



DANISH  
TECHNOLOGICAL  
INSTITUTE

**Danish Technological Institute**

*-An extract of the consolidated  
financial statements 2013*

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## Extract of consolidated financial statements 1 January - 31 December

### Income Statement

EUR million

	Note	Group		
		2013	2012	2011
Commercial activities		95.3	89.2	82.6
R&D activities		34.9	34.1	33.4
Performance contracts		14.8	17.3	15.6
<b>Revenue</b>	1	145.0	140.6	131.6
Project costs, excluding salaries		-29.0	-31.0	-27.4
Other external expenses		-29.1	-27.8	-25.1
Staff costs	2	-78.9	-74.0	-69.8
Depreciation, amortisation and impairment	3	-3.9	-3.7	-5.8
Other operating items		0.4	1.8	1.7
<b>Operating profit</b>		4.5	5.9	5.2
Share of profit after tax of associates		0.2	0.1	-0.4
Financial income	4	0.3	0.7	0.7
Financial expenses		-0.6	-0.6	-0.5
<b>Income from ordinary activities before tax</b>		4.4	6.1	5.0
Tax on income from ordinary activities	5	-0.1	-0.3	-0.2
<b>Net profit for the year before minority interest</b>		4.3	5.8	4.8
Profit of subsidiaries attributable to minority interests		0.0	0.0	0.0
<b>Net profit for the year</b>		4.3	5.8	4.8

It is proposed that the net profit for the year be transferred to equity.

## Extract of consolidated financial statements 1 January – 31 December

### Balance sheet

EUR million

	Note	Group		
		2013	2012	2011
<b>ASSETS</b>				
<b>Non-current assets</b>				
<b>Intangible assets</b>				
	6			
Goodwill		0.0	0.0	0.1
Development projects		0.2	0.2	0.2
Patents		0.0	0.0	0.0
		<u>0.2</u>	<u>0.2</u>	<u>0.3</u>
<b>Tangible fixed assets</b>				
	7			
Land and buildings		33.0	33.1	33.8
Plant and machinery		0.8	0.8	0.5
Other plant, operating equipment and fixtures		6.2	5.2	4.9
Assets under construction		13.3	9.2	0.0
		<u>53.3</u>	<u>48.3</u>	<u>39.2</u>
<b>Investments</b>				
Equity investments in associates	8	1.4	1.2	1.0
Other investments	9	0.2	0.1	0.3
		<u>1.6</u>	<u>1.3</u>	<u>1.3</u>
<b>Total non-current assets</b>		<u>55.1</u>	<u>49.8</u>	<u>40.8</u>
<b>Current assets</b>				
<b>Inventories</b>				
Inventories	10	3.8	2.6	2.6
		<u>3.8</u>	<u>2.6</u>	<u>2.6</u>
<b>Receivables</b>				
Trade receivables		19.8	21.9	17.9
Contract work in progress	11	14.9	14.7	14.5
Deferred tax assets	12	0.2	0.1	0.1
Other receivables		0.6	0.7	1.5
Prepayments		1.0	0.4	0.7
		<u>36.5</u>	<u>37.8</u>	<u>34.7</u>
<b>Cash at bank and in hand</b>	13	<u>16.9</u>	<u>19.6</u>	<u>22.2</u>
<b>Total current assets</b>		<u>57.2</u>	<u>60.0</u>	<u>59.5</u>
<b>TOTAL ASSETS</b>		<u>112.3</u>	<u>109.8</u>	<u>100.3</u>

## Extract of consolidated financial statements 1 January – 31 December

### Balance sheet

EUR million

	Note	Group		
		2013	2012	2011
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity	14	70.1	65.5	59.5
<b>Total equity</b>		<b>70.1</b>	<b>65.5</b>	<b>59.5</b>
<b>Minority interests</b>		<b>0.3</b>	<b>0.3</b>	<b>0.2</b>
<b>Provisions</b>				
Deferred tax	12	0.7	0.5	0.3
Guarantees		0.1	0.1	0.1
Other provisions		0.1	0.1	0.0
<b>Total provisions</b>		<b>0.9</b>	<b>0.7</b>	<b>0.4</b>
<b>Liabilities other than provisions</b>				
<b>Long-term liabilities</b>				
Mortgage debt	15	0.0	2.0	6.3
		0.0	2.0	6.3
<b>Current liabilities</b>				
Contract work in progress	11	14.7	17.0	11.9
Trade payables		6.5	5.9	5.5
Other payable	16	19.5	18.1	16.5
Accruals		0.3	0.3	0.0
		41.0	41.3	33.9
<b>Total liabilities other than provisions</b>		<b>41.0</b>	<b>43.3</b>	<b>40.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>112.3</b>	<b>109.8</b>	<b>100.3</b>
<b>Auditors' remuneration, note</b>	17			
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## Extract of consolidated financial statements 1 January – 31 December

### Cash flow statement

EUR million

	Note	Group		
		2013	2012	2011
Operating profit		4,6	5,9	5,2
Adjustment for non-cash items		2,7	4,1	2,0
Depreciation, amortisation and impairment losses	3	3,9	3,7	5,8
<b>Cash flow from operating activities before change in working capital</b>		<b>11,2</b>	<b>13,7</b>	<b>13,0</b>
Change in work in progress and prepayments		-2,3	4,7	6,1
Change in inventories		-1,2	0,3	-1,1
Change in trade payables and other short-term debt		-0,5	-1,6	-3,0
Change in receivables		1,5	-3,1	-2,7
<b>Cash flow from operating activities before tax and financial items</b>		<b>8,7</b>	<b>14,0</b>	<b>12,3</b>
Financial deposits and withdrawals, net		-0,4	0,1	-0,2
Corporation tax paid		-0,1	0,0	0,0
<b>Cash flow from operating activities</b>		<b>8,2</b>	<b>14,1</b>	<b>12,1</b>
Investment in intangible activities	6	-0,1	0,0	-0,1
Investment in company acquisition and disposals		0,0	0,1	0,5
Investment in property, plant and equipment		-8,8	-12,4	-2,3
Investment in fixed assets investments	8,9	0,0	0,0	0,0
<b>Cash flow from investing activities</b>		<b>-8,9</b>	<b>-12,3</b>	<b>-1,9</b>
Decrease in debt		-2,0	-4,4	0,0
<b>Cash flow from financing</b>		<b>-2,0</b>	<b>-4,4</b>	<b>0,0</b>
<b>Cash flow for the year</b>		<b>-2,7</b>	<b>-2,6</b>	<b>10,2</b>
Cash and cash equivalents, 1 January		19,6	22,2	12,0
<b>Cash and cash equivalents, 31 December</b>	13	<b>16,9</b>	<b>19,6</b>	<b>22,2</b>

The cash flow statement cannot be directly deducted from the information in the income statement and balance sheet.

# Extract of consolidated financial statements 1 January – 31 December

## Notes

### 1 Group segment information

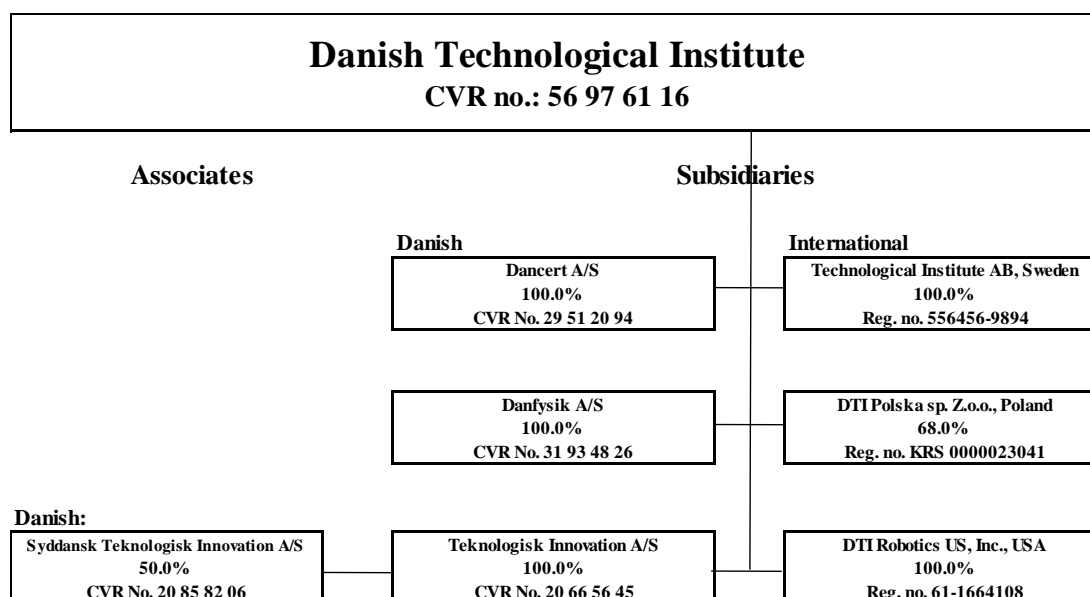
#### Group revenue

EUR million	Commer- cial activi- ties	R&D ac- tivities	Performan- ce contracts (R&D)	Total reve- nue
<b>2013</b>				
Building and Construction	11.8	2.7	2.2	16.7
Danish Meat Research Institute	5.2	11.8	0.8	17.8
Energy and Climate	16.4	6.2	3.0	25.6
Business and Society	12.7	1.6	2.3	16.6
Life Science	6.9	3.3	1.7	11.9
Materials	7.1	4.8	2.7	14.6
Production	5.7	4.3	2.1	12.1
International activities	0.6	0.0	0.0	0.6
Production of particle acceleration devices	19.3	0.2	0.0	19.5
Subsidiaries	9.6	0.0	0.0	9.6
<b>Total Group</b>	<b>95.3</b>	<b>34.9</b>	<b>14.8</b>	<b>145.0</b>

#### Group revenue - geographically

EUR million	2013	2012	2011
Denmark	100.3	101.3	100.8
International	44.7	39.3	30.8
<b>Total</b>	<b>145.0</b>	<b>140.6</b>	<b>131.6</b>

#### Group chart as at 31 December 2013



## Extract of consolidated financial statements 1 January – 31 December

### Notes

EUR million	Group		
	2013	2012	2011
<b>2 Staff costs</b>			
Wages and salaries, etc.	76.1	71.1	66.9
Pension contributions	1.5	1.6	1.5
Other social expenses	1.3	1.3	1.4
	<u>78.9</u>	<u>74.0</u>	<u>69.8</u>
Fees to Executive Board and Board of Trustees amounts to EUR 0.5 million (2012: EUR 0.5 million and 2011: 0.5 EUR million). The number of Group employees averaged 1.051, against 992 in 2012 and 953 in 2011.			
<b>3 Depreciation, amortisation and impairment losses</b>			
Depreciation and amortization	2.8	2.6	3.0
Impairment losses – loans	1.1	1.1	2.8
	<u>3.9</u>	<u>3.7</u>	<u>5.8</u>
Impairment losses in 2013 relates to other plant, operating equipment and fixtures.			
<b>4 Financial income</b>			
Other financial income	0.3	0.7	0.3
Proceeds from sale of subsidiary	0.0	0.0	0.4
	<u>0.3</u>	<u>0.7</u>	<u>0.7</u>
<b>5 Tax</b>			
<i>Tax on profit for the year</i>			
Current tax for the year	0.2	0.1	0.0
Adjustment of deferred tax relating to previous years	0.0	0.0	0.0
Adjustment of deferred tax during the year	-0.1	0.2	0.2
Adjustment of deferred tax due to change in tax rate	0.0	0.0	0.0
Total tax on profit for the year	<u>0.1</u>	<u>0.3</u>	<u>0.2</u>



## Extract of consolidated financial statements 1 January – 31 December

### Notes

#### 6 Intangible assets

EUR million	Group			
	Goodwill	Develop- ment pro- jects	Patents	Total
Cost, 1 January	2.1	0.2	0.6	2.9
Additions	0.0	0.1	0.0	0.1
Cost, 31 December	2.1	0.3	0.6	3.0
Amortisation, 1 January	2.1	0.0	0.6	2.7
Amortisation	0.0	0.1	0.0	0.1
Amortisation, 31 December	2.1	0.1	0.6	2.8
<b>Carrying amount, 31 December</b>	<b>0.0</b>	<b>0.2</b>	<b>0.0</b>	<b>0.2</b>

#### 7 Tangible fixed assets

EUR million	Group				Total
	Land and buildings	Plant and machin- ery	Other plant, op- erating equip- ment and fixtures	Assets un- der con- struction	
Cost, 1 January	56.5	1.0	37.2	9.2	103.9
Translation adjustment	0.0	0.0	0.0	0.0	0.0
Additions	0.3	0.4	4.1	4.7	9.5
Project-financed	0.0	0.0	-0.2	0.0	-0.2
Disposals	0.0	0.0	-1.3	-0.6	-1.9
Cost, 31 December	56.8	1.4	39.8	13.3	111.3
Depreciation and impairment losses, 1 January	23.4	0.2	32.0	0.0	55.6
Translation adjustment	0.0	0.0	0.0	0.0	0.0
Depreciation	0.4	0.4	1.8	0.0	2.6
Impairment losses	0.0	0.0	1.1	0.0	1.1
Depreciation relating to disposals during the year	0.0	0.0	-1.3	0.0	-1.3
Depreciation and impairment losses, 31 December	23.8	0.6	33.6	0.0	58.0
<b>Carrying amount, 31 December</b>	<b>33.0</b>	<b>0.8</b>	<b>6.2</b>	<b>13.3</b>	<b>53.3</b>

## Extract of consolidated financial statements 1 January – 31 December

### Notes

#### 8 Equity investments in associates

EUR million	Group		
	2013	2012	2011
Balance, 1 January	1.0	2.1	2.1
Additions during the year	0.0	0.0	0.0
Disposals during the year	0.0	-1.1	0.0
Balance, 31 December	1.0	1.0	2.1
Value adjustment, 1 January	0.2	-1.1	-0.6
Translation adjustment	0.0	0.1	0.0
Share of profit or loss for the year	0.1	0.1	0.1
Impairment losses	0.1	1.1	-0.6
Value adjustment, 31 December	0.4	0.2	-1.1
<b>Carrying amount, 31 December</b>	<b>1.4</b>	<b>1.2</b>	<b>1.0</b>

Investment in associates are included based on most recent signed financial statements.

Name	Place of business	Percentage of shares/voting rights held
Syddansk Teknologisk Innovation A/S	Odense, Denmark	50.0

EUR million	Group		
	2013	2012	2011
<b>9 Other investments</b>			
Balance, 1 January	0.5	0.6	0.7
Disposals during the year	-0.3	-0.1	-0.1
Balance, 31 December	0.2	0.5	0.6
Value adjustment, 1 January	-0.4	-0.3	-0.4
Impairment losses	0.0	-0.2	0.0
Impairment losses relating to disposals	0.4	0.1	0.1
Value adjustment, 31 December	0.0	-0.4	-0.3
<b>Carrying amount, 31 December</b>	<b>0.2</b>	<b>0.1</b>	<b>0.3</b>

## Extract of consolidated financial statements 1 January – 31 December

### Notes

EUR million	Group		
	2013	2012	2011
<b>10 Inventories</b>			
Raw materials and consumables	1.9	2.1	1.5
Work in progress	1.5	0.4	1.1
Manufactured goods and goods for resale	0.4	0.1	0.0
	<u>3.8</u>	<u>2.6</u>	<u>2.6</u>
<b>11 Contract work in progress</b>			
Contract work in progress	97.0	82.3	63.8
Invoicing on account and prepayments	-96.8	-84.6	-61.2
	<u>0.2</u>	<u>-2.3</u>	<u>2.6</u>
Recognised as follows:			
Contract work in progress	14.9	14.7	14.5
Contract work in progress (liabilities)	-14.7	-17.0	-11.9
	<u>0.2</u>	<u>-2.3</u>	<u>2.6</u>
<b>12 Deferred tax</b>			
<b>Deferred tax asset</b>			
Deferred tax, 1 January	0.1	0.1	0.2
Adjustment of deferred tax during the year	0.1	0.0	-0.1
Adjustment of deferred tax due to change in tax rates	0.0	0.0	0.0
<b>Deferred tax asset, 31 December</b>	<u>0.2</u>	<u>0.1</u>	<u>0.1</u>
<b>The deferred tax asset can be specified as follows:</b>			
Investments	0.0	0.0	0.0
Tax losses	0.2	0.1	0.1
	<u>0.2</u>	<u>0.1</u>	<u>0.1</u>
<b>Deferred tax</b>			
Deferred tax, 1 January	0.5	0.3	0.3
Adjustment of deferred tax relating to previous years	0.0	0.0	0.0
Adjustment of deferred tax during the year	0.2	0.2	0.0
Adjustment of deferred tax due to change in tax rates	0.0	0.0	0.0
<b>Deferred tax, 31 December</b>	<u>0.7</u>	<u>0.5</u>	<u>0.3</u>
<b>The deferred tax can be specified as follows:</b>			
Intangible assets	0.0	0.0	0.1
Property, plant and equipment	-0.1	0.1	0.1
Current assets	1.3	1.1	0.6
Tax losses	-0.5	-0.7	-0.5
	<u>0.7</u>	<u>0.5</u>	<u>0.3</u>

## Extract of consolidated financial statements 1 January – 31 December

### Notes

EUR million	Group		
	2013	2012	2011
<b>13 Cash</b>			
Free funds	13.1	12.9	18.7
Tied-up funds	3.8	6.7	3.5
	16.9	19.6	22.2
Tied-up funds include balance on security account and funding to be transferred to project partners.			
<b>14 Equity</b>			
Equity, 1 January	65.5	59.5	54.7
Net profit for the year	4.3	5.8	4.8
Translation adjustment of subsidiaries	0.0	0.0	0.1
Translation adjustment of financial instruments	0.3	0.2	-0.1
	70.1	65.5	59.5
<b>15 Long-term liabilities other than provisions</b>			
Mortgage debt	0.0	2.0	6.3
	0.0	2.0	6.3
<b>16 Other payables</b>			
Holiday pay obligation	11.5	11.2	10.0
Other liabilities	0.6	0.6	2.0
Tax payables	0.1	0.1	0.1
VAT payables	1.0	0.3	0.0
Other items payable	6.2	5.8	4.2
Miscellaneous deposits	0.1	0.1	0.2
	19.5	18.1	16.5
<b>17 Remuneration of the auditors elected by the Board on Annual General Meeting</b>			
Statutory audit	0.1	0.1	0.1
Assurance statements	0.1	0.1	0.1
Tax consultancy	0.0	0.0	0.0
Total remuneration of KPMG	0.2	0.2	0.2

## Extract of consolidated financial statements 1 January – 31 December

### Notes

EUR million	Group		
	2013	2012	2011
<b>18 Charges</b>			
As security for mortgage debt (mortgage registered to the mortgagor on Institute properties), nom.	0.0	2.0	6.3
<b>Guarantee commitments</b>			
As security for payments received on account	11.0	7.5	4.5
<b>Rental and lease commitments</b>			
<b>Rental commitments</b>			
Commitments, within five years	2.9	3.0	3.0
Commitments, within one year	1.2	1.5	1.2
<b>Operating leases</b>			
Commitments, within five years	0.1	0.1	0.1
Commitments, within one year	0.1	0.1	0.1

### 19 Contingent liabilities, etc.

The Group and DTI are parties to a few disputes, the outcome of which is not expected to influence the financial position.

The Group and DTI participate in projects that under certain circumstances may lead to a commitment to repay the grants received. Where necessary provisions have been made.

The Group and DTI provide a guarantee for employees use of mastercard.

### 20 Derivative financial instruments

As part of its hedging of individual foreign currency contracts, the Group uses forward exchange contracts. The signed contracts can be specified as follows:

EUR million	Period	Contract value			Profitand/or loss recognised in equity		
		2013	2012	2011	2013	2012	2011
Group total	0-12 months	2.4	5.4	6.4	0.1	-0.2	-0.6
	Over 12 months	0.1	0.6	0.0	0.0	0.0	0.0

Valutaterminskontrakterne er indgået i CAD, GBP og USD.

### 21 Related parties

The Group's related parties, with significant influence, comprise of members of the Board of Trustees and Executive Board.

The Group has no transactions with related parties apart from usual trade with subsidiaries and associates. Transactions are incurred on an arm's length basis.

## Extract of consolidated financial statements 1 January – 31 December

### Accounting policies

The Annual Report of the Danish Technological Institute (DTI) for 2013 is presented in conformity with the provisions of the Danish Financial Statements Act governing class C companies (large).

With reference to the Danish Financial Statements Act § 23 paragraph. 4 a re-statement of the law designated format requirements for the income statement is made in order to demonstrate the Group's business activities as an approved technological service institute.

The consolidated financial statements and the Parent Company's financial statements have been drawn up on the basis of accounting policies consistent with those applied last year.

### Recognition and measurement in general

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

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

At the time of initial recognition, assets and liabilities are measured at cost. Subsequent to initial recognition, assets and liabilities are measured as described for each individual accounting item below.

For recognition and measurement purposes, due consideration is given to gains, losses and risks arising before the Annual Report is prepared and proving and disproving matters arising on or before the balance sheet date.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Moreover, expenses incurred to generate earnings for the year are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals resulting from changed accounting estimates of amounts that used to be recognised in the income statement.

### Consolidated financial statements

The consolidated financial statements comprise the Parent Company, DTI and subsidiaries, in which DTI directly or indirectly holds more than 50% of the voting rights or, in any other way, exercises control. Undertakings in which the Group holds between 20% and 50% of the voting rights and exercises a significant, yet no controlling interest, are considered associates, see group chart.

Intercompany income and expenses, shareholdings, balances and dividends as well as realised and unrealised gains and losses on transactions between consolidated companies are eliminated on consolidation.

Equity investments in subsidiaries are eliminated at the proportionate share of the subsidiaries' fair value of net assets and liabilities at the date of acquisition.

Newly acquired or newly established companies are recognised in the consolidated financial statements from the date of acquisition or establishment. Divested or liquidated companies are recognised in the consolidated income statement up to the date of divestment or liquidation. Comparative figures are not restated for newly acquired, divested or liquidated companies.

## Extract of consolidated financial statements 1 January – 31 December

In the event of company acquisitions, the acquisition accounting method is used, according to which the identifiable assets

and liabilities of the newly acquired companies are measured at fair value at the date of acquisition. Provisions are recognised to cover the cost of decided and published plans to restructure the acquired company in connection with the acquisition. Deferred tax is recognized of the re-assessments made.

Positive differences (goodwill) between the cost and fair value of acquired identifiable assets and liabilities are recognised as intangible assets and amortised systematically in the income statement on the basis of the estimated useful life of the asset not exceeding five years.

Negative differences (negative goodwill), reflecting an expected unfavourable development of the companies in question, are recognised in the balance sheet on an accruals basis and recognised in the income statement in parallel with the realisation of the unfavourable development. An amount of negative goodwill not related to an expected unfavourable development is recognised in the balance sheet, equalling the fair value of non-monetary assets, which is subsequently recognised in the income statement over the average life of such non-monetary assets.

Goodwill and negative goodwill from acquired companies are adjustable until the end of the year following the acquisition. Any profit or loss on the divestment of subsidiaries and associates is determined as the difference between the selling or liquidation price and the net asset value at the date of divestment, including unamortised goodwill, as well as the expected cost of divestment or liquidation.

### Minority interests

The items of subsidiaries are fully recognized in the consolidated financial statements. Minority interests' proportionate

share of the profits or losses and equity of subsidiaries are determined on an annual basis and recognized as separate items in the income statement and balance sheet.

### Foreign currency translation

On initial recognition, transactions in foreign currencies are translated at the rates of exchange prevailing at the date of transaction. Exchange differences arising between the exchange rates prevailing at the date of transaction and date of payment are recognised in the income statement as items under financial income and expenses, net.

Receivables, payables and other monetary items in foreign currencies are translated using the exchange rates prevailing at the balance sheet date. The difference between the exchange rate prevailing at the balance sheet date and the exchange rate prevailing at the date when the amount receivable or payable originated or was recognised in the latest annual report is recognised in the income statement under financial income and expenses.

Translation adjustments of intercompany balances with independent foreign subsidiaries that are considered a part of the total investment in the subsidiary are recognized directly in equity. Exchange gains and losses on loans and derivative financial instruments used for hedging foreign subsidiaries are also recognised directly in equity.

The income statement of foreign subsidiaries is translated using an average exchange rate, and balance sheet items are translated using the exchange rates prevailing at the balance sheet date. Exchange differences arising from the translation of the equity of foreign subsidiaries at the beginning of the year at the exchange rates prevailing at the balance sheet date and from the translation of the income statements based on average ex-

## Extract of consolidated financial statements 1 January – 31 December

change rates at the exchange rates prevailing at the balance sheet date are recognised directly in equity.

### Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments classified as and qualifying for recognition as an instrument used for hedging the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments classified as and qualifying for recognition as an instrument used for hedging future assets and liabilities are recognised in other receivables or other payables and in equity. If the future transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability. If the future transaction results in income or costs, amounts recognised in equity are transferred to the income statement for the period during which the hedged item affects the income statement.

In regard to derivative financial instruments not qualifying for hedge accounting treatment, changes in fair value are recognised in the income statement when they occur.

## Income statement

### Revenue

The revenue of DTI falls into three categories: Commercial activities, research and development activities and performance contract activities. Commercial activities include projects undertaken on behalf of private and public customers with the customer being the owner of the rights to the results of the project. Research and development activities are undertaken on behalf of Danish and foreign licensors. The results of these projects will become publicly available through the licensors. Performance contract activities comprise a number of projects undertaken on behalf of the Danish Council for Technology and Innovation, the general objective being to allow small and medium-sized enterprises to benefit from new knowledge and new technologies in a smooth and efficient manner.

The method of revenue recognition is the completed contract method according to which income is recognised in the income statement as invoiced.

Major and longer-term contract work in progress is recognised under the percentage of completion method, meaning that the profit on any services sold is recognised in the income statement as the work is performed.

Revenue is recognised net of VAT and other taxes collected on behalf of third parties. All kinds of discounts are recognised in revenue.

### Project costs

Project costs comprise costs incurred during the year, excluding salaries, which are directly attributable to the individual projects.

### Research and development

Research and development costs and agreed development costs of completing



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project agreements entered into, completed without remuneration, are recognised in the income statement under project costs and staff costs, depending on their nature.

### Other external expenses

Other external expenses comprise expenses of distribution, sale, advertising, administration, premises, bad debts, operating leases, etc.

### Other operating items

Other operating items comprise items secondary to the principal activities of the company, including gains and losses on the sale of non-current assets.

### Income from equity investments in subsidiaries and associates

The proportionate share of profit/loss after tax of the individual subsidiaries is recognised in the income statement of the Parent Company after full elimination of intercompany gains/losses. The proportionate share of the profit/loss after tax of associates is recognised in the income statement of both the Parent Company and the Group after elimination of the proportionate share of intercompany gains/losses.

### Financial income and expenses

Financial income and expenses comprise interest, exchange gains and losses on securities, liabilities and transactions in foreign currencies as well as reimbursements under the on-account tax scheme, etc.

### Tax on profit for the year

Being an Approved Technological Service Institute, DTI is exempt from liability to pay tax.

Danish subsidiaries liable to pay tax are subject to the Danish rules on compulsory joint taxation. Subsidiaries are included in the joint taxation scheme as from the time

when they are included in the consolidated financial statements until the time when they are no longer consolidated.

Current Danish corporation tax is allocated through payment of tax contributions between the jointly taxed companies in proportion to their taxable incomes. In this connection, companies suffering a tax loss receive tax contributions from companies having been able to use these losses to reduce their own tax profits.

Tax for the year, which comprises current tax and changes in deferred tax, is recognized in the income statement with the part attributable to profit for the year and directly in equity with the part attributable to equity items.

## Balance sheet

### Intangible assets

#### *Goodwill*

Goodwill is amortised over the estimated useful life, which is determined on the basis of management's experience within the individual business areas. Goodwill is amortised on a straight-line basis over a period of five years. The carrying amount of goodwill is continuously assessed and written down to recoverable amount in the income statement provided that the carrying amount exceeds the expected future net income from the company or activity to which the goodwill relates.

#### *Development costs*

Development costs comprise costs, wages and salaries and amortisation that are directly and indirectly attributable to DTI's development projects.

Development projects that are clearly defined and identifiable, and where the capacity utilisation rate, sufficient resources and a potential future market or development prospects for the company can be established, and where the intention is to produce, market or use the project, are

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recognised as intangible fixed assets if the cost can be determined reliably, and there is adequate certainty that future earnings will cover selling costs and administrative expenses, etc. as well as development costs. Other development costs are recognised in the income statement as incurred.

Development costs recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of development work, development costs are amortised on a straight-line basis over the estimated useful life of the asset. The amortisation period is normally five years.

### *Patents and licences*

Patents and licences are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the contract period, not exceeding five years. Any profit or loss on the disposal of patents and licences is determined as the difference between selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement under other operating items and other external expenses.

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

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition cost and costs directly attributable to the acquisition up to the date when the asset is available for use. Self-constructed assets include direct and indirect costs of materials, components, sub-contractors and labor. Interest is not included in cost.

Property, plant and equipment are depreciated on a straight-line basis over their

estimated useful lives as follows: Buildings 50 years, machinery, equipment, etc. 5 years, and computer equipment 3 years.

Property, plant and equipment are written down to the lower of recoverable amount or carrying amount. Impairment tests are conducted annually in respect of each individual asset or group of assets. Depreciation is recognised in the income statement under depreciation, amortisation and impairment losses.

Any profit or loss on the disposal of property, plant and equipment is determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognized in the income statement under other operating items and other external expenses.

### **Leases**

Leases for non-current assets in respect of which DTI has all significant risks and benefits related to ownership (finance leases) are measured at the time of initial recognition in the balance sheet at the lower of fair value and net present value of future lease payments. For the calculation of net present value, the internal rate of interest specified in a particular lease, or DTI's alternative lending rate, is used as a discount rate. Assets under finance leases are subsequently treated like DTI's other non-current assets.

Any capitalised remaining lease commitment is recognised in the balance sheet as a liability, and the interest portion of the lease payment is recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments under operating and other leases are recognised in the income statement over the term of the lease. DTI's total liability under operating leases is recorded under contingent liabilities, etc.

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### Equity investments in subsidiaries and associates

Equity investments in subsidiaries and associates are measured according to the equity method.

Equity investments in subsidiaries and associates are measured at the proportionate share of the equity value of the subsidiaries and associates, determined according to DTI's accounting policies plus or less any unrealized intercompany profits or losses and plus or less the remaining value of positive or negative goodwill.

Equity investments in subsidiaries and associates with a negative equity value are measured at EUR 0.00 and any receivable from these associates is written down to the extent the receivable is deemed irrevocable. To the extent that the Parent Company has a legal or constructive obligation to cover a negative balance, which exceeds the receivable, the remainder is recognised under provisions.

Net revaluation of equity investments in subsidiaries and associates is taken to the reserve for net revaluation according to the equity method under equity to the extent that the carrying amount exceeds cost.

### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising cost with the addition of delivery costs.

The net realisable value of inventories is calculated as selling price less completion costs and costs involved in executing the sale and is determined with due regard to marketability, obsolescence and movements in expected selling price.

### Other securities, loans and equity investments

Other securities, loans and equity investments are measured at cost. In case of indication of impairment, the assets are written down.

### Receivables

Receivables are measured at amortised cost. Following individual assessment, receivables are written down for uncollectibles.

### Contract work in progress

Contract work in progress regarding major and longer-term projects is measured at the selling price of the work performed. The selling price is measured on the basis of the degree of completion at the balance sheet date and total expected income from the individual contract for work in progress.

If the selling price of a contract cannot be determined reliably, it is measured at the lower of costs incurred or net realisable value.

The individual contract for work in progress is recognised in the balance sheet under receivables or payables. Net assets are made up of the sum of construction contracts where the selling price of the work performed exceeds invoicing on account.

### Prepayments

Prepayments comprise costs incurred relating to subsequent financial years and relating to the subsidiaries of the Group.

### Corporation tax and deferred tax

Current tax payable and receivable which relates to the subsidiaries of the Group is recognised in the balance sheet as tax computed on taxable income for the year, adjusted for tax on taxable incomes for prior years and for taxes paid on account.

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Deferred taxes are measured according to the balance sheet liability method on all temporary differences between the carrying amount and tax base of assets and liabilities. Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realizable value.

### Provisions

Provisions comprise expected expenses for guarantee commitments. Guarantee commitments comprise commitments within the guarantee period of 1–2 years.

Provisions are measured at net realizable value.

### Liabilities other than provisions

Mortgage debt is recognised at residual value. Other payables are measured at net realizable value.

### Deferred income

Deferred income comprises received payments relating to income in subsequent years.

### Cash flow statement

The cash flow statement shows DTI's cash flows for the year distributed on operating, investing and financing activities, changes in cash and cash equivalents for the year as well as the Group's cash and cash equivalents at the beginning and end of the financial year.

The cash flow effect of business acquisitions and divestments is shown separately under cash flows from investing activities. Cash flows from acquired companies are recognized in the cash flow statement from the date of acquisition, and cash flows from divested companies are recognised up to the date of divestment.

### Cash flow from operating activities

Cash flows from operating activities are determined as DTI's share of profit adjusted for non-cash operating items, changes in working capital and corporation tax paid.

### Cash flow from investing activities

Cash flows from investing activities comprise payments in connection with the acquisition and sale of companies and activities and the acquisition and sale of intangible assets, property, plant and equipment and investments.

### Cash flow from financing activities

Cash flows from financing activities comprise changes in the size or composition of DTI's capital and related costs as well as borrowing transactions and repayment of interestbearing debt.

### Cash and cash equivalents

Cash and cash equivalents comprise cash as well as short-term securities with a term of less than three months that are readily convertible into cash and subject to insignificant risks of changes in value.

### Segment information

Information about revenue is provided about primary Group segments. The segment information is based on the Group's accounting policies, risks and internal financial management. The primary segments comprise the Group's activities (divisions and companies).

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### Financial ratios

The financial ratios set out in the table of financial highlights are computed as follows:

<i>Profit margin:</i>	$\frac{\text{Profit} \times 100}{\text{Revenue}}$
<i>Equity interest:</i>	$\frac{\text{Total equity} \times 100}{\text{Total equity and liability}}$
<i>Liquidity ratio:</i>	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
<i>Development financed by operations:</i>	$\frac{\text{Self-financed development by operations} \times 100}{\text{Revenue}}$