

Intellectual property rights - Patents

Aalborg Industries' strategic objective is to be the preferred supplier who on a current basis through intensive Research & Development introduces new and trend-setting solutions benefiting our customers.

In order to achieve our objective we continually invest substantial amounts in Research & Development which is organised by Aalborg Industries' in-house R&D department in close co-operation with universities, knowledge centres, and strategic partners.

Aalborg Industries has always realised that we cannot master all disciplines first-rate, and we are consequently always prepared to involve in our R&D projects the co-operation partners who possess the best competences.

Development of a new boiler type is an R&D project that typically takes months and even years and it is preceded by an analysis process that will ensure access to the best possible competences. Once the design team has been selected, an intensive design phase ensues during which the new boiler concept is developed. In the analysis phase we have an on-going dialogue with all classification societies. The R&D project is concluded with an extensive testing of the developed product. During the tests, the design basis is verified just as extreme operating conditions

are simulated and all critical components are intensively monitored in a long-term test period.

Our procedure for conducting R&D projects has been put in place to ensure that our new products have been thoroughly tested before introduction to the market, and our customers may consequently have an equally complete confidence in newly developed products as they have in the products from our established range of products.

Development of new boiler concepts (or components for boilers such as for instance heating surfaces) therefore incurs substantial R&D costs. Aalborg Industries considers these costs a natural consequence of our vision to be the *preferred partner* to our customers. However, to safeguard the future of Aalborg Industries it is a precondition that such costs/investments can in all likelihood be earned back.

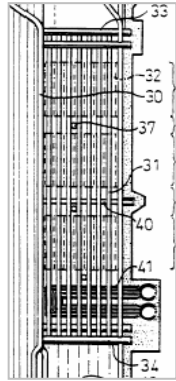
One of the means for Aalborg Industries to

ensure that we can continue to make the necessary investments in product development is by protecting our intellectual property rights which we do by taking out patents.



Aalborg Industries' MISSION™ OL (patent pending) boiler is a product of intensive R&D.

The patent laws which are today internationally harmonised on a global scale protect inventors and their inventions for a limited period. Inventors are thus given a protected period to earn enough profits to continue their creative work



Patents can also be taken out on product components such as heating surfaces.

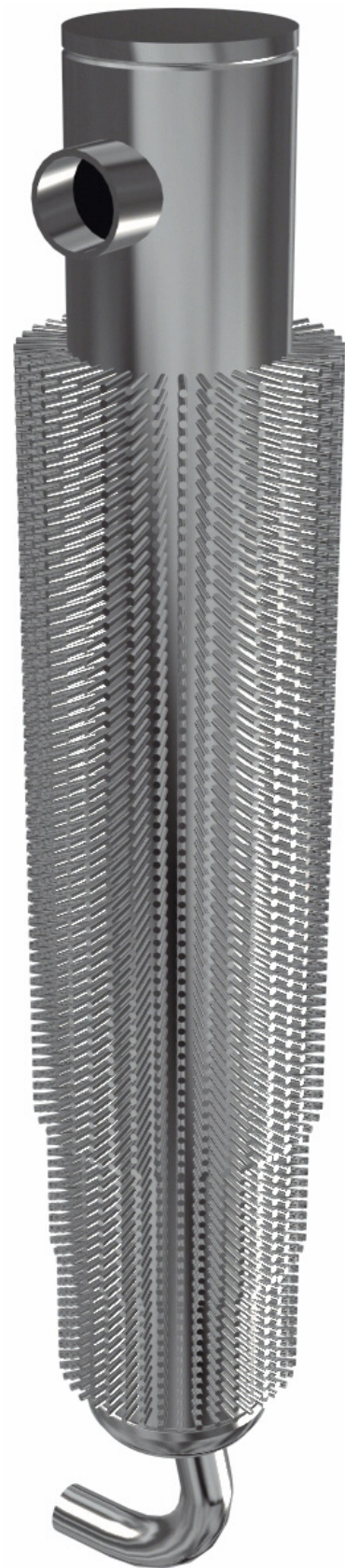
for the benefit of the rest of the world. One of the pillars of patent laws is constituted by the fact that once an inventor has secured patent rights for his invention, it prevents others from copying or plagiarising his invention in any legal manner and he is consequently preventing others from *sponging* off his creativity. The patent documents have the same legal effects as laws passed which means that persons or companies who copy/plagiarise other people's inventions break the law and can thus be sued.

Another aspect of the patent laws is that anyone who acquires or uses copied or plagiarised products breaks the law and might consequently have to face legal consequences.

Aalborg Industries will when possible take out patents to safeguard its intellectual property rights in order to protect that financial basis for continuing the significant R&D efforts that enable the company to introduce trend-setting products and services in the market on a current basis.

Over the years we have seen several infringements of our intellectual property rights – and many instances where the offending party omits to inform his customer of this fact. We consequently urge buyers of new boiler plants or After Sales boiler service to contact Aalborg Industries in order to make sure that they do not inadvertently violate any of the intellectual property rights of Aalborg Industries and become a party to an illegal action.

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The universally known pin tube element is patented by Aalborg Industries