DS Flexhal A/S

Samsøvej 2, DK-9500 Hobro

Annual Report for
1 April 2023 - 31 March 2024

CVR No. 41 41 69 98

The Annual Report was presented and adopted at the Annual General Meeting of the company on 27/8 2024

Simon Bisgaard
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Supervisory Board have today considered and adopted the Annual Report of DS Flexhal A/S for the financial year 1 April 2023 - 31 March 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 March 2024 of the Company and of the results of the Company operations for 2023/24.

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.

Hobro, 27 August 2024

Executive Board

Anette Storm
CEO

Supervisory Board

Dr. Benedikt Benjamin Krings Chairman	Florian Laxander	Hans Jörg Frieauff

Independent Auditor's report

To the shareholder of DS Flexhal A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2024 and of the results of the Company´s operations for the financial year 1 April 2023 - 31 March 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of DS Flexhal A/S for the financial year 1 April 2023 - 31 March 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.

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, 27 August 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jens Weiersøe Jakobsen
State Authorised Public Accountant
mne30152

Thyge Belter
State Authorised Public Accountant
mne30222

Company information

The Company	DS Flexhal A/S Samsøvej 2 DK-9500 Hobro CVR No: 41 41 69 98 Financial period: 1 April 2023 - 31 March 2024 Incorporated: 3 June 2020 Financial year: 5th financial year Municipality of reg. office: Mariagerfjord
Supervisory Board	Dr. Benedikt Benjamin Krings, chairman Florian Laxander Hans Jörg Frieauff
Executive Board	Anette Storm
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1 DK-8000 Aarhus C

Financial Highlights

Seen over a 4-year period, the development of the Company is described by the following financial highlights:

	2023/24 TDKK 12 months	2022/23 TDKK 9 months	2021/22 TDKK 12 months	2020/21 TDKK 12 months
Key figures				
Profit/loss				
Revenue	2,315,546	942,047	1,227,228	1,059,795
Profit/loss of primary operations	228,179	89,539	112,182	87,190
Profit/loss of financial income and expenses	11,055	1,439	-6,070	40,626
Net profit/loss for the year	186,703	70,950	82,461	108,863
Balance sheet				
Balance sheet total	1,061,529	848,809	551,714	508,262
Investment in property, plant and equipment	0	155	1,600	290
Equity	508,407	321,704	250,906	169,000
Number of employees	79	61	47	47
Ratios				
Gross margin	13.3%	14.1%	13.7%	12.8%
Profit margin	9.9%	9.5%	9.1%	8.2%
Return on assets*	21.5%	14.0%	20.3%	17.2%
Solvency ratio	47.9%	37.9%	45.5%	33.3%
Return on equity*	45.0%	33.6%	39.3%	64.4%

*For the Ratios the Profit/loss statement have been adjusted to a 12 months period, for the financial year 2022/23.

Management's review

Key activities

The Company's activities consist of the development, design and construction of commercial buildings as turnkey contracts.

Development in the year

The income statement of the Company for 2023/24 shows a profit of TDKK 186,703, and at 31 March 2024 the balance sheet of the Company shows equity of TDKK 508,407.

Management considers the results for the year satisfactory and in line with the management's expectations.

Outlook

The fiscal year 2023/24 has been characterized by exceptionally high activity and revenue growth. Based on this, management expects both revenue and earnings to decline in the fiscal year 2024/25, but still anticipate satisfactory revenue and profit levels. The Company expects EBIT to be in the range DKK 70 - 110 million for the financial year 2024/25.

Special risks - operating risks and financial risks

Commodity prices

Building material prices saw historically large fluctuations in 2022. As the majority of construction projects are concluded as fixed-price contracts, the risk exposure to price increases in construction materials is significant. The risk is attempted hedged in the contract phases with developers and subcontractors by having the prices locked in, to the extent possible, immediately after conclusion of the contract with the developer, or by agreeing on indexing of the parts of the developer contract which reflect the identified price risks.

Currency risks

The Company's transactions with customers and suppliers in other countries are limited. Should a significant currency risk be identified, foreign exchange contracts or similar agreements are concluded to hedge fluctuations in the underlying exchange rate.

Interest rate risks

As a result of the Company's positive cash flow, changes in the interest rate level will have no impact on earnings.

Credit risks

The Company's credit risks are primarily related to its customers' ability to pay. To mitigate such risk, credit ratings are prepared for new customers and guarantees are obtained on usual terms for the construction industry.

Management's review

Intellectual capital resources

To maintain our strong position in the market, it is crucial that we are able to retain and develop current employees and attract new talented employees with the right skills.

Statement of corporate social responsibility

The Company is included in the consolidated financial statements of DS Gruppen A/S, CVR no 40 68 50 14, which prepares a corporate social responsibility report in accordance with section 99a of the Danish Financial Statements Act.

Statement on gender composition

Currently, the DS Group's Supervisory Board consists of three men. The Group's target is that, by 2025, at least one member of the Supervisory Board will be from the underrepresented gender, implying that by then, the Board will consist of two men and one woman, or, alternatively, three men and one woman if the target is most appropriately achieved by expanding the Supervisory Board.
In 2022, DS Gruppen A/S changed owners. In that regard, it has been essential to ensure management stability in connection with the establishment of a new Supervisory Board. Against this background, the gender composition of the supreme governing body has been less of a focal point during the period and was represented by one gender, male. From the beginning of the upcoming financial year, the supreme governing body will consist of mixed gender composition as one woman will be a part of the governing body.

	2023/24	2024/25	2025/26	2026/27	2027/28
Company Board (Øverste ledelse)					
Total members	3				
Underrepresented gender in pct.	0%				
Target in pct.	25%				
Year for target realization	25/26				
Governing body and management group (Øvrige ledelse)					
Total members	6				
Underrepresented gender in pct.	17%				
Target in pct.	25%				
Year for target realization	26/27				

*The governing body and management group are the first and second level below the company board.

Management's review

Policy and initiatives for increasing gender equality in governing body & management group (øvrige ledelse)

It is the overall ambition of the Company to increase the representation of the underrepresented gender. Against this background, it is emphasized during recruitment that candidates of both genders are invited to apply, and that both genders are treated equally when they are assessed. In the following year the Company together with DS Gruppen plans to make a policy to increase the underrepresented gender in management positions throughout the company. Similarly, employees of the underrepresented gender are offered courses and further education on the same terms as employees of the overrepresented gender. In the coming years DS Flexhal will increase their focus on initiatives through competence development and employees showing the right potential, regardless of gender, will be considered for management positions in the Company. The gender composition of the Company´s governing body and management group is generally challenged by the industry trend of men making up a large proportion of the workforce. In the management's assessment, the current staff reflects the industry's distribution between men and women, but a targeted effort by the Company would increase the number of women in the governing body and management group.
DS Flexhal as a part of DS Gruppen is currently working on future policy to ensure more systematic approach for promoting the underrepresented gender. The initiatives taken in 2023 for the Governing body and management group are listed below.

Initiatives for gender equality in FY2023/2024 – Supervisory Board (Øverste ledelse)
There have not been take specific initiatives to increase gender equality in the supervisory board in 2023.

Initiatives for gender equality in FY2023/2024 – Governing body & Management group (Øvrige ledelse)

- Opportunity to participate in Goldbeck International network, "Goldbeckwomen". The first international network meeting was held in 2023 at Goldbeck in Frankfurt am Main with the focus on empowering women of the company. The network included workshops, talks and group work.
- Racing awareness of inclusion among management recruitment.
- Using our own powerful female role models to inspire both our people and those looking at the Group from the outside, this has resulted in increased PR of the Company, both on our website, newsletters and SoMe.
- Supporting memberships of external women´s networks.
- Working with promoting internal potential talent with follow up education opportunities, Network participation etc.
- Mentorship program for new talent.

Statement on data ethics

The Company is included in the consolidated financial statements of DS Gruppen A/S, CVR no 40 68 50 14, which prepares a statement of data ethics in accordance with section 99d of the Danish Financial Statements Act

Uncertainty relating to recognition and measurement

Recognition and measurement have not been subject to any material uncertainty beyond the usual uncertainties related to the construction industry. Likewise, we identified no unusual circumstances that´could have affected recognition and measurement significantly.

Subsequent events

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

Income statement 1 April 2023 - 31 March 2024

	Note	2023/24	2022/23
		TDKK 12 months	TDKK 9 months
Revenue	1	2,315,546	942,047
Other operating income		2,095	117
Expenses for raw materials and consumables		-1,986,783	-797,415
Other external expenses		-21,888	-12,177
Gross profit		**308,970**	**132,572**
Staff expenses	2	-80,399	-42,724
Depreciation and impairment losses of property, plant and equipment		-392	-309
Profit/loss before financial income and expenses		**228,179**	**89,539**
Income from investments in associates	3	516	15
Financial income	4	11,427	1,574
Financial expenses		-888	-150
Profit/loss before tax		**239,234**	**90,978**
Tax on profit/loss for the year	5	-52,531	-20,028
Net profit/loss for the year	6	**186,703**	**70,950**

Balance sheet 31 March 2024

Assets

	Note	2023/24	2022/23
		TDKK	TDKK
Other fixtures and fittings, tools and equipment		914	1,306
Property, plant and equipment	7	**914**	**1,306**
Investments in associates	8	0	1,123
Receivables from group enterprises		0	150,000
Fixed asset investments		**0**	**151,123**
Fixed assets		**914**	**152,429**
Trade receivables		267,160	374,043
Contract work in progress	9	67,239	1,258
Receivables from group enterprises		246,467	93,887
Other receivables		13,814	383
Corporation tax		54,952	13,006
Prepayments	10	638	805
Receivables		**650,270**	**483,382**
Cash at bank and in hand		**410,345**	**212,998**
Current assets		**1,060,615**	**696,380**
Assets		**1,061,529**	**848,809**

Balance sheet 31 March 2024

Liabilities and equity

	Note	2023/24	2022/23
		TDKK	TDKK
Share capital		6,250	6,250
Retained earnings		469,657	315,454
Proposed dividend for the year		32,500	0
Equity		**508,407**	**321,704**
Provision for deferred tax	11	82,029	23,129
Other provisions	12	11,421	16,303
Provisions		**93,450**	**39,432**
Trade payables		284,348	247,316
Contract work in progress	9	129,922	191,069
Payables to group enterprises		25,827	25,465
Other payables		19,575	23,823
Short-term debt		**459,672**	**487,673**
Debt		**459,672**	**487,673**
Liabilities and equity		**1,061,529**	**848,809**
Contingent assets, liabilities and other financial obligations	13		
Related parties	14		
Fee to auditors appointed at the general meeting	15		
Accounting Policies	16		

Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 April	6,250	315,454	0	321,704
Net profit/loss for the year	0	154,203	32,500	186,703
Equity at 31 March	**6,250**	**469,657**	**32,500**	**508,407**

Notes to the Financial Statements

	2023/24	2022/23
	TDKK 12 months	TDKK 9 months

1. Revenue

	2023/24	2022/23
Geographical segments		
Revenue, Denmark	2,315,546	942,047
	2,315,546	**942,047**

	2023/24	2022/23
	TDKK 12 months	TDKK 9 months

2. Staff Expenses

	2023/24	2022/23
Wages and salaries	71,987	38,525
Pensions	2,628	1,349
Other social security expenses	207	100
Other staff expenses	5,577	2,750
	80,399	**42,724**

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

	2023/24	2022/23
Average number of employees	**79**	**61**

	2023/24	2022/23
	TDKK 12 months	TDKK 9 months

3. Income from investments in associates

	2023/24	2022/23
Share of profits of associates	516	15
	516	**15**

Notes to the Financial Statements

4. Financial income

	2023/24 TDKK 12 months	2022/23 TDKK 9 months
Interest received from group enterprises	5,345	770
Other financial income	5,621	793
Exchange adjustments	461	11
	11,427	**1,574**

5. Income tax expense

	2023/24 TDKK 12 months	2022/23 TDKK 9 months
Current tax for the year	-3,884	1,536
Deferred tax for the year	56,415	18,492
Adjustment of tax concerning previous years	-2,485	1,431
Adjustment of deferred tax concerning previous years	2,485	-1,431
	52,531	**20,028**

6. Profit allocation

	2023/24 TDKK	2022/23 TDKK
Proposed dividend for the year	32,500	0
Retained earnings	154,203	70,950
	186,703	**70,950**

Notes to the Financial Statements

7. Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 April	2,045
Cost at 31 March	2,045
Impairment losses and depreciation at 1 April	739
Depreciation for the year	392
Impairment losses and depreciation at 31 March	1,131
Carrying amount at 31 March	**914**
Amortised over	3-8 years

8. Investments in associates

	2023/24	2022/23
	TDKK	TDKK
Cost at 1 April	5,544	5,544
Disposals for the year	-5,544	0
Cost at 31 March	0	5,544
Value adjustments at 1 April	-4,421	-4,284
Exchange adjustment	0	-152
Net profit/loss for the year	516	15
Reversals for the year of revaluations in previous years	3,905	0
Value adjustments at 31 March	0	-4,421
Carrying amount at 31 March	**0**	**1,123**

Investments in associates are specified as follows:

Name	Place of registered office	Ownership
Køge Logistics Center AS (under avvikling)	Norge	0%

Notes to the Financial Statements

	2023/24	2022/23
	TDKK	TDKK

9. Contract work in progress

	2023/24 TDKK	2022/23 TDKK
Selling price of work in progress	2,961,531	942,139
Payments received on account	-3,024,214	-1,131,950
	-62,683	**-189,811**
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	67,239	1,258
Prepayments received recognised in debt	-129,922	-191,069
	-62,683	**-189,811**

10. Prepayments

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

11. Provision for deferred tax

	2023/24 TDKK	2022/23 TDKK
Deferred tax liabilities at 1 April	23,129	6,068
Adjustment of deferred tax concerning previous years	2,485	-1,431
Amounts recognised in the income statement for the year	56,415	18,492
Deferred tax liabilities at 31 March	**82,029**	**23,129**

12. Other provisions

Other provisions includes warranty provisions related to completed contracts.

	2023/24 TDKK	2022/23 TDKK
Other provisions at 1 April	11,421	16,303
	11,421	**16,303**
The provisions are expected to mature as follows:		
Within 1 year	8,566	12,227
Between 1 and 5 years	2,855	4,076
After 5 years	0	0
	11,421	**16,303**

13. Contingent assets, liabilities and other financial obligations

	2023/24	2022/23
	TDKK	TDKK
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	1,220	985
Between 1 and 5 years	3,850	1,611
After 5 years	193	0
	5,263	**2,596**
Rent obligations	1,156	1,154

The company has a rent obligation with an associated company with a total obligation of TDKK 1.080.

Guarantee obligations

As security for the completion of construction contracts, the usual security has been provided in the form of bank guarantees and performance bonds etc. for a total of TDKK 729.068 (2022/23: TDKK 801.889).

Other contingent liabilities

The Danish 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 DS Gruppen A/S, which is the management company of the joint taxation purposes. Moreover, the Danish 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.

14. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
DS Gruppen A/S, Mariagerfjord	Direct parent company
Ortwin Goldbeck Holding SE	Ultimate parent

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The entity is included in the consolidated Financial Statements of:

Name	Place of registered office
DS Gruppen A/S, CVR-nr. 40 68 50 14	Mariagerfjord, Denmark
Ortwin Goldbeck Holding SE	Bielefeld, Germany

The Group Annual Report of Ortwin Goldbeck Holding SE may be obtained at the following address:

Ummelner Straße 4-6
33649 Bielefeld
Germany

15. Fee to auditors appointed at the general meeting

With reference to section 96(3) of the Danish Financial Statements Act and to the disclosure on fee to auditors appointed at the general meeting in the consolidated financial statements of DS Gruppen A/S, the Company has not included a disclosure on fee to auditors appointed at the general meeting.

Notes to the Financial Statements

16. Accounting policies

The Annual Report of DS Flexhal A/S for 2023/24 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 2023/24 are presented in TDKK.

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 DS Gruppen 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.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

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.

Notes to the Financial Statements

Segment information on revenue

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

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 associates

The item "Income from investments in associates" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

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

Notes to the Financial Statements

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 wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes

Balance sheet

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.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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.

Impairment of fixed assets

The carrying amounts of 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 depreciation.

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

Investments in associates

Investments in associates are recognised and measured under the equity method.

The item "Investments in associates" 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 associates 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 associates.

Associates 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.

Other fixed asset investments

Other fixed asset investments consist of asset investments in associates and group loans.

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. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company´s experience from previous years.

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.

Equity

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

Provisions

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

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

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.

Notes to the Financial Statements

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.

Financial Highlights

Explanation of financial ratios

Gross margin	Gross profit x 100 / Revenue
Profit margin	Profit/loss of ordinary primary operations x 100 / Revenue
Return on assets	Profit/loss of ordinary 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