BEIERHOLM
VI SKABER BALANCE

C & H System A/S

Fiskerhusvej 20, 4700 Næstved
CVR no. 13 87 92 06

Annual report
for the financial year 01.07.23 - 31.05.24

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 24.10.24

Axel Manøe Jepsen
Dirigent

Table of contents

Company information etc.

The company

C & H System A/S
Fiskerhusvej 20
4700 Næstved
Registered office: Næstved
CVR no.: 13 87 92 06
Financial year: 01.06 - 31.05

Executive Board

Axel Manøe Jepsen
John Thrane Nielsen
Christian Weinreich

Board of Directors

Esben Bay Jørgensen
Jesper Hilarius Kalko
Axel Manøe Jepsen
Claus Peter Skov

Auditors

Beierholm
Godkendt Revisionspartnerselskab

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

We have on this day presented the annual report for the financial year 01.07.23 - 31.05.24 for C & H System A/S.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.05.24 and of the results of the company's activities for the financial year 01.07.23 - 31.05.24.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

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

Næstved, October 24, 2024

Executive Board

Axel Manøe Jepsen	John Thrane Nielsen	Christian Weinreich

Board of Directors

Esben Bay Jørgensen Chairman	Jesper Hilarius Kalko	Axel Manøe Jepsen
Claus Peter Skov		

To the shareholder of C & H System A/S

Opinion

We have audited the financial statements of C & H System A/S for the financial year 01.07.23 - 31.05.24, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including material accounting policy information. 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 company's financial position at 31.05.24 and of the results of the company's operations for the financial year 01.07.23 - 31.05.24 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (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 the management's review

Management is responsible for the management's review.

Our opinion on the financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, it is 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 by law and regulations.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional 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.

Aarhus, October 24, 2024

Beierholm
Godkendt Revisionspartnerselskab
CVR no. 32 89 54 68

Flemming Laigaard
State Authorised Public Accountant
MNE-no. mne29497

FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	01.07.23 31.05.24	2022/23	2021/22	2020/21	2019/20
Profit/loss					
Gross profit	41,931	62,550	51,029	38,479	69,366
Operating profit/loss	-1,942	16,144	7,215	-4,049	11,877
Total net financials	-811	-1,473	-651	-854	-128
Profit/loss for the year	-2,207	11,383	5,062	-3,900	8,870
Balance					
Total assets	71,325	85,662	72,476	59,664	65,588
Investments in property, plant and equipment	1,428	0	343	38	0
Equity	26,695	38,902	22,722	17,660	27,560

Ratios

	01.07.23 31.05.24	2022/23	2021/22	2020/21	2019/20
Profitability					
Return on equity	-7%	37%	25%	-17%	36%
Equity ratio					
Solvency ratio	37%	45%	31%	30%	42%
Others					
Number of employees (average)	59	62	62	62	86

Ratios definitions

Return on equity: $\dfrac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$

Solvency ratio: $\dfrac{\text{Equity, end of year x 100}}{\text{Total assets}}$

Primary activities

The company's activities comprise is to develop, manufacture and trade complete systems for handling, packaging and packaging of industrial products, as well as systems for handling raw materials for industrial applications, packing and packaging of industrial products as well as plants for handling raw materials for biomass plants and eventually bioethanol plants. The group also services and maintains installed systems.

Development in activities and financial affairs

The income statement for the period 01.07.23 - 31.05.24 shows a profit/loss of DKK -2,207,417 against DKK 11,382,521 for the period 01.07.22 - 30.06.23. The balance sheet shows equity of DKK 26,694,657.

A big part of FY24 has been dedicated to necessary strategic changes following the acquisition, which have already laid a solid foundation for our future growth. The integration with Qubiqa has strengthened our strategy by opening doors to larger projects and establishing collaboration agreements between units, reinforcing our business strategy and enabling us to leverage resources across countries.

The earnings expectations for the financial year 01.07.23 - 31.05.24 was an EBITDA of DKK 15.000-20.000K. The resultat was DKK 15.000-20.000 worse than extected due to order delays that have impacted our results. These delays, primarily due to project-related issues, have necessitated the postponement of orders into FY25. Despite these obstacles, our ability to adapt and stay focused on long-term goals underscores the resilience and capability of our workforce.

This year's sales results have also been a mix of challenges and successes. We have seen significant growth in orders from our new business area, "PtX," which has strengthened our market position. Although we will enter FY25 with a lower pipeline than expected, we see increased customer interest towards the end of the year, and that keeps me optimistic. I anticipate that the deferred orders and growing interest will materialize, further contributing to our success.

Outlook

Order intake was below expectations in FY24 and has continued to be lower in the first months of FY25. However, there is an increasing trend in activities within our core segments, including a pickup in order intake in Q3, which is a positive sign for future development. Despite this encouraging trend, we expect the group to experience a lower EBITDA of around 0 MDKK in FY25.

Knowledge resources

Each year the company invests considerable resources in training and development of the company's employees at all levels of the organisation.

Financial risks

Foreign currency risks

The company is exposed to foreign currency risks primarily from EUR due to purchase and sales transactions that are settled in currencies other than DKK.Overall the company is not considered to be exposed to any major currency risk.

External environment

As part of the strategy for the company's overall environmental activities, an environmental policy has been prepared setting out a number of environmental objectives. Focusing on environmentally sound operations, this policy forms a natural part of the company's objectives concerning product quality and production conditions.

Research and development activities

The company's development activities relate to the development of customized solutions that support the company's main activity and can be used widely on the company's customer portfolio.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note		01.07.23 31.05.24 DKK	2022/23 DKK
	Gross profit	**41,931,013**	**62,550,042**
1	Staff costs	-42,318,560	-44,712,698
	Profit/loss before depreciation, amortisation, write-downs and impairment losses	**-387,547**	**17,837,344**
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-1,554,757	-1,693,364
	Operating profit/loss	**-1,942,304**	**16,143,980**
2	Income from equity investments in group enterprises	-145,766	-358,451
3	Financial income	873,153	708,904
4	Financial expenses	-1,538,876	-1,823,355
	Profit/loss before tax	**-2,753,793**	**14,671,078**
5	Tax on profit or loss for the year	546,376	-3,288,557
	Profit/loss for the year	**-2,207,417**	**11,382,521**

6 Proposed appropriation account

Balance sheet

ASSETS

Note		31.05.24 DKK	30.06.23 DKK
	Completed development projects	508,116	1,087,841
	Acquired rights	2,744,980	0
7	**Total intangible assets**	**3,253,096**	**1,087,841**
	Land and buildings	13,867,138	14,500,001
	Leasehold improvements	18,773	79,908
	Other fixtures and fittings, tools and equipment	1,870,498	723,306
8	**Total property, plant and equipment**	**15,756,409**	**15,303,215**
9	Equity investments in group enterprises	0	30,232
10	Deposits	795,292	759,553
	Total investments	**795,292**	**789,785**
	Total non-current assets	**19,804,797**	**17,180,841**
	Raw materials and consumables	4,076,149	4,930,472
	Prepayments for goods	0	1,049,258
	Total inventories	**4,076,149**	**5,979,730**
11	Work in progress for third parties	3,671,211	19,370,260
	Trade receivables	8,276,428	28,128,366
	Receivables from group enterprises	750,648	705,261
	Income tax receivable	22,498	0
	Other receivables	1,060,857	1,507,522
12	Prepayments	291,957	982,210
	Total receivables	**14,073,599**	**50,693,619**
	Cash	**33,370,384**	**11,807,651**
	Total current assets	**51,520,132**	**68,481,000**
	Total assets	**71,324,929**	**85,661,841**

Balance sheet

EQUITY AND LIABILITIES

Note		31.05.24 DKK	30.06.23 DKK
13	Share capital	500,000	500,000
	Revaluation reserve	5,391,566	5,586,371
	Reserve for development costs	396,330	848,515
	Retained earnings	14,406,761	21,967,188
	Proposed dividend for the financial year	6,000,000	10,000,000
	Total equity	**26,694,657**	**38,902,074**
14	Provisions for deferred tax	8,098,539	8,644,915
15	Other provisions	1,481,000	1,381,000
	Total provisions	**9,579,539**	**10,025,915**
16	Mortgage debt	8,147,270	3,039,018
16	Lease commitments	3,252,748	0
16	Other payables	2,462,806	2,397,949
	Total long-term payables	**13,862,824**	**5,436,967**
16	Short-term part of long-term payables	1,009,257	725,069
	Payables to other credit institutions	900	40,361
11	Prepayments received from work in progress for third parties	4,984,000	11,148,949
	Trade payables	2,299,328	9,536,167
	Payables to group enterprises	5,739,366	0
	Income taxes	0	1,787,706
	Other payables	7,155,058	8,058,633
	Total short-term payables	**21,187,909**	**31,296,885**
	Total payables	**35,050,733**	**36,733,852**
	Total equity and liabilities	**71,324,929**	**85,661,841**

17 Contingent liabilities
18 Charges and security
19 Related parties

Statement of changes in equity

Figures in DKK	Share capital	Revaluation reserve	Reserve for development costs	Retained earnings	Proposed dividend for the financial year
Statement of changes in equity for 01.07.23 - 31.05.24					
Balance as at 01.07.23	500,000	5,586,371	848,515	21,967,188	10,000,000
Depreciation and amortisation during the year	0	-194,805	0	0	0
Dividend paid	0	0	0	0	-10,000,000
Transfers to/from other reserves	0	0	-452,185	646,990	0
Net profit/loss for the year	0	0	0	-8,207,417	6,000,000
Balance as at 31.05.24	500,000	5,391,566	396,330	14,406,761	6,000,000

	01.07.23 31.05.24 DKK	2022/23 DKK

1. Staff costs

Wages and salaries	38,390,574	41,269,293
Pensions	3,101,306	2,725,682
Other social security costs	826,679	711,223
Other staff costs	1	6,500
Total	42,318,560	44,712,698

Average number of employees during the year	59	62

Remuneration for the management:

Remuneration for the Executive Board and Board of Directors	5,309,348	5,589,013

2. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	-145,766	-358,451
Total	-145,766	-358,451

	01.07.23 31.05.24 DKK	2022/23 DKK
3. Financial income		
Interest, group enterprises	145,558	148,451
Other interest income	568,674	3,193
Foreign currency translation adjustments	158,921	557,260
Other financial income	727,595	560,453
Total	873,153	708,904

4. Financial expenses		
Interest, group enterprises	858,202	0
Other interest expenses	60,524	1,057,563
Foreign exchange losses	502,874	468,204
Other financial expenses	117,276	297,588
Other financial expenses	680,674	1,823,355
Total	1,538,876	1,823,355

5. Tax on profit or loss for the year		
Current tax for the year	0	319,502
Adjustment of deferred tax for the year	-546,376	2,968,191
Adjustment of tax in respect of previous years	0	864
Total	-546,376	3,288,557

6. Proposed appropriation account

Proposed dividend for the financial year	6,000,000	10,000,000
Retained earnings	-8,207,417	1,382,521
Total	-2,207,417	11,382,521

7. Intangible assets

Figures in DKK	Completed development projects	Acquired rights
Cost as at 01.07.23	7,653,481	0
Additions during the year	0	2,744,980
Cost as at 31.05.24	7,653,481	2,744,980
Amortisation and impairment losses as at 01.07.23	-6,565,640	0
Amortisation during the year	-579,725	0
Amortisation and impairment losses as at 31.05.24	-7,145,365	0
Carrying amount as at 31.05.24	508,116	2,744,980

The company's development projects include internal and external costs for investment in standardization of subcomponents, robot and palletizing equipment, etc. It is management's assessment that the capitalized costs are central to the company's continued operations.

8. Property, plant and equipment

Figures in DKK	Land and buildings	Leasehold improvements	Other fixtures and fittings, tools and equipment
Cost as at 01.07.23	16,345,787	456,526	6,457,953
Additions during the year	0	0	1,428,224
Disposals during the year	0	0	-2,111,605
Cost as at 31.05.24	16,345,787	456,526	5,774,572
Revaluations as at 01.07.23	8,106,238	0	0
Revaluations as at 31.05.24	8,106,238	0	0
Depreciation and impairment losses as at 01.07.23	-9,952,025	-376,617	-5,734,645
Depreciation during the year	-632,862	-61,136	-281,034
Reversal of depreciation of and impairment losses on disposed assets	0	0	2,111,605
Depreciation and impairment losses as at 31.05.24	-10,584,887	-437,753	-3,904,074
Carrying amount as at 31.05.24	13,867,138	18,773	1,870,498
Carrying amount in the balance sheet if revaluation to fair value had not been carried out as at 31.05.24	5,760,900	18,773	4,615,478
Carrying amount of assets held under finance leases as at 31.05.24	0	0	3,942,513

9. Equity investments in group enterprises

Figures in DKK	Equity investments in group enterprises
Cost as at 01.07.23	2,944,232
Cost as at 31.05.24	2,944,232
Depreciation and impairment losses as at 01.07.23	-2,914,000
Net profit/loss from equity investments	-145,766
Negative equity value impaired in receivables	115,534
Depreciation and impairment losses as at 31.05.24	-2,944,232
Carrying amount as at 31.05.24	0

Name and registered office:	Ownership interest
Subsidiaries:	
ProcessBio A/S, Næstved	60%
C & H SYSTEM POLEN Sp. Zoo, Polen	100%

10. Other non-current financial assets

Figures in DKK	Deposits
Cost as at 01.07.23	759,553
Additions during the year	46,089
Disposals during the year	-10,350
Cost as at 31.05.24	795,292
Carrying amount as at 31.05.24	795,292

11. Work in progress for third parties

Work in progress for third parties	106,113,138	84,907,311
On-account invoicing	-107,425,927	-76,686,000
Total work in progress for third parties	-1,312,789	8,221,311
Work in progress for third parties	3,671,211	19,370,260
Prepayments received from work in progress for third parties, short-term payables	-4,984,000	-11,148,949
Total	-1,312,789	8,221,311

12. Prepayments

Other prepayments	291,957	982,210

13. Share capital

The share capital consists of:

	Quantity	Total nominal value DKK
Share capital	500	500,000
Total		500,000

	31.05.24 DKK	30.06.23 DKK
14. Deferred tax		
Deferred tax as at 01.07.23	7,874,915	4,323,649
Deferred tax recognised in the income statement	223,624	3,518,191
Deferred tax recognised in equity	0	803,075
Deferred tax as at 31.05.24	8,098,539	8,644,915

15. Other provisions

Figures in DKK	Other provisions
Provisions as at 01.07.23	1,381,000
Provisions during the year	100,000
Provisions as at 31.05.24	1,481,000

	31.05.24 DKK	30.06.23 DKK
Other provisions are expected to be distributed as follows:		
Non-current liabilities	0	0
Current liabilities	1,481,000	1,381,000
Total	1,481,000	1,381,000

16. Long-term payables

Figures in DKK	Repayment first year	Outstanding debt after 5 years	Total payables at 31.05.24	Total payables at 30.06.23
Mortgage debt	327,861	6,829,965	8,475,131	3,764,087
Lease commitments	681,396	28,750	3,934,144	0
Other payables	0	0	2,462,806	2,397,949
Total	1,009,257	6,858,715	14,872,081	6,162,036

17. Contingent liabilities

Lease commitments

The company has concluded lease agreements with terms to maturity of 2-44 months and total lease payments of DKK 822k.

The company has concluded rent agreements with terms to maturity of 6-24 months and total lease payments of DKK 1,541k.

Recourse guarantee commitments

The company has provided a guarantor guarantee for the group companies' commitments with a bank. At the balance sheet date, the guarantor's guarantee amounted to DKK 0k

Guarantee commitments

The company has provided a bank guarantee of DKK 15,462k thousand for work in progress and completion works.

Other contingent liabilities

The company is taxed jointly with the other companies in the group and is liable for income taxes on a pro rata basis for the jointly taxed companies. The maximum liability totals an amount corresponding to the share of the capital in the company which is owned directly or indirectly by the ultimate parent. The total tax liability for the jointly taxed companies at the balance sheet date has not yet been determined. For further information, please see the financial statements of the management company Q Invest 2021 ApS.

18. Charges and security

As security for debt to mortgage credit institutions of DKK 8,475k, a mortgage has been registered in the company's property, which as of 31.05.24 has been entered with a book value of DKK 13,867k.

In addition, the company has issued mortgage deeds totaling DKK 4,200k, which provide a mortgage on land and buildings with a carrying amount of DKK 13,867k. The mortgages are deposited as security for debt to credit institutions, which on the balance sheet date amounted to DKK 1k.

There is a registered mortgage of DKK 10,000k, which includes the following assets:

- Other plant, fixtures and fittings, tools and equipment, DKK 1,870k
- Inventories, DKK 4,076k
- Trade receivables, DKK 8,276k

The mortgage is collateral for debt to the bank, where there is a commitment of DKK 1k as of 31.05.24, as well as guarantees granted.

19. Related parties

Controlling influence	Basis of influence
Qubiqa Holding ApS, Esbjerg	Bestemmede stemmerettighed

Related party transactions are not disclosed, as all transactions are entered into in the ordinary course of business at arms' length.

Remuneration for the management is specified in note 1. Staff costs.

The company is included in the consolidated financial statements of the parent Qubiqa Holding ApS, Esbjerg.

20. 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.

Change in accounting policies

The company has changed its accounting policies in the following areas:

Change of financial year

The company has changed its financial year from 01.07 - 30.06 to 01.06 - 31.05. The first financial year after the change is the period 01.07.23 - 31.05.24. The change has been made as result of establishing a new group affiliation. The comparative figures are therefore not comparable since the financial information for the comparative year are for 12 months and the current year is for 11 months.

Except for the areas mentioned above, the accounting policies have been applied consistently with the previous year.

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.

20. Accounting policies - continued -

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.

LEASES

Leases relating to assets where the company has substantially all the risks and benefits incidental to the ownership of the asset (finance leases) are recognised in the balance sheet. On initial recognition, assets held under finance leases and related lease commitments are measured at the lower of the fair value of the leased asset and the present value of future lease payments. Subsequently, assets held under finance leases are treated like other similar assets.

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as payables. Subsequent to initial recognition, lease commitments are measured at amortised cost according to which the interest element of the lease payment is recognised in the income statement over the lease term.

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

INCOME STATEMENT

Gross profit

Gross profit comprises revenue, other operating income and raw materials and consumables and other external expenses.

20. Accounting policies - continued -

Revenue

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. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Income from construction contracts involving the delivery of highly customised assets are recognised in the income statement as revenue according to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (percentage of completion method).

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.

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.

20. Accounting policies - continued -

Depreciation, amortisation and impairment losses

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

	Useful lives, years	Residual value t.DKK
Completed development projects	5	
Acquired rights	5	0
Buildings	30	0
Leasehold improvements	5-7	0
Other plant, fixtures and fittings, tools and equipment	5	0

Land is not depreciated.

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

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

Income from equity investments in group entreprises

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

Other net financials

Interest income and interest expenses, the interest element of finance lease payments, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

20. Accounting policies - continued -

Amortisation of capital losses and borrowing costs relating to financial liabilities is recognised on an ongoing basis as financial expenses.

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.

BALANCE SHEET

Intangible assets

Completed development projects

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

20. Accounting policies - continued -

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.
Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Acquired rights

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains or losses on the disposal of intangible assets

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

Property, plant and equipment

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

Property, plant and equipment are measured in the balance sheet at cost, for land and buildings with revaluation at fair value recognised under the revaluation reserve in equity, however, and less accumulated depreciation and impairment losses. The fair value for land and buildings is calculated by applying an individually determined discount rate to the capitalisation of a market-based operating income from the property. A valuer has been used to determine the fair value.

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.

The total cost of an asset is decomposed into separate components that are depreciated separately if the useful lives of the individual components vary.

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

20. Accounting policies - continued -

Equity investments in group entreprises

Equity investments in subsidiaries are recognised and measured according to the equity method. For equity investments in subsidiaries, the equity method is considered a measurement method.

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments.

Under subsequent recognition and measurement of equity investments according to the equity method, 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 goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Equity investments 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 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 disposal of equity investments are determined as the difference between the disposal 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.

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 and amortisation.

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.

20. Accounting policies - continued -

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-method. 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.

Receivables

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

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.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

20. Accounting policies - continued -

Work in progress for third parties

Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some work in progress where the resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual piece of work in progress is used instead.

When the selling price of a piece of work in progress cannot be determined reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.

When it is likely that the total costs of the individual piece of work in progress will exceed total sales income, the total expected loss is recognised as a provision.

Prepayments

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

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

The proposed dividend for the financial year is recognised as a separate item in equity.

The proposed dividend for the financial year is recognised as a separate item in equity.

Revaluation reserve comprises revaluation of land and buildings at fair value. The revaluation reserve is measured less deferred tax and reduced by depreciation and amortisation of the revalued assets. On the disposal of the assets, the remaining amount is transferred from the revaluation reserve to retained earnings.

20. Accounting policies - continued -

Revaluation reserve comprises revaluation of land and buildings at fair value. The revaluation reserve is measured less deferred tax and reduced by depreciation and amortisation of the revalued assets. On the disposal of the assets, the remaining amount is transferred from the revaluation reserve to retained earnings.

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

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

An amount equivalent to internally generated development costs in the balance sheet is recognised in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

An amount equivalent to internally generated development costs in the balance sheet is recognised in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

Provisions

Other provisions comprise expected expenses incidental to loss on work in progress, restructuring etc. and are recognised when the company has a legal or constructive obligation at the balance sheet date and it is probable that such obligation will draw on the financial resources of the company. Provisions are measured at net realisable value or fair value if the provision is expected to be settled over the longer term.

20. Accounting policies - continued -

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.

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.

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 financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.

20. Accounting policies - continued -

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.

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.