Dansk Revision Roskilde
Godkendt revisionsaktieselskab
Ny Østergade 11, 4-5
DK-4000 Roskilde
roskilde@danskrevision.dk
www.danskrevision.dk
Telefon: +45 44 53 77 44
Telefax: +45 44 53 77 04
CVR: 14 67 80 93
Bank: 9173 4783 428768

Det Nordiske Kernesikkerhedsprogram

Letter of Engagement of 30 March 2011

Letter of Engagement

Contents

1 Instructions

As the Organisation's auditors, cf. the minutes of the Supervisory Board's meeting dated 2 June 2010, we will initially provide the following general information about the purpose, organisation and performance of the audit, the distinction between the responsibilities of the Management and the auditor, and our reporting to the Organisation's Management.

2 Purpose and formal content of the audit

The main purpose of the audit is for us to make a statement about the Financial Statements in our Auditor's Opinion.

The purpose of the audit is to strengthen the credibility of the Financial Statements. We will verify that the Financial Statements have been prepared in accordance with the accounting provisions laid down in legislation and in the Organisation's Articles of Association, as well as with relevant accounting standards.

Before we, as auditors, can make a statement in the Auditor's Opinion, legislation requires us to verify that the Financial Statements prepared by Management have been drawn up and presented in accordance to the Danish Bookkeeping Act, as well as other legislation.

Furthermore, the purpose of the audit is to ensure that generally recognised accounting policies have been applied and that the Financial Statements give users of the information a fully true and fair picture of the Organisation's assets and liabilities, its financial position and the result of its operations.

In our audit, we must also verify that Management complies with its duties under Organisation legislation to establish and maintain lists and minutes of meetings and to present and sign long-form audit reports.

In accordance with generally accepted government auditing standards, our audit will be planned and performed on the basis of a systematic risk assessment, thereby focusing mainly on the Financial Statements items, those parts of the Organisation's accounting and reporting systems, as well as the Organisation's other procedures that represent the greatest risk of material error. Consequently, the audit does not aim to discover or correct immaterial errors that involve no change in the overall assessment of the Financial Statements.

As a basis for our risk assessment, we will obtain Organisation information about elements such as the following:

- Activities and administration of the funds covered by the financial statements
- Objectives, strategies and associated business risks, and
- Business procedures and the Organisation's internal control system.

In planning our audit, we have to review the Organisation's internal control system and specific controls, including controls in the accounting process and general IT controls, so as to carry out a targeted risk assessment.

The audit does not comprise a review of all vouches and transactions; the audit is carried out in the form of samples taken to obtain documentation or other verification of the correctness of the accounting carried out and the Financial Statements. In this connection we will test the internal controls to the extent we deem necessary for our audit of the Financial Statements.

The audit comprises an assessment and evaluation of the accounting policies used and the accounting estimates made by Management.

Significant errors in the Financial Statements may be caused by unintentional or intentional acts or omissions.

The possibility of preventing significant errors, including fraud and irregularities, depends primarily on ensuring adequate internal controls when organising registration systems and business procedures.

During the audit, we will use requisite professional scepticism to focus on any matters that may be indictors of fraud or other irregularities. When planning the audit, we will consider the following aspects:

- Management's assessment of the risk that the Annual Report may contain significant errors as a result of fraud
- Management's assessment of the accounting and control system it has introduced to counteract such risks, and
- Management's knowledge of ascertained fraud or ongoing investigations regarding fraud.

In addition, we have to ask Management if it has any knowledge of ascertained, assumed or alleged fraud affecting the Organisation.

During the audit, we have to carry out specific audit measures directed at Management's possibility of disregarding established, internal controls.

In addition, we have to verify that the Financial Statements have been reconciled with the underlying accounting, just as we have to review significant account entries and regulations made as part of the preparation of the Financial Statements.

According to legislation, we have to inform Management if, in our audit, we become aware that one or more members of Management is/are carrying out or has/have carried out economic crime in connection with their performance of their tasks for the Organisation. This information must be given to each member of Management if we have a justified assumption that the crime concerns significant amounts or is of a gross nature; furthermore, the information given will be entered in the long-form audit report. If, within 14 days, Management has not documented that the necessary steps have been taken to stop the crime, it is our duty to immediately inform the State Prosecutor for Serious Economic Crime.

If, in our assessment, giving information to members of Management would be unsuitable for the prevention of the crime and for rectifying the damage done, we are obliged to immediately inform the State Prosecutor for Serious Economic Crime, in the event that such a situation arises. This also applies if a majority of the Organisation's Management members are involved in or have knowledge of the economic crimes concerned.

If we ascertain or suspect money laundering, legislation obliges us to probe into the situation. If we suspect crimes for which the punishment could be imprisonment for over one year and we are not able to have this suspicion resolved, we must immediately inform the State Prosecutor for Serious Economic Crime without informing Management. Suspicions of money laundering or ascertained money laundering will not be entered in the long-form audit report.

3 Organisation and performance of the audit

We will carry out an audit of the statutory elements of the Financial Statements. The audit has not been completed until Management has made a final decision on the Financial Statements and we have entered our Auditor's Opinion in the Financial Statements.

The scope of our work is determined on the basis of our overall assessment of the significance and risk of any material misstatements in the Financial Statements.

In our audit of the Financial Statement, we will verify that the assets are present, that they belong to the Organisation and that they have been recognised and assessed responsibly. Furthermore, we will verify that the debt commitments and other commitments, including any contingencies, etc., that rest upon the Organisation has been recognised and assessed responsibly. In addition, we will ensure that accounting items take account of prepayments and accruals and that they are correctly presented in the Financial Statements.

We will consider whether all significant events up to the date of the Auditor's Opinion have been correctly included in the Financial Statements.

Based on the Management's assessment, Financial Statements are normally presented on a going concern basis. The Management's decision requires that Management to form an opinion about all accessible information on the Organisation's development, including in particular the expected cash flow development. As part of the audit, we address Management's assessment.

In connection with the audit of the Financial Statements, we will follow good accounting practice and ask the Organisation's Management to confirm information within a number of areas that are particularly difficult to audit. This could be information about contingencies in the form of pledges, guarantees, lawsuits and fraudulent activity, transactions with affiliated or associated parties, environmental aspects, events after the Balance Sheet date, as well as accounting items associated with particular risk or uncertainty.

Whenever we base aspects of our audit on information prepared by the Organisation, we must carry out auditing activities to verify the accuracy and completeness of the information received.

If, in the course of our audit, we ascertain errors in the Financial Statements, we must notify the Organisation's Management accordingly, and we must ask Management to correct the errors found. The Organisation's day-to-day Management must state whether any uncorrected errors in the Financial Statements ascertained during the audit can be regarded, individually or jointly, as being immaterial to the Financial Statements as a whole.

4 Reporting on the audit performed

4.1 Auditor’s Opinion in the Financial Statements

Our opinion based on our audit is stated in the form of an Auditor’s Opinion in the Financial Statements. An unqualified Auditor’s Opinion or an Auditor’s Opinion with supplementary information means that:

- The Financial Statements were audited
- The Financial Statements were presented correctly on the basis of accounting, and
- The Financial Statements give a true and fair picture of the Organisation’s assets, liabilities, financial position and the result of the Organisation’s activities in accordance with various regulations and requirements in any other provisions regarding the presentation of accounts.

4.2 Reporting to the Organisation’s Management

The audit performed and the auditor’s opinion will be reported to Management in the long-form audit report. Reporting to day-to-day Management will be in the form of letters and notes.

If significant deficiencies are ascertained in account entries or the accounting system, the long-form audit report will address this issue.

If the audit gives rise to critical comments or if we wish to draw Management’s attention to information that is material to the Organisation’s financial position, these elements will be entered in the long-form audit report.

For the meeting at which the draft Annual Report is to be discussed, a long-form audit report will be prepared concerning the audit of the Financial Statements. In accordance with good auditing practice, this long-form audit report must contain information to Management about any uncorrected misstatements in the Financial Statements, which the day-to-day Management has regarded both individually and combined as being immaterial for the Financial Statements as a whole.

Our comments in long-form audit reports and any other reports do not imply any restriction of our responsibility for the correctness of the Financial Statements, since any such responsibility can only be restricted by entering qualifications in the Auditor’s Opinion in the Financial Statements.

4.3 Qualifications or supplementary information in the Auditor’s Opinion

If we become aware of situations that could give rise to qualifications or supplementary information in the Auditor’s Opinion in the Financial Statements, we will immediately inform Management accordingly in the long-form audit report and, if relevant, in other ways as well, so as to enable quick reaction and remedial action. This also applies if we become suspicious or aware of significant fraud or other irregularities.

Examples of situations in which qualifications may be entered:

- Significant disagreement with Management, or
- Restrictions in the scope of the audit (inadequate audit proof).

Supplementary information may be entered in the following situations:

- Matters to which we draw attention without entering qualifications about them
- Infringement of legislation on accounting and the storing of accounting material, or
- Matters that may lead to Management liability, including unlawful loans to Management, etc.

5 Delineation between the responsibilities of Management and the auditor

5.1 Division of responsibilities

According to legislation, the audit is based on the following division of responsibility for the Annual Report, including the Financial Statements, between the Organisation's Management and the auditor:

5.2 Responsibilities of Management

Management is responsible for ensuring that the Organisation's accounting is in compliance with statutory provisions and that the administration of assets is conducted responsibly, i.a. through the establishment of a reliable internal control system that will form the necessary basis for the audit.

Management is responsible for ensuring that appropriate business procedures as well as recording and control systems are in place to ensure that intentional or unintentional errors can be prevented as far as possible, or be discovered and corrected. According to the Danish Accounting Act, the Organisation shall prepare a description of these business procedures and recording systems commensurate with the Organisation's size and nature.

Furthermore, Management shall ensure that an Annual Report is prepared each year which complies with the accounting provisions of legislation and the Organisation's Articles of Association. In addition, Management is responsible for ensuring that the auditor has access to all information deemed necessary by the auditor for performing the audit assignment.

All member of the Group of Owner shall sign the long-form audit reports as proof that they have read the reports and are aware of their contents.

5.3 Responsibilities of the auditor

It is the auditor's responsibility to verify that the Financial Statements prepared are in compliance with the accounting provisions of legislation and the Organisation's Articles of Association, which includes an assessment of the Organisation's accounting policies and the information given and accounting estimates made by Management. It is also our responsibility to verify that the Financial Statements are free of material misstatements.

According to the Danish Act on Approved Auditors and Audit Firms, the auditor is represents the public, so to speak, when giving opinions with the certainty required in legislation or where such statements are not intended only for the client's own use. Consequently, when we give our opinion, we must also take account of users of the accounts other than the Organisation's Management..

It is not our job to produce an audit that is critical of the Organisation's business decisions.

If, following agreement with the Organisation's Management, we perform advisory services and render assistance, we have a separate responsibility as advisors in respect of any such services.

5.4 The auditor's documentation material

Working documents and other documentation, including both electronic and hardcopy working documents, which are provided as part of the audit, belong to the auditor only. Following common procedure, such documentation can be shredded or deleted after five years, unless we consider such documentation to still be of importance to the audit.

If it is deemed appropriate to hand out material or files to the Organisation, this shall be done on condition that the Organisation uses the material for its own purposes only and does not pass it on to any third party.

We assume no responsibility for any use the Organisation may make of any such material given out, unless a separate, written agreement is concluded concerning our assistance with processing the material and our responsibility in this regard.

5.5 Quality assurance of the performed audit.

According to the Danish Act on Approved Auditors and Audit Firms, we are subject to quality control rules enforced by an Auditors Supervisory Authority established by the Danish Commerce and Companies Agency. Auditors carry out this quality control on behalf of the Auditors Supervisory Authority.

Consequently, our work documentation, also including documentation of our audit of the Organisation, may be selected for quality control on a randomised basis.

The members of the Auditors Supervisory Authority and the persons in charge of quality control are bound by secrecy in performing their duties.

5.6 Access to examine the auditor

The Danish Act on Approved Auditors and Audit Firms allows the Danish Commerce and Companies Agency to carry out an examination of and a search of the premises of the auditor without a court order, and to request that working documents, long-form auditor reports, correspondence, etc., be handed over to the Agency if the agency finds that we, as auditors, have infringed the provisions of the Danish Act on Approved Auditors and Audit Firms.

The employees of the Agency are also bound by secrecy.

6 Accounting assistance and advisory services

Basically, the audit does not comprise active participation in the Organisation's accounting work or the preparation of the Annual Report or other presentations of accounts, just as it does not comprise budgets, assistance with the preparation of the tax return or other tax-related or duty-related elements. Such assistance will be given following agreement and may be stated in the long-form audit report if so requested.

If we agree to assist with budgets or parts of the preparation of the accounts, or if, following agreement, we prepare the entire Annual Report, we assume responsibility for providing this assistance in a professional manner in accordance with the standards applicable to such work carried out by approved auditors. This does not reduce Management's responsibility for the presentation of accounts.

We should like to point out in particular that it would not be in accordance with requirements concerning our independence as auditors if we were to take part in the responsibility for the Organisation's decisions.

7 Conclusion

Subsequent long-form audit reports regarding the Financial Statements will refer to this Letter of Engagement.

We have commenced the audit of the Organisation's Financial Statements for the period 1 January 2010 – 31 December 2010 in accordance with the above.

Roskilde, 30 March 2011

Dansk Revision Roskilde
Godkendt revisionsaktieselskab

Palle Sundstrøm
Partner, State Authorised Public Accountant

Presented to the supervisory board, date 31 May 2011

Sigurður M. Magnússon Chairman	Steen Cordt Hoe	Jorma Aurela
Ole Harbitz	Leif Moberg	