

Doms ApS

Formervangen 28, 2600 Glostrup
CVR no. 76 47 47 10

Annual report for 2020

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 26.08.21

Christopher Jensen
Dirigent

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The company

Doms ApS
Formervangen 28
2600 Glostrup
Tel.: 43 29 94 00
Registered office: Glostrup
CVR no.: 76 47 47 10
Financial year: 01.01 - 31.12

Executive Board

Søren Nordby Riishøj
James Benjamin Richard Gale

Board of Directors

Søren Nordby Riishøj
James Benjamin Richard Gale
Jason Paul Lund

Auditors

EY Godkendt Revisionspartnerselskab

Statement by the Executive Board and Board of Directors on the annual report

We have on this day discussed and approved the annual report for the financial year 01.01.20 - 31.12.20 for Doms ApS.

The annual report is presented in accordance with 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 as at 31.12.20 and of the results of the company's activities for the financial year 01.01.20 - 31.12.20.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

The annual report is submitted for adoption by the general meeting.

Glostrup, August 26, 2021

Executive Board

Søren Nordby Riishøj

James Benjamin Richard
Gale

Board of Directors

Søren Nordby Riishøj

James Benjamin Richard
Gale

Jason Paul Lund

To the capital owner of Doms ApS**AUDITORS'S REPORT ON THE FINANCIAL STATEMENTS****Opinion**

We have audited the financial statements of Doms ApS for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including 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 financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibility 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 as to 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and 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 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 regarding the 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.

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 Acts. We did not identify any material misstatement of Management's review.

Report on other legal and regulatory requirements***Non-compliance concerning loans granted to related entities***

In contravention of section 210 of the Danish Companies Act, the Company has granted loans to related entities, and Management may incur liability in this respect.

Non-compliance with the provisions of the Danish Financial Statements Act regarding submission of annual reports

The Company has not observed the deadline for submission of the annual report for 2020. Management may incur liability in this respect.

Copenhagen, August 26, 2021

EY Godkendt Revisionspartnerselskab

CVR no. 30700228

Henrik Kronborg Iversen

State Authorized Public Accountant

MNE-no. mne24687

Rasmus Bloch Jespersen

State Authorized Public Accountant

MNE-no. mne35503

FINANCIAL HIGHLIGHTS**Key figures**

Figures in DKK '000	2020	2019	2018	2017	2016
<i>Profit/loss</i>					
Gross profit	76,554	78,360	75,088	66,361	62,057
Index	123	126	121	107	100
Operating profit	21,934	19,168	14,041	7,584	-2,703
Index	-811	-709	-519	-281	100
Total net financials	285	-680	-6,518	-20,056	-18,194
Index	-2	4	36	110	100
Profit before tax	20,894	15,302	7,523	-12,472	-20,897
Index	-100	-73	-36	60	100
Profit for the year	16,127	11,808	4,620	-13,787	-20,259
Index	-80	-58	-23	68	100
<i>Balance</i>					
Total assets	115,459	97,078	78,969	70,516	118,407
Index	98	82	67	60	100
Investments in property, plant and equipment	0	0	716	41	0
Index	-	-	-	-	100
Equity	77,560	61,433	49,010	44,390	-2,536
Index	-3,058	-2,422	-1,933	-1,750	100

Ratios

	2020	2019	2018	2017	2016
<i>Profitability</i>					
Return on equity	23%	21%	10%	-66%	-22%
<i>Equity ratio</i>					
Equity interest	67%	63%	62%	63%	-2%
<i>Others</i>					
Number of employees (average)	82	86	89	90	96

Figures from 2018 have not been adjusted following the material misstatement.

Ratios definitions

Return on equity:	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$
Equity interest:	$\frac{\text{Equity, end of year} \times 100}{\text{Total assets}}$

Primary activities

Doms ApS' ('the Company's') primary activities relate to the sale, installation and service of fuel retail equipment.

In Denmark, the Company's main activity consists of technical service and installations to customers in the fuel retail industry and the supply of related equipment.

Internationally, the company's main activity consists in the supply and sale of electronics systems for forecourt management at fuel retailers (PSS 5000).

Material misstatement

In 2020, management concluded that the Company incorrectly omitted the recognition of revenue from license agreement in 2019 and 2018. Due to the significance of the matter the Company has treated the matter in accordance with the provisions in section 52(2) of the Danish Financial Statements Act regarding corrected of material misstatements. Consequently, the comparatives and the equity as at 31 December 2019 and 2018 has been restated in these financial statements.

The restatement impacts the comparatives and the opening equity as follows:

- In 2019, revenue arising from license agreements, gross profit, and profit before tax increased by DKK 3,874 thousand, tax on profit for the year increased by DKK 852 thousand, and profit for the year increased by DKK 3,022 thousand.
- The balance sheet total at 1 January 2020 and 2019 increased by DKK 4,664 thousand and DKK 790 thousand
- The opening equity at 1 January 2020 and 2019 increased by DKK 3,638 thousand and DKK 616 thousand, respectively.

Unusual events

Doms ApS has re-evaluated the impact of COVID-19 pandemic and see a significant impact on 2020 profitability versus budgets due to reduced investment by fuel retailers in Q2 and Q3 2020. The business implemented numerous cost control measures in order to limit the impact on profitability following the expected decline in revenue and predicts that the business will begin to recover in Q1 2021.

Development in activities and financial affairs

The year's gross profit totalled DKK 79.4 million in comparison to DKK 74.5 million last year. The income statement for the period 01.01.20 - 31.12.20 shows a profit/loss of DKK'000 16,127 against DKK'000 11,808 for the period 01.01.19 - 31.12.19. The balance sheet shows equity of DKK'000 77,560.

Management consider the 2020 performance to be satisfactory and significant above the expected profit before financial items of DKK'000 6,500 due to a strong year for the PSS controller and tightening of cost controls.

In 2020, DOMS ApS entered into 2 loan agreements with intercompany partners. The first loan to GGC International III Ltd and it has a 10 year maturity for GBP 3.676.010 (DKK'000 32.239) with interest paid annually. The second loan to Navman Wireless Australia Pty Ltd has a 10 year maturity for AUD 4.693.480 (DKK'000 19.318) with interest paid annually.

Risk

The company is not exposed to risks beyond those risks that are common in the Company's business sector.

Outlook

Management expects the company in 2021 will generate positive profit before financial items in excess of DKK'000 6.500.

Knowledge resources

It is essential to the company's continued development that it can attract and retain highly qualified staff, including engineers and technicians with expertise in the area of hardware and software development as well as project management.

The introduction of new regulations and executive orders in the industry calls for ongoing staff training. Therefore, the company currently arranges a number of training sessions for the employees.

External environment

The company is eco-conscious and is making an ongoing effort to reduce the environmental impact from its operations. Also, though training and dissemination of information to all employees, the company seeks to foster a responsible and reasonable attitude to the environment as well as robust safety systems.

Research and development activities

The company has no R&D expenses which fulfil the criteria for capitalisation were incurred in the year under review.

Subsequent events

No other events than the continuous uncertainty of Covid-19 pandemic as described above have occurred after the end of the financial year of material importance for the Company's financial position.

Income statement

Note	2020 DKK '000	2019 DKK '000
	76,554	78,360
3 Staff costs	-54,477	-59,011
	22,077	19,349
Depreciation and impairments losses of property, plant and equipment	-143	-181
	21,934	19,168
Other operating expenses	-1,325	-3,186
	20,609	15,982
4 Income from equity investments in group enterprises	-680	-488
5 Financial income	1,400	88
6 Financial expenses	-435	-280
	20,894	15,302
7 Tax on profit or loss for the year	-4,767	-3,494
	16,127	11,808
8 Distribution of net profit		

ASSETS		31.12.20	31.12.19
Note		DKK '000	DKK '000
	Other fixtures and fittings, tools and equipment	371	514
9	Total property, plant and equipment	371	514
10	Equity investments in group enterprises	0	228
11	Receivables from group enterprises	51,751	0
	Total investments	51,751	228
	Total non-current assets	52,122	742
12	Raw materials and consumables	2,589	3,195
12	Manufactured goods and goods for resale	3,485	2,912
	Total inventories	6,074	6,107
	Trade receivables	18,683	21,874
	Receivables from group enterprises	35,929	65,882
	Other receivables	359	0
13	Prepayments	2,292	2,473
	Total receivables	57,263	90,229
	Total current assets	63,337	96,336
	Total assets	115,459	97,078

		31.12.20	31.12.19
		DKK '000	DKK '000
EQUITY AND LIABILITIES			
Note			
	Share capital	5,000	5,000
	Retained earnings	72,560	56,433
	Total equity	77,560	61,433
14	Provisions for deferred tax	151	254
	Total provisions	151	254
15	Other payables	3,181	1,227
	Total long-term payables	3,181	1,227
	Prepayments received from customers	769	315
	Trade payables	11,939	10,310
	Payables to group enterprises	7,737	5,728
	Income taxes	3,203	3,714
	Other payables	10,919	14,097
	Total short-term payables	34,567	34,164
	Total payables	37,748	35,391
	Total equity and liabilities	115,459	97,078

16 Contingent liabilities

17 Charges and security

18 Related parties

Statement of changes in equity

Figures in DKK '000	Share capital	Retained earnings	Total equity
Statement of changes in equity for 01.01.19 - 31.12.19			
Balance as at 01.01.19	5,000	44,009	49,009
Net effect of correction of material errors	0	616	616
Adjusted balance as at 01.01.19	5,000	44,625	49,625
Net profit/loss for the year	0	11,808	11,808
Balance as at 31.12.19	5,000	56,433	61,433
Statement of changes in equity for 01.01.20 - 31.12.20			
Balance as at 01.01.20	5,000	53,411	58,411
Net effect of correction of material errors	0	3,022	3,022
Adjusted balance as at 01.01.20	5,000	56,433	61,433
Net profit/loss for the year	0	16,127	16,127
Balance as at 31.12.20	5,000	72,560	77,560

Share capital has remained unchanged the past 5 years.

1. Unusual events

Doms ApS has re-evaluated the impact of COVID-19 pandemic and see a significant impact on 2020 profitability versus budgets due to reduced investment by fuel retailers in Q2 and Q3 2020. The business implemented numerous cost control measures in order to limit the impact on profitability following the expected decline in revenue and predicts that the business will begin to recover in Q1 2021.

2. Subsequent events

No other events than the continuous uncertainty of Covid-19 pandemic as described above have occurred after the end of the financial year of material importance for the Company's financial position.

	2020 DKK '000	2019 DKK '000
3. Staff costs		
Wages and salaries	47,902	51,645
Pensions	4,788	5,198
Other social security costs	217	303
Other staff costs	1,570	1,865
Total	54,477	59,011
Average number of employees during the year	82	86
Remuneration for the management:		
Salaries for the Executive Board	2,040	6,952
Total remuneration for the Executive Board	2,040	6,952

	2020 DKK '000	2019 DKK '000
4. Income from equity investments in group enterprises		
Share of profit or loss of group enterprises	-680	-488
Total	-680	-488
5. Financial income		
Interest, group enterprises	1,241	0
Other financial income	159	88
Total	1,400	88
6. Financial expenses		
Interest, group enterprises	19	0
Other financial expenses total	416	280
Total	435	280
7. Tax on profit or loss for the year		
Current tax for the year	4,870	3,394
Adjustment of deferred tax for the year	-103	100
Total	4,767	3,494

	2020 DKK '000	2019 DKK '000
8. Distribution of net profit		
Retained earnings	16,127	11,808
Total	16,127	11,808

9. Property, plant and equipment

Figures in DKK '000	Leasehold improvements	Plant and machinery	Other fixtures and fittings, tools and equipment
Cost as at 01.01.20	1,436	1,620	3,450
Cost as at 31.12.20	1,436	1,620	3,450
Depreciation and impairment losses as at 01.01.20	-1,436	-1,620	-2,936
Depreciation during the year	0	0	-143
Depreciation and impairment losses as at 31.12.20	-1,436	-1,620	-3,079
Carrying amount as at 31.12.20	0	0	371

10. Equity investments in group enterprises

Figures in DKK '000	Equity invest- ments in group enterprises
Cost as at 01.01.20	50,345
Cost as at 31.12.20	50,345
Revaluations as at 01.01.20	-50,117
Net profit/loss from equity investments	-680
Revaluations as at 31.12.20	-50,797
Negative equity value impaired in receivables	452
Depreciation and impairment losses as at 31.12.20	452
Carrying amount as at 31.12.20	0

Name and registered office:	Ownership interest	Recognised value DKK '000
Subsidiaries:		
Doms Metrology ApS, Glostrup	100%	-452
Odysii Technologies Ltd., Tel Aviv, Isreal	100%	0

Odysii Technologies Ltd. has negative shareholders' equity at 31 December 2020. The company has no legal or constructive obligations to cover the liabilities of Odysii Technologies Ltd.

The company has issued a letter of financial support to its fully owned subsidiary, Doms Metrology ApS, wherein the company has committed itself to satisfy upon written request of Doms Metrology ApS all of the company's liabilities upon maturity to the extent necessary in order to eliminate the over-indebtedness or to avoid insolvency of the subsidiary, at least through December 31. 2025.

11. Other non-current financial assets

Figures in DKK '000	Receivables from group enterprises
Additions during the year	51,751
Cost as at 31.12.20	51,751

Receivables from group enterprises are due after 5 years from the balance sheet date.

	31.12.20 DKK '000	31.12.19 DKK '000
12. Inventories		
Raw materials and consumables	2,589	3,195
Manufactured goods and goods for resale	3,485	2,912
Total	6,074	6,107

13. Prepayments

Other prepayments	2,292	2,473
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Other prepayments include prepaid expenses relating to rent, subscriptions and membership dues.

	31.12.20 DKK '000	31.12.19 DKK '000
14. Deferred tax		
Deferred tax as at 01.01.20	254	154
Deferred tax recognised in the income statement	-103	100
Deferred tax as at 31.12.20	151	254

15. Long-term payables

Figures in DKK '000	Outstanding debt after 5 years	Total payables at 31.12.20	Total payables at 31.12.19
Other payables	0	3,181	1,227
Total	0	3,181	1,227

Long-term payables consists of frozen holiday pay obligation, which the Company was not obliged to settle in 2021, hence the liability is classified as long-term. The liability has been paid to Feriefonden in 2021.

16. Contingent liabilities

Lease commitments

Rent and lease liabilities include a rent obligation totalling DKK 2,070 thousand (2019 DKK 4,496 thousand) in non terminable rent agreements. Furthermore the company has liabilities under operating leases for cars and contingent liabilities, totalling DKK 4,930 thousand (2019 DKK 5,779 thousand)

Other contingent liabilities

Joint taxation

At 31 December 2020, the company is jointly taxed with Doms Metrology ApS. Doms ApS is the 'tax administration' company (Administrationssselskab) for the Danish joint taxation.

The company is jointly and severally liable for tax on the jointly taxed incomes etc. of the Group. The total amount of corporation tax payable is disclosed in the Annual Report 2020 of the administration company for the joint taxation purpose Doms ApS. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

On 9 Oct 2020, the joint taxation agreement with other Danish companies in the group ended. From that date, the company is taxed as a stand-alone entity.

Before 9 Oct 2020, the company was jointly taxed with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

17. Charges and security

The company has not provided any security over assets.

18. Related parties

Controlling influence	Basis of influence
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GGC International III Ltd, USA	Ownership of shares
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Transactions	Relation	2020 DKK '000
Sales to related parties, included in Gross profit	Group companies	32,398
Purchases from related parties, included in Gross profit	Group companies	23,323

Remuneration for the management is specified in note 3. Staff costs.

Interest income and expense to and from group enterprises is specified in note 3 and 4.

Balances	31.12.20 DKK '000
Receivables from group enterprises	87,680
Payables to group enterprises	-7,737

The company is included in the consolidated financial statements of Vontier, Raleigh, North Carolina, United States. Requisition of the patents consolidated financial statements at <https://investors.vontier.com/financials/sec-filings/sec-filings-details/default.aspx?FilingId=14744478>

19. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for medium-sized enterprises in reporting class C with application of provisions for a higher reporting class.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

In accordance with section 112 of the Danish Financial Statements Act, the company has not prepared consolidated financial statements. The company is a subsidiary of GGC International III Ltd, USA, CVR no. 12 15 70 79, which prepares consolidated financial statements.

Material misstatement

In 2020, management concluded that the Company incorrectly omitted the recognition of revenue from license agreement in 2019 and 2018. Due to the significance of the matter the Company has treated the matter in accordance with the provisions in section 52(2) of the Danish Financial Statements Act regarding corrected of material misstatements. Consequently, the comparatives and the equity as at 31 December 2019 and 2018 has been restated in these financial statements.

The restatement impacts the comparatives and the opening equity as follows:

- In 2019, revenue arising from license agreements, gross profit, and profit before tax increased by DKK 3,874 thousand, tax on profit for the year increased by DKK 852 thousand, and profit for the year increased by DKK 3,022 thousand.
- The balance sheet total at 1 January 2020 and 2019 increased by DKK 4,664 thousand and DKK 790 thousand
- The opening equity at 1 January 2020 and 2019 increased by DKK 3,638 thousand and DKK 616 thousand, respectively.

19. Accounting policies - continued -**Basis of recognition and measurement**

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement.

Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

19. Accounting policies - continued -**LEASES**

The company has chosen IAS 17 as interpretation for classification and recognition of leases. Leases that do not transfer substantially all risks and rewards incident to the ownership of the company are classified as operational leases.

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

GRANTS

Grants are recognised when there is reasonable certainty that the grant conditions have been met and that the grant will be received.

Grants to cover expenses incurred are recognised on a proportionate basis in the income statement over the period in which the expenses eligible for grants are expensed. Grants are recognised under other operating income.

INCOME STATEMENT**Gross profit**

Gross profit comprises revenue, change in inventories of finished goods and work in progress, other operating income, raw materials and consumables and cost of sales and other external expenses.

Revenue

The company has chosen IAS 11/ IAS 18 as interpretation for revenue recognition.

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid.

Income from the sale of services, which include service contracts, is recognised in revenue on a straight-line basis as the services are rendered, as the services are provided in the form of an indefinite number of actions over a specified period of time.

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

19. Accounting policies - continued -**Revenue****Change in inventories of finished goods and work in progress**

Change in inventories of finished goods and work in progress comprises adjustments in inventories of finished goods and work in progress for the year, including write-downs of inventories of finished goods and work in progress to the extent that these do not exceed normal write-downs.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Cost of sales

Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

19. Accounting policies - continued -**Depreciation and impairment losses**

The depreciation of property, plant and equipment aim at systematic depreciation over the expected useful lives of the assets. Assets are depreciated according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Leasehold improvements	3-10	0
Plant and machinery	5	0
Other plant, fixtures and fittings, tools and equipment	3-5	0

The basis of depreciation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other operating expenses

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

Income from equity investments in group enterprises

For equity investments in subsidiaries, measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Income from equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

19. Accounting policies - continued -**Other net financials**

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

Special items

Special items comprise significant income and expenses of a special nature relative to the Company's revenue-generating operating activities, e.g. expenses incurred to extensive structuring of processes and basic structural adjustments, as well as any relating disposal gains and losses, and which over time have a material impact. Special items further comprise other substantial, non-recurring amounts.

BALANCE SHEET**Property, plant and equipment**

Property, plant and equipment comprise leasehold improvements, plant and machinery as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

19. Accounting policies - continued -

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group enterprises

Equity investments in subsidiaries are recognised and measured according to the equity method, meaning that these equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of positive or negative goodwill and gains and losses on transactions with the enterprises in question.

Goodwill recognised under equity investments in subsidiaries is amortised according to the straight-line method based on an individual assessment of the useful life of the asset. The useful life of goodwill has been determined at 5 years in consideration of the expected future net earnings of the enterprise to which the goodwill relates.

Equity investments in subsidiaries with a negative carrying amount are measured at DKK 0. Receivables that are considered part of the combined investment in the enterprises in question are impaired by any remaining negative equity value. Other receivables from such enterprises are impaired to the extent that such receivables are considered uncollectible. Provisions to cover the remaining negative equity value are recognised only to the extent that the company has a legal or constructive obligation to cover the liabilities of the enterprise in question.

Gains or losses on the divestment of subsidiaries are determined as the difference between the divestment consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

19. Accounting policies - continued -**Impairment losses on fixed assets**

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Inventories

Inventories are measured at cost calculated according to the FIFO principle. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

19. Accounting policies - continued -**Receivables**

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

The company has chosen IAS 39 as interpretation for impairment of financial assets.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Equity

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

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

19. Accounting policies - continued -

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.

CASH FLOW STATEMENT

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared as the enterprise is included in the consolidated cash flow statement.