44,1%	47,3%	27,1%	31,2%	33,3%
Return on equity	-34,8%	2,2%	19,6%	-2,1%	-0,4%

For definitions, see under accounting policies.



## **Management's Review**

Financial Statements of Riantics A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Annual Report has been prepared under the same accounting policies as last year.

### **Key activities**

Riantics focuses on developing, producing and distributin innovative quality products and automation solutions for the optimization of internal logistics in selected businesses.

### **Development in the year**

The income statement of the Company for 2017 shows a loss of DKK 15,842,845 because of extraordinary warranty provisions and postponed market re-entry on selected business segments. The financial result is below expectation and considered un-satisfactory.

### **Capital resources**

During the audit review Management presented business plans showing that capital and liquidity resources of the Company is adequate to secure the continued operations.

### **Targets and expectations for the year ahead**

The company expects positive development of the financial performance for the coming financial year exploiting synergies of becoming part of an intra-logistics group and financial benefits from market penetration into new business segments.

### **Uncertainty relating to recognition and measurement**

The computation of the carrying amount of certain assets and liabilities requires assements, estimates and assumptions regarding future events. The estimates used are based on historical experience and other factors which by Management are assessed to be reliable, but which by nature are associated with uncertainty. The assumptions may be incomplete or incorrect, and unexpected events or circumstances may arise.

Besides from this recognition and measurement in the Annual Report have not been subject to any uncertainty.

### **Unusual events**

The financial position at 31 December 2017 of the Company and the results of the activities and cash flows of the Company for the financial year for 2017 have not been affected by any unusual events.

## Income Statement 1 January - 31 December

	Note	2017 DKK	2016 DKK - 7 months
<b>Gross profit/loss</b>		<b>55.214.627</b>	<b>44.724.676</b>
Staff expenses	3	-72.341.839	-40.405.082
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-3.410.585	-1.597.845
<b>Profit/loss before financial income and expenses</b>		<b>-20.537.797</b>	<b>2.721.749</b>
Financial income	5	881.769	182.330
Financial expenses	6	-389.600	-608.982
<b>Profit/loss before tax</b>		<b>-20.045.628</b>	<b>2.295.097</b>
Tax on profit/loss for the year	7	4.202.783	-1.179.901
<b>Net profit/loss for the year</b>		<b>-15.842.845</b>	<b>1.115.196</b>

# Balance Sheet 31 December

## Assets

	Note	2017 DKK	2016 DKK - 7 months
Acquired patents		4.969.854	8.257.781
Goodwill		2.575.538	2.773.316
<b>Intangible assets</b>	<b>8</b>	<b>7.545.392</b>	<b>11.031.097</b>
Land and buildings		18.334.559	18.336.933
Plant and machinery		3.569	17.765
Other fixtures and fittings, tools and equipment		3.638.408	1.907.803
<b>Property, plant and equipment</b>	<b>9</b>	<b>21.976.536</b>	<b>20.262.501</b>
Investments in subsidiaries	10	1	1
<b>Fixed asset investments</b>		<b>1</b>	<b>1</b>
<b>Fixed assets</b>		<b>29.521.929</b>	<b>31.293.599</b>
Raw materials and consumables		5.625.538	5.121.032
Finished goods and goods for resale		1.276.911	2.213.720
<b>Inventories</b>		<b>6.902.449</b>	<b>7.334.752</b>
Trade receivables		24.539.380	33.274.559
Contract work in progress	11	5.643.258	13.686.674
Receivables from group enterprises		1.279.642	14.137
Other receivables		0	12.002
Deferred tax asset	15	11.837.783	7.635.000
Corporation tax		0	1.640.482
Prepayments	12	901.705	379.832
<b>Receivables</b>		<b>44.201.768</b>	<b>56.642.686</b>
<b>Cash at bank and in hand</b>		<b>4.628.688</b>	<b>17.718.583</b>
<b>Currents assets</b>		<b>55.732.905</b>	<b>81.696.021</b>
<b>Assets</b>		<b>85.254.834</b>	<b>112.989.620</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2017 DKK	2016 DKK - 7 months
Share capital		7.500.000	7.500.000
Revaluation reserve		3.843.371	5.052.002
Retained earnings		26.234.205	40.868.419
<b>Equity</b>	13	<b>37.577.576</b>	<b>53.420.421</b>
Other provisions	16	11.474.800	6.489.226
<b>Provisions</b>		<b>11.474.800</b>	<b>6.489.226</b>
Other payables		2.034.921	2.474.831
<b>Long-term debt</b>		<b>2.034.921</b>	<b>2.474.831</b>
Trade payables		6.344.072	20.324.907
Contract work in progress, liabilities	11	12.541.582	11.962.915
Payables to group enterprises		2.147.320	253.355
Corporation tax		6.606	0
Other payables		13.127.957	18.063.965
<b>Short-term debt</b>		<b>34.167.537</b>	<b>50.605.142</b>
<b>Debt</b>		<b>36.202.458</b>	<b>53.079.973</b>
<b>Liabilities and equity</b>		<b>85.254.834</b>	<b>112.989.620</b>
Recognition and measurement uncertainties	1		
Subsequent events	2		
Distribution of profit	14		
Contingent assets, liabilities and other financial obligations	19		
Related parties	20		
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## Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Revaluation reserve</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	7.500.000	5.052.002	40.868.419	53.420.421
Depreciation, amortisation and impairment for the year	0	-1.208.631	1.208.631	0
Net profit/loss for the year	<u>0</u>	<u>0</u>	<u>-15.842.845</u>	<u>-15.842.845</u>
<b>Equity at 31 December</b>	<b><u>7.500.000</u></b>	<b><u>3.843.371</u></b>	<b><u>26.234.205</u></b>	<b><u>37.577.576</u></b>

## Cash Flow Statement 1 January - 31 December

	Note	2017 DKK	2016 DKK - 7 months
Net profit/loss for the year		-15.842.845	1.115.196
Adjustments	17	-1.284.367	3.204.398
Change in working capital	18	2.908.515	17.373.919
<b>Cash flows from operating activities before financial income and expenses</b>		<b>-14.218.697</b>	<b>21.693.513</b>
Financial income		881.769	182.330
Financial expenses		-378.626	-608.982
<b>Cash flows from ordinary activities</b>		<b>-13.715.554</b>	<b>21.266.861</b>
Corporation tax received		1.640.482	21.756
<b>Cash flows from operating activities</b>		<b>-12.075.072</b>	<b>21.288.617</b>
Purchase of intangible assets		1.301.578	-969.200
Purchase of property, plant and equipment		-2.940.493	-689.000
Sale of property, plant and equipment		0	12.000.000
Sale of fixed asset investments etc		0	43.927.843
<b>Cash flows from investing activities</b>		<b>-1.638.915</b>	<b>54.269.643</b>
Repayment of mortgage loans		0	-25.162.894
Repayment of payables to group enterprises		628.460	0
Cash capital increase		0	5.117.535
Other adjustments		-4.368	0
<b>Cash flows from financing activities</b>		<b>624.092</b>	<b>-20.045.359</b>
<b>Change in cash and cash equivalents</b>		<b>-13.089.895</b>	<b>55.512.901</b>
Cash and cash equivalents at 1 January		17.718.583	-37.794.318
<b>Cash and cash equivalents at 31 December</b>		<b>4.628.688</b>	<b>17.718.583</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		4.628.688	17.718.583
<b>Cash and cash equivalents at 31 December</b>		<b>4.628.688</b>	<b>17.718.583</b>

# Notes to the Financial Statements

## 1 Recognition and measurement uncertainties

The computation of the carrying amount of certain assets as deferred tax assets and work in progress and liabilities as warranty accruals requires assessments, estimates and assumptions regarding future events. The estimates used are based on historical experience and other factors which by Management are assessed to be reliable, but which by nature are associated with uncertainty. The assumptions may be incomplete or incorrect, and unexpected events or circumstances may arise.

## 2 Subsequent events

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

## 3 Staff expenses

	<u>2017</u> DKK	<u>2016</u> DKK - 7 months
Wages and salaries	67.426.323	37.440.852
Pensions	4.217.657	2.418.771
Other social security expenses	697.859	545.459
	<u><b>72.341.839</b></u>	<u><b>40.405.082</b></u>
Including remuneration to the Executive Board of:		
Executive Board	1.594.091	
	<u><b>1.594.091</b></u>	
<b>Average number of employees</b>	<u><b>102</b></u>	<u><b>94</b></u>

## 4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Amortisation of intangible assets	2.184.127	1.096.830
Depreciation of property, plant and equipment	1.226.458	725.041
Gain and loss on disposal	0	-224.026
	<u><b>3.410.585</b></u>	<u><b>1.597.845</b></u>

## Notes to the Financial Statements

	2017 <u>DKK</u>	2016 <u>DKK - 7 months</u>
<b>5 Financial income</b>		
Other financial income	987	101.865
Exchange adjustments	358.660	80.465
Exchange gains	<u>522.122</u>	<u>0</u>
	<b><u>881.769</u></b>	<b><u>182.330</u></b>
<b>6 Financial expenses</b>		
Interest paid to group enterprises	10.975	87.734
Other financial expenses	<u>378.625</u>	<u>521.248</u>
	<b><u>389.600</u></b>	<b><u>608.982</u></b>
<b>7 Tax on profit/loss for the year</b>		
Current tax for the year	0	-195.099
Deferred tax for the year	<u>-4.202.783</u>	<u>1.375.000</u>
	<b><u>-4.202.783</u></b>	<b><u>1.179.901</u></b>
<b>8 Intangible assets</b>		
	Acquired pa- tents <u>DKK</u>	Goodwill <u>DKK</u>
Cost at 1 January	29.581.902	3.660.253
Transfers for the year	<u>-1.301.578</u>	<u>0</u>
Cost at 31 December	<u>28.280.324</u>	<u>3.660.253</u>
Impairment losses and amortisation at 1 January	21.324.121	886.937
Amortisation for the year	<u>1.986.349</u>	<u>197.778</u>
Impairment losses and amortisation at 31 December	<u>23.310.470</u>	<u>1.084.715</u>
<b>Carrying amount at 31 December</b>	<b><u>4.969.854</u></b>	<b><u>2.575.538</u></b>



## Notes to the Financial Statements

### 9 Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
	DKK	DKK	DKK
Cost at 1 January	30.089.291	1.824.666	8.910.240
Additions for the year	867.453	0	771.462
Disposals for the year	0	-229.530	-1.019.136
Transfers for the year	0	0	1.301.578
Cost at 31 December	<u>30.956.744</u>	<u>1.595.136</u>	<u>9.964.144</u>
Revaluations at 1 January	<u>5.052.002</u>	<u>0</u>	<u>0</u>
Revaluations at 31 December	<u>5.052.002</u>	<u>0</u>	<u>0</u>
Impairment losses and depreciation at 1 January	16.804.360	1.806.901	7.002.437
Depreciation for the year	869.827	14.196	342.435
Reversal of impairment and depreciation of sold assets	0	-229.530	-1.019.136
Impairment losses and depreciation at 31 December	<u>17.674.187</u>	<u>1.591.567</u>	<u>6.325.736</u>
<b>Carrying amount at 31 December</b>	<b><u>18.334.559</u></b>	<b><u>3.569</u></b>	<b><u>3.638.408</u></b>
Revaluation less amortisation, depreciation and impairment losses	<u>4.927</u>	<u>0</u>	<u>0</u>
<b>Carrying amount at 31 December before revaluations</b>	<b><u>18.329.632</u></b>	<b><u>3.569</u></b>	<b><u>3.638.408</u></b>

## Notes to the Financial Statements

	2017 DKK	2016 DKK - 7 months
<b>10 Investments in subsidiaries</b>		
Cost at 1 January	1	1
<b>Carrying amount at 31 December</b>	<b>1</b>	<b>1</b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
	Leicester, United Kingdom				
Univeyor Limited	Kingdom	GBP 10.000	100%	-1.044.957	-53.564

### 11 Contract work in progress

Selling price of work in progress	169.149.989	247.749.816
Payments received on account	-163.506.731	-234.063.142
	<b>5.643.258</b>	<b>13.686.674</b>

Recognised in the balance sheet as follows:

Contract work in progress recognised in assets	5.643.258	13.686.674
Prepayments received recognised in debt	-12.541.582	-11.962.915
	<b>-6.898.324</b>	<b>1.723.759</b>

### 12 Prepayments

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

### 13 Equity

The share capital consists of 7,500 shares of a nominal value of DKK 1,000. No shares carry any special rights.

## Notes to the Financial Statements

	2017 <u>DKK</u>	2016 <u>DKK - 7 months</u>
<b>14 Distribution of profit</b>		
Retained earnings	-15.842.845	1.115.196
	<b>-15.842.845</b>	<b>1.115.196</b>
<b>15 Deferred tax asset</b>		
Deferred tax asset at 1 January	7.635.000	9.100.000
Amounts recognised in the income statement for the year	4.202.783	-1.375.000
Amounts recognised in equity for the year	0	-90.000
<b>Deferred tax asset at 31 December</b>	<b>11.837.783</b>	<b>7.635.000</b>

It is considered most likely that within a short number of years, Riantics A/S will be able to generate sufficient taxable results against which the tax assets can be set off. Losses deductible against income from like-kind sources according to the Danish Act on Taxation of Profit from Sale of Real Property are not recognised numerically in the financial statements as tax loss carryforwards are not expected to be used by the Company within the next few years.

### 16 Other provisions

General provisions is guarantee obligations concerning goods sold within sales and product sales which are delivered with one year's guarantee. The provisions are prepared based on previous years' experiences. Expectations are that the costs will be incurred within 12 months.

Other provisions	11.474.800	6.489.226
	<b>11.474.800</b>	<b>6.489.226</b>

## Notes to the Financial Statements

	2017	2016
	DKK	DKK - 7 months
<b>17 Cash flow statement - adjustments</b>		
Financial income	-881.769	-182.330
Financial expenses	389.600	608.982
Depreciation, amortisation and impairment losses, including losses and gains on sales	3.410.585	1.597.845
Tax on profit/loss for the year	-4.202.783	1.179.901
	<b>-1.284.367</b>	<b>3.204.398</b>
<b>18 Cash flow statement - change in working capital</b>		
Change in inventories	432.303	745.321
Change in receivables	16.268.724	18.731.601
Change in other provisions	4.985.574	-508.000
Change in trade payables, etc	-18.778.086	-1.595.003
	<b>2.908.515</b>	<b>17.373.919</b>
<b>19 Contingent assets, liabilities and other financial obligations</b>		
<b>Charges and security</b>		
The guarantor has provided a guarantee in connection with projects in progress. Guarantees amounts at the balance sheet date to DKK:	16.293.046	27.406.509
<b>Rental and lease obligations</b>		
Unrecognised rental and lease commitments	4.395.515	4.150.038

# Notes to the Financial Statements

## 20 Related parties

### Basis

#### Controlling interest

Körber Logisitcs Systems GmbH

Holds all company shares and therefore has a controlling interest in the Company.

#### Transactions

With reference to section 98c of the Danish Financial Statements Act. 7, no transactions with related parties have been disclosed, as these have been conducted on market terms.

#### Consolidated Financial Statements

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Name

Place of registered office

Körber AG

Hamburg, Germany

# Notes to the Financial Statements

## 21 Accounting Policies

The Annual Report of Riantics A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017 are presented in DKK.

### Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Körber AG, the Company has not prepared consolidated financial statements.

### Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

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

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

### Translation policies

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

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

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

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

## Income Statement

### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

### Revenue

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

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

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

### Expenses for raw materials and consumables

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

### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as the Company's administration, etc.

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

### **Amortisation, depreciation and impairment losses**

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

### **Financial income and expenses**

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

### **Tax on profit/loss for the year**

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

## **Balance Sheet**

### **Intangible assets**

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10-20 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 15 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

### **Property, plant and equipment**

On acquisition land and buildings are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed properties comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components and suppliers up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of properties are recognised in cost over the construction period.

After the initial recognition land and buildings are measured at fair value.



# Notes to the Financial Statements

## 21 Accounting Policies (continued)

Fair value is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates.

In Management's opinion the determination of fair value for the year was enabled through comparable market transactions and, consequently, valuation is based on the expected selling price of land and buildings.

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

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

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

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

Buildings	30-50 years
Plant and machinery	5-10 years
Other fixtures and equipment etc.	3-5 years

Depreciation period and residual value are reassessed annually.

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

### Impairment of fixed assets

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

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

### Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

### Inventories

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

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

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

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

### Receivables

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

### Contract work in progress

Contract work in progress is measured at selling price based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

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

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

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

### Prepayments

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

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

### Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5. Provisions are measured and recognised based on experience with guarantee work. Provisions with an expected maturity exceeding 1 year from the balance sheet date are discounted at the average bond yield.

### Deferred tax assets and liabilities

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

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

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

### Current tax receivables and liabilities

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

### Financial debts

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

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

### Cash Flow Statement

The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

#### Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

#### Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

#### Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

#### Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

### Financial Highlights

#### Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$