Tajco A/S

Jens Ravns Vej 11A, DK-7100 Vejle

Annual Report for 2024

CVR No. 33 57 51 06

The Annual Report was presented and adopted at the Annual General Meeting of the company on 30/4 2025

Henrik Buur Nielsen
Chairman of the general meeting

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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Tajco A/S for the financial year 1 January - 31 December 2024.

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 2024 of the Company and of the results of the Company operations for 2024.

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.

Vejle, 30 April 2025

Executive Board

Erik Laursen
CEO

Henrik Buur Nielsen
CFO

Board of Directors

Kim Harding Wellendorph Lehmann
Chairman

Frank Lorenz

Limin Kevin Mao

Melanie Schuttenberg

Catherine Mulvey

Independent Auditor's report

To the shareholder of Tajco 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 2024 and of the results of the Company´s operations for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Tajco A/S for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 Financial 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 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 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.

- Plan and perform the audit to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the Financial Statements. We are responsible for the direction, supervision and review of the audit work performed. We remain solely responsible for our audit opinion.

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.

Independent Auditor's report

Aarhus C, 30 April 2025

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henrik Kragh
State Authorised Public Accountant
mne26783

Henrik Berring Rasmussen
State Authorised Public Accountant
mne34157

Company information

The Company	Tajco A/S Jens Ravns Vej 11A DK-7100 Vejle Telephone: +45 7532 1411 Website: www.tajco-group.com CVR No: 33 57 51 06 Financial period: 1 January - 31 December Municipality of reg. office: Vejle
Board of Directors	Kim Harding Wellendorph Lehmann, chairman Frank Lorenz Limin Kevin Mao Melanie Schuttenberg Catherine Mulvey
Executive Board	Erik Laursen Henrik Buur Nielsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1 DK-8000 Aarhus C

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2024	2023	2022	2021	2020
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	426,660	534,713	593,968	573,318	536,260
Gross profit	23,747	37,461	33,541	51,033	17,327
Profit/loss of primary operations	907	16,650	11,342	24,215	-33,256
Profit/loss of financial income and expenses	13,953	15,352	12,007	12,317	4,453
Net profit/loss for the year	13,969	27,586	19,573	30,904	-13,515
Balance sheet					
Balance sheet total	430,067	378,951	359,729	488,081	432,631
Investment in property, plant and equipment	1,219	0	0	1,404	4,678
Equity	130,038	130,520	104,647	83,864	48,241
Number of employees	15	16	17	21	22
Ratios					
Gross margin	5.6%	7.0%	5.6%	8.9%	3.2%
Profit margin	0.2%	3.1%	1.9%	4.2%	-6.2%
Return on assets	0.2%	4.4%	3.2%	5.0%	-7.7%
Solvency ratio	30.2%	34.4%	29.1%	17.2%	11.2%
Return on equity	10.7%	23.5%	20.8%	46.8%	-22.6%

Management's review

Key activities

The main activity of the Company comprises sales of parts to the automotive industry for OEMs and Tier 1 partners.

The activity of the Company focuses on development, engineering, sales, logistics, warehousing and distribution.

TAJCO A/S's main product is exhaust trims for the exhaust systems of passenger cars which, to a great extent, are delivered directly to car factories in Europe, Asia and the US.

Development in the year

The income statement of the Group for 2024 shows a profit of TDKK 13,969 which is considered satisfactory. Revenue was lower than budgeted, but the lower sales of exhaust trims were compensated by cost reductions and operations optimizations during the year.
During the year, TAJCO employees have worked and succeeded together to capture new business opportunities, mitigated and overcome challenges and ensured production and delivery of high-quality products to our customers.

Order intake during the year was above expectation and impacted by winning a large US program.

As per 31.12.2024, the balance sheet shows a positive equity of TDKK 130,038.

Special risks - operating risks and financial risks

Raw material prices and freight rates

TAJCO Group's use of stainless steel as raw material creates a specific risk; the potentially significant fluctuations in steel prices in a volatile market may create cost increases, which only to a varying degree can be compensated for by contractually agreed price increases.

The tendency is similar for fluctuations in freight rates, which also depends on commercial negotiations with individual customers and hence any degree of compensation can vary across the year. TAJCO Group continuously monitors the market and assesses if long-term agreements for freight rates are considered advantageous.

Currency

Due to its international operations, TAJCO Group earnings, cash flow and equity are affected by the development in exchange rates and interest rates in several currencies. It is TAJCO Group policy not to hedge these commercial currency risks. To the extent possible, TAJCO Group seeks to naturally hedge the risks, which occur as a consequence of the actions in an international market. Furthermore, TAJCO Group continuously monitors fluctuations in currencies and continuously evaluates the need for hedging by forward contracts.

For subsidiaries, which are separate legal entities, the currency adjustments of investments are recognized directly in equity.

Targets and expectations for the year ahead

Opportunities for winning new programs for TAJCO exterior trims are positive as several programs are expected to be quoted in both Europe, US, and Asia in 2025. We have seen an increase in extension programs at our OEM customers over the last year which have led to a higher activity level.

At the same time, uncertainties exist for the big European automotive manufacturers caused by lack of demand due to the economic slowdown in Germany in particular. Therefore, a single digit % decline in 2025 revenue, and a lower EBITDA, are expected. This is in line with the trend towards electric vehicles and away from fossil fueled cars that carry exhaust trims.

Management's review

External environment

TAJCO Group continuously invests to ensure that all environmental requirements are followed, including initiatives to ensure that the use of chemicals does not impact or cause damage to the external environment. The necessary environmental licenses and certifications have been obtained in order to be able to carry out activities.

Statement of corporate social responsibility

We refer to the annual report of TAJCO Group A/S (CVR 33 57 47 97) for the statutory report on corporate social responsibility.

Statement on gender composition

Diversity among management and employees is central for the continuous development and success of TAJCO A/S. TAJCO A/S has a policy on gender equality that seeks to increase the number of women in key positions at all organizational levels by 2026 - matching the automotive industry standards as a minimum.

The Board of Directors of TAJCO A/S currently consists of 5 people, 60% men 40% women and are therefore considered to be equally distributed. The TAJCO A/S target is to continually have at least a 40% representation of female members on the Board of Directors.

TAJCO A/S has less than 50 employees and therefore they have not stated a gender composition for Other Management level cf. the Danish Companies Act § 139c, section 7.

TAJCO A/S wants to be an attractive and stimulating workplace that attracts and retains the most qualified employees and offers equal career opportunities for all employees. All interested and capable candidates are encouraged to apply for positions within TAJCO Group, regardless of gender, culture or age. Active work has been done in 2024 with the policy through employment and promotion practices, to increase the share of the underrepresented gender in the coming years to reach target.

Statement on data ethics

We refer to the annual report of TAJCO Group A/S (CVR 33 57 47 97) for the statutory report on data ethics.

Subsequent events

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

Income statement 1 January - 31 December

	Note	2024	2023
		TDKK	TDKK
Revenue	1	426,660	534,713
Other operating income		31	241
Expenses for raw materials and consumables		-352,769	-429,295
Other external expenses		-50,175	-68,198
Gross profit		**23,747**	**37,461**
Staff expenses	2	-22,721	-20,811
Earnings Before Interest Taxes Depreciation and Amortization		**1,026**	**16,650**
Depreciation and impairment losses of property, plant and equipment		-119	0
Profit/loss before financial income and expenses		**907**	**16,650**
Income from investments in subsidiaries		10,294	14,472
Financial income	3	7,461	4,361
Financial expenses	4	-3,802	-3,481
Profit/loss before tax		**14,860**	**32,002**
Tax on profit/loss for the year	5	-891	-4,416
Net profit/loss for the year	6	**13,969**	**27,586**

Balance sheet 31 December

Assets

	Note	2024	2023
		TDKK	TDKK
Acquired licenses		0	0
Intangible assets	7	**0**	**0**
Other fixtures and fittings, tools and equipment		810	0
Leasehold improvements		291	0
Property, plant and equipment	8	**1,101**	**0**
Investments in subsidiaries	9	64,383	51,542
Fixed asset investments		**64,383**	**51,542**
Fixed assets		**65,484**	**51,542**
Raw materials and consumables		617	649
Finished goods and goods for resale		88,481	67,044
Inventories		**89,098**	**67,693**
Trade receivables		43,730	55,664
Contract work in progress	10	26,601	32,597
Receivables from group enterprises		5,206	2,391
Other receivables		12,633	9,207
Deferred tax asset	11	2,345	3,236
Prepayments	12	24,268	3,536
Receivables		**114,783**	**106,631**
Cash at bank and in hand		**160,702**	**153,085**
Current assets		**364,583**	**327,409**
Assets		**430,067**	**378,951**

Balance sheet 31 December

Liabilities and equity

	Note	2024	2023
		TDKK	TDKK
Share capital		900	900
Reserve for net revaluation under the equity method		63,622	50,781
Retained earnings		65,516	78,839
Equity		**130,038**	**130,520**
Other provisions	13	4,323	218
Provisions		**4,323**	**218**
Trade payables		3,698	3,180
Contract work in progress	10	2,107	1,987
Payables to group enterprises		221,859	167,263
Corporation tax		0	4,375
Other payables		68,042	71,408
Short-term debt		**295,706**	**248,213**
Debt		**295,706**	**248,213**
Liabilities and equity		**430,067**	**378,951**
Contingent assets, liabilities and other financial obligations	14		
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Statement of changes in equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	900	50,781	78,839	130,520
Extraordinary dividend paid	0	0	-17,000	-17,000
Exchange adjustments relating to foreign entities	0	2,549	0	2,549
Net profit/loss for the year	0	10,292	3,677	13,969
Equity at 31 December	**900**	**63,622**	**65,516**	**130,038**

Notes to the Financial Statements

	2024	2023
	TDKK	TDKK
1. Revenue		
Geographical segments		
Europe	361,631	440,639
America	53,781	77,786
Other parts of the world	11,248	16,288
	426,660	**534,713**
Business segments		
Trims	400,826	517,060
Tools	25,834	17,653
	426,660	**534,713**

	2024	2023
	TDKK	TDKK
2. Staff expenses		
Wages and salaries	20,101	19,753
Pensions	2,497	1,000
Other social security expenses	123	58
	22,721	**20,811**
Including remuneration to the Executive Board and Board of Directors:		
Executive board	7,865	4,335
Board of directors	1,188	1,325
	9,053	**5,660**
Average number of employees	**15**	**16**

	2024	2023
	TDKK	TDKK
3. Financial income		
Interest received from group enterprises	105	112
Other financial income	7,356	4,249
	7,461	**4,361**

4. Financial expenses

	2024 TDKK	2023 TDKK
Interest paid to group enterprises	3,585	2,496
Other financial expenses	217	985
	3,802	**3,481**

5. Income tax expense

	2024 TDKK	2023 TDKK
Current tax for the year	0	4,612
Deferred tax for the year	891	-372
Adjustment of tax concerning previous years	0	176
	891	**4,416**

6. Profit allocation

	2024 TDKK	2023 TDKK
Extraordinary dividend paid	17,000	0
Reserve for net revaluation under the equity method	10,292	14,472
Retained earnings	-13,323	13,114
	13,969	**27,586**

7. Intangible fixed assets

	Acquired licenses TDKK
Cost at 1 January	40,021
Cost at 31 December	40,021
Impairment losses and amortisation at 1 January	40,021
Impairment losses and amortisation at 31 December	40,021
Carrying amount at 31 December	**0**

8. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improve-ments
	TDKK	TDKK
Cost at 1 January	2,734	0
Additions for the year	870	349
Cost at 31 December	3,604	349
Impairment losses and depreciation at 1 January	2,734	0
Impairment losses for the year	60	58
Impairment losses and depreciation at 31 December	2,794	58
Carrying amount at 31 December	**810**	**291**
Amortised over	3-8 years	5-8 years

9. Investments in subsidiaries

	2024	2023
	TDKK	TDKK
Cost at 1 January	761	761
Cost at 31 December	761	761
Value adjustments at 1 January	50,781	42,769
Exchange adjustment	2,549	-1,713
Net profit/loss for the year	10,292	14,472
Dividend to the Parent Company	0	-4,747
Value adjustments at 31 December	63,622	50,781
Carrying amount at 31 December	**64,383**	**51,542**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Tajco Asia Trading Co. Ltd	China	CNY 681.260	100%
Tajco North America Inc.	USA	USD 100	100%
Tajco Germany GmbH	Germany	EUR 25.000	100%

	2024	2023
	TDKK	TDKK

10. Contract work in progress

Selling price of work in progress	63,269	44,416
Payments received on account	-38,775	-13,806
	24,494	**30,610**
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	26,601	32,597
Prepayments received recognised in debt	-2,107	-1,987
	24,494	**30,610**

	2024	2023
	TDKK	TDKK

11. Deferred tax asset

Deferred tax asset at 1 January	3,236	2,864
Amounts recognised in the income statement for the year	-891	372
Deferred tax asset at 31 December	**2,345**	**3,236**

12. Prepayments

Prepayments comprise prepaid expenses relating to concluded contracts, rent, licences, telecommunications and insurance premiums, etc.

	2024	2023
	TDKK	TDKK

13. Other provisions

Other provisions includes expected losses on contracts.		
Other provisions	4,323	218
	4,323	**218**
The provisions are expected to mature as follows:		
Within 1 year	0	218
Between 1 and 5 years	4,323	0
After 5 years	0	0
	4,323	**218**

	2024	2023
	TDKK	TDKK

14. Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:		
Within 1 year	509	128
Between 1 and 5 years	618	0
	1,127	**128**
Rental obligations, non-cancellable period of up to six months	3,282	3,720

Other contingent liabilities

The group companies are 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 of Casifa ApS, which is the management company of the joint taxation purposes. 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.

15. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
Franz Lorenz, Silkeborg	Controlling shareholder of Casifa ApS
Casifa ApS, Silkeborg	Majority shareholder of Tajco Group A/S
Tajco Group A/S, Vejle	Shareholder of Tajco A/S

The Company is included in the Consolidated Financial Statements of the immediate Parent Company Tajco Group A/S and its ultimate Parent Company Casifa ApS.

Name	Place of registered office
Casifa ApS	Silkeborg
Tajco Group A/S	Vejle

16. Accounting policies

The Annual Report of Tajco A/S for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2024 are presented in TDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2024 of Tajco Group A/S, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Tajco Group A/S, the Company has not prepared a cash flow statement.

Recognition and measurement

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. Gains and losses 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.

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.

Segment information on revenue

Information on business segments and geographical segments is based on the Company´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Notes to the Financial Statements

Income statement

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 office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

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.

The Company is jointly taxed with Casifa ApS. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet

Intangible fixed assets

Software is measured at cost less accumulated amortisation. Software is amortised over the expected useful life, which is assessed to be three years.

Property, plant and equipment

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.

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

Other fixtures and fittings, tools and equipment	3-8 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments 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 recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

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 and costs of completion. 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.

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 of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

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.

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.

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, including the tax base of tax loss carry-forwards, 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 receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

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

Notes to the Financial Statements

Financial Highlights

Explanation of financial ratios

Gross margin	Gross profit x 100 / Revenue
Profit margin	Profit/loss of primary operations x 100 / Revenue
Return on assets	Profit/loss of primary operations x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity