

# **Cramo Adapteo A/S**

**Greve Main 33, 2670 Greve**

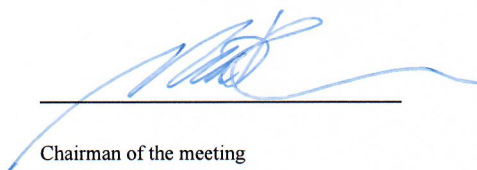
**CVR No. 11 03 39 11**

## **Annual report**

**1 January - 31 December 2017**

The annual report have been submitted and approved by the general meeting on the

*29/5 - 2018*

  
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Chairman of the meeting

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**Notes:**

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

## **Management's report**

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The board of directors and the managing director have today presented the annual report of Cramo Adapteo A/S for the financial year 1 January to 31 December 2017.

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


We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2017 and of the company's results of its activities in the financial year 1 January to 31 December 2017.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

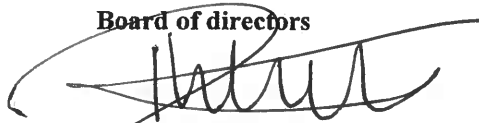
Greve, 29/5 - 2018

### **Managing Director**



Mads Blom

### **Board of directors**



Carl Michael Philip Isell Lind af Hageby  
Chairman



Aku Väinämö Rumpunen



Leif Gustafsson  
Vice Chairman

## **Independent auditor's report**

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**To the shareholders of Cramo Adapteo A/S**

### **Opinion**

We have audited the annual accounts of Cramo Adapteo A/S for the financial year 1 January to 31 December 2017, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2017 and of the results of the company's operations for the financial year 1 January to 31 December 2017 in accordance with the Danish Financial Statements Act.

### **Basis for opinion**

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

### **The management's responsibilities for the annual accounts**

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the annual accounts**

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

## **Independent auditor's report**

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As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

### **Statement on the management's review**

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

## Independent auditor's report

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In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

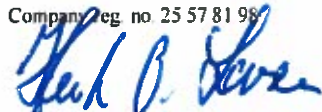
Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, *29. may 2018*

**KPMG**  
**Statsautoriseret Revisionspartnerselskab**

Company reg. no. 25 57 81 98



Henrik O. Larsen  
State Authorized Public Accountant  
MNE-nr. 15839

## **Company data**

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### **The company**

Cramo Adapteo A/S  
Greve Main 33  
2670 Greve

CVR No. 11 03 39 11

Financial year: 1 January - 31 December

### **Supervisory Board**

Carl Michael Philip Isell Lind af Hageby, Chairman  
Aku Väinämö Rumpunen  
Leif Gustafsson, Vice Chairman

### **Executive Board**

Mads Blom

### **Auditors**

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
2100 København Ø  
CVR-no.: 25 57 81 98

## Financial highlights

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DKK in thousands.	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Profit and loss account:</b>					
Revenue	202.335	238.057	210.742	219.728	212.943
Gross profit	107.562	127.792	103.892	75.517	83.539
Results from operating activities	-869	29.401	12.076	-24.638	334
Net financials	-6.050	-7.263	-6.569	-6.209	-7.194
Results for the year	-6.919	22.138	10.690	-30.847	-6.860
<b>Balance sheet:</b>					
Balance sheet sum	378.651	529.283	456.780	372.745	324.196
Investments in property, plant and equipment	87.334	120.695	154.338	100.056	53.204
Equity	161.329	168.251	86.116	75.426	56.273
<b>Employees:</b>					
Average number of full time employees	75	98	100	113	107
<b>Key figures in %:</b>					
Solvency ratio	42,6	31,8	18,9	20,2	17,4
Return on assets	-0,20	5,98	2,93	-7,07	0,10

For definitions of key ratios, see Accounting and Valuation Principles.



## **Management's review**

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### **The Company's principal activities**

In Denmark Cramo Adapteo A/S rents pavilions to the public sector, private customers and construction industry. Cramo Adapteo A/S have 2 sales offices and storage locations in Denmark and employs 25 employees. Cramo Adapteo A/S is a Danish company in the pan-European Cramo Group.

The group's parent company, Cramo Oyj, is listed on the Helsinki Stock Exchange and is one of Europe's leading service and equipment providers in the rental industry.

With a dedicated focus on business ethics and sustainability is Cramo operating in 14 countries. The Cramo group rents equipment and pavilions through 300 rental depots in a wide variety of product and rental offerings according to local demand in the Nordic countries and Central and Eastern Europe. The group has some 2,500 employees.

### **Development in activities and financial matters**

The net turnover for the year is T.DKK 202.335 against T.DKK 238.057 last year. The results from ordinary activities after tax are T.DKK -6.919 against T.DKK 22.138 last year. The balance shows an equity of T.DKK 161.329 for 2017.

### **Operating risks**

The company's main operating risk is related to market conditions, including competitive conditions. However, with Cramo Adapteo A/S being one of the largest suppliers of rental equipment in Denmark, and given the executed restructuring and adaption to the market, this risk is currently considered less significant.

### **Interest risks**

Interest-bearing net debts amounts to a relatively large share of the company's balance sheet total. However, with interest rates fixed based on 3 and 12-months Cibor rates in November 2011, changes in interest rates will not have any significant effect on earnings.

### **Profit for the year compared with previously stated expectations**

The result for the financial year 2017 was as expected.

## **Management's review**

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### **Events after the balance sheet date**

No events have occurred after the financial year end which could significantly affect the company's financial position.

### **Outlook**

The company expects a positive result before tax for 2018.

### **Impact on the external environment**

Efforts to protect the environment and assure quality are an important element of Cramo Adapteo A/S' activities. In order to make sure that this area is handled efficiently, Cramo Adapteo A/S has been certified according to ISO 14001 and ISO 9001, which lay down strict environmental and quality requirements.

### **Knowledge resources**

Based on its long-standing activities in the market for rental and marketing of modular space and building and construction machinery, the company has built highly skilled and experienced staff.

### **Social responsibility CSR**

Cramo Adapteo A/S is a member of UN Global Compact, the world's largest voluntary corporate social responsibility network. Members actively support the UN's fundamental values and principles in the area of human rights, labor, environment and anti-corruption.

Within the framework of UN Global Compact, the Cramo group has drawn up a set of ethical rules to be complied with by all group employees. The decision to join UN Global Compact was made by group management but encompasses all Cramo entities and divisions.

## Profit and loss account 1 January - 31 December

DKK in thousands.

<u>Note</u>	<u>2017</u>	<u>2016</u>
Net turnover	202.335	238.057
Other operating income	5.332	7.910
Direct expenses	-70.258	-85.274
Other external expenses	-29.847	-32.901
<b>Gross result</b>	<b>107.562</b>	<b>127.792</b>
1 Staff costs	-39.291	-51.065
2 Depreciation, amortisation expenses and impairment losses of intangible assets and property, plant and equipment recognised in profit or loss	-69.140	-47.326
<b>Operating profit</b>	<b>-869</b>	<b>29.401</b>
3 Financial income	27	68
4 Financial expenses	-6.077	-7.331
<b>Result before tax</b>	<b>-6.919</b>	<b>22.138</b>
Tax expenses on ordinary activities	0	0
<b>5 Result for the year</b>	<b>-6.919</b>	<b>22.138</b>

## Balance sheet 31 December

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DKK in thousands.

<b>Assets</b>			
<u>Note</u>		<u>2017</u>	<u>2016</u>
<b>Fixed assets</b>			
6	Acquired intangible assets	630	3.863
7	Goodwill	23.396	0
	Intangible fixed assets in total	<u>24.026</u>	<u>3.863</u>
8	Land and buildings	0	8.287
9	Plant and machinery	292.065	431.435
10	Fixtures, fittings, tools and equipment	155	5.197
	Tangible fixed assets in total	<u>292.220</u>	<u>444.919</u>
11	Deposits	2.643	5.493
	Financial fixed assets in total	<u>2.643</u>	<u>5.493</u>
	<b>Fixed assets in total</b>	<b><u>318.889</u></b>	<b><u>454.275</u></b>
<b>Current assets</b>			
	Raw materials and consumables	3	1.656
	Inventories in total	<u>3</u>	<u>1.656</u>
	Trade debtors	27.389	68.169
12	Work in progress for the account of others	27.187	0
13	Deferred tax assets	5.183	5.183
	Receivables in total	<u>59.759</u>	<u>73.352</u>
	<b>Current assets in total</b>	<b><u>59.762</u></b>	<b><u>75.008</u></b>
	<b>Assets in total</b>	<b><u>378.651</u></b>	<b><u>529.283</u></b>

## Balance sheet 31 December

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DKK in thousands.

<b>Equity and liabilities</b>			
<u>Note</u>		<u>2017</u>	<u>2016</u>
<b>Equity</b>			
	Contributed capital	11.000	11.000
	Results brought forward	<u>150.329</u>	<u>157.251</u>
	<b>Equity in total</b>	<b><u>161.329</u></b>	<b><u>168.251</u></b>
<b>Liabilities</b>			
	Loan from group entities	<u>126.000</u>	<u>126.000</u>
	Long-term liabilities in total	<u>126.000</u>	<u>126.000</u>
	Debt to banks	62	3.367
	Trade creditors	15.570	47.329
	Debt to group enterprises	45.000	160.000
	Other payables	13.093	19.886
14	Accrued expenses and deferred income	<u>17.597</u>	<u>4.450</u>
	Short-term liabilities in total	<u>91.322</u>	<u>235.032</u>
	<b>Liabilities in total</b>	<b><u>217.322</u></b>	<b><u>361.032</u></b>
	<b>Equity and liabilities in total</b>	<b><u>378.651</u></b>	<b><u>529.283</u></b>
<b>15 Contingent liabilities and other financial obligations</b>			
<b>16 Collaterals and securities</b>			
<b>17 Related parties</b>			

## Statement of changes in equity

DKK in thousands.

	<u>Contributed capital</u>	<u>Results brought forward</u>	<u>In total</u>
Equity 1 January 2017	11.000	157.251	168.251
Profit or loss for the year brought forward	0	-6.922	-6.922
	<b>11.000</b>	<b>150.329</b>	<b>161.329</b>

The share capital consists of 11,000 shares of a nominal value of DKK 1,000 each. No shares carry any special rights.

The Company's share capital has remained unchanged in the amount of DKK 11,000,000 in the past 5 years.

## Notes

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DKK in thousands.

	<u>2017</u>	<u>2016</u>
<b>1. Staff costs</b>		
Salaries and wages	35.481	45.941
Post-employment benefit expense	2.635	3.601
Social security contributions	524	657
Other employee expense	<u>651</u>	<u>866</u>
	<b><u>39.291</u></b>	<b><u>51.065</u></b>
Average number of employees	<u>75</u>	<u>98</u>
Some of the Company's executive staff are entitled to receive shares in Cramo Plc. At 31 December, the Company's liability in connection with the scheme amounted to DKK 421 thousands (2016: DKK 1.701 thousand).		
By reference to section 98(b)(ii) of the Danish Financial Statements Act, remuneration to management is not disclosed.		
<b>2. Depreciation, amortisation and impairment losses of intangible assets and property, plant and equipment</b>		
Amortisation of group goodwill	989	0
Depreciation of intangible assets	572	861
Depreciation of property, plant and equipment	37.561	46.465
Profit/loss on sale of tangible assets	<u>30.018</u>	<u>0</u>
	<b><u>69.140</u></b>	<b><u>47.326</u></b>
<b>3. Financial income</b>		
Interest received from group entities	<u>27</u>	<u>68</u>
	<b><u>27</u></b>	<b><u>68</u></b>
<b>4. Financial expenses</b>		
Financial expenses paid to group enterprises	5.555	6.835
Other financial expenses	<u>522</u>	<u>496</u>
	<b><u>6.077</u></b>	<b><u>7.331</u></b>

## Notes

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DKK in thousands.

	<u>2017</u>	<u>2016</u>
<b>5. Proposed distribution of the results</b>		
Allocated to results brought forward	0	22.135
Allocated from results brought forward	-6.922	0
<b>Distribution in total</b>	<u>-6.922</u>	<u>22.135</u>
<b>6. Acquired intangible assets</b>		
Cost 1 January 2017	6.601	6.601
Disposals during the year	-5.270	0
<b>Cost 31 December 2017</b>	<u>1.331</u>	<u>6.601</u>
Amortisation and writedown 1 January 2017	-2.738	-1.877
Amortisation for the year	-572	-861
Reversal of depreciation, amortisation and writedown, assets disposed of	2.609	0
<b>Amortisation and writedown 31 December 2017</b>	<u>-701</u>	<u>-2.738</u>
<b>Book value 31 December 2017</b>	<u>630</u>	<u>3.863</u>
<b>7. Goodwill</b>		
Cost 1 January 2017	0	0
Additions during the year	24.387	0
<b>Cost 31 December 2017</b>	<u>24.387</u>	<u>0</u>
Amortisation and writedown 1 January 2017	0	0
Amortisation for the year	-989	0
<b>Amortisation and writedown 31 December 2017</b>	<u>-989</u>	<u>0</u>
<b>Book value 31 December 2017</b>	<u>23.398</u>	<u>0</u>



## Notes

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DKK in thousands.

	<u>31/12 2017</u>	<u>31/12 2016</u>
<b>8. Land and buildings</b>		
Cost 1 January 2017	8.945	8.462
Additions during the year	818	483
Disposals during the year	<u>-9.763</u>	<u>0</u>
<b>Cost 31 December 2017</b>	<u>0</u>	<u>8.945</u>
Depreciation and writedown 1 January 2017	-658	-47
Depreciation for the year	-381	-611
Reversal of depreciation, amortisation and writedown, assets disposed of	<u>1.039</u>	<u>0</u>
<b>Depreciation and writedown 31 December 2017</b>	<u>0</u>	<u>-658</u>
<b>Book value 31 December 2017</b>	<u>0</u>	<u>8.287</u>
<b>9. Plant and machinery</b>		
Cost 1 January 2017	605.487	518.827
Additions during the year	86.364	119.500
Disposals during the year	<u>-358.885</u>	<u>-32.839</u>
<b>Cost 31 December 2017</b>	<u>332.966</u>	<u>605.488</u>
Depreciation and writedown 1 January 2017	-174.054	-150.231
Depreciation for the year	-35.819	-42.805
Depreciation, amortisation and writedown for the year, assets disposed of	<u>168.972</u>	<u>18.983</u>
<b>Depreciation and writedown 31 December 2017</b>	<u>-40.901</u>	<u>-174.053</u>
<b>Book value 31 December 2017</b>	<u>292.065</u>	<u>431.435</u>

## Notes

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DKK in thousands.

	<u>31/12 2017</u>	<u>31/12 2016</u>
<b>10. Fixtures, fittings, tools and equipment</b>		
Cost 1 January 2017	25.116	24.418
Additions during the year	152	712
Disposals during the year	<u>-24.779</u>	<u>-14</u>
<b>Cost 31 December 2017</b>	<b><u>489</u></b>	<b><u>25.116</u></b>
Amortisation and writedown 1 January 2017	-19.919	-16.876
Depreciation for the year	-1.362	-3.049
Depreciation, amortisation and writedown for the year, assets disposed of	<u>20.947</u>	<u>6</u>
<b>Amortisation and writedown 31 December 2017</b>	<b><u>-334</u></b>	<b><u>-19.919</u></b>
<b>Book value 31 December 2017</b>	<b><u>155</u></b>	<b><u>5.197</u></b>
<b>11. Deposits</b>		
Cost 1 January 2017	<u>2.643</u>	<u>5.493</u>
<b>Cost 31 December 2017</b>	<b><u>2.643</u></b>	<b><u>5.493</u></b>
<b>Book value 31 December 2017</b>	<b><u>2.643</u></b>	<b><u>5.493</u></b>
<b>12. Work in progress for the account of others</b>		
Sales value of the production of the period	51.062	0
Payments on account received	<u>-38.127</u>	<u>0</u>
<b>Work in progress for the account of others, net</b>	<b><u>12.935</u></b>	<b><u>0</u></b>
The following is recognised:		
Work in progress	27.187	0
Def. inc / prepayments	<u>-14.252</u>	<u>0</u>
	<b><u>12.935</u></b>	<b><u>0</u></b>

## Notes

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DKK in thousands.

	<u>31/12 2017</u>	<u>31/12 2016</u>
<b>13. Deferred tax assets</b>		
Deferred tax assets 1 January 2017	5.183	5.183
	<u>5.183</u>	<u>5.183</u>
<b>14. Accrued expenses and deferred income</b>		
Prepayments/deferred income	17.597	4.450
	<u>17.597</u>	<u>4.450</u>

**15. Contingent liabilities and other financial obligations**

Other rent and lease obligations:

Rent and lease obligations off DKK 9.619 thousand (2016: DKK 48.869 thousand).

**16. Collaterals and securities**

The company has provided bank guarantees of a total amount of DDK 0 thousand (2016: DKK 664 thousand) as collateral of the Company's contract work in progress.

**17. Related parties**

Controlling interest.

Cramo Finland Oy, Kalliosolantie 2, Vantaa, Finland.

Cramo Adapteo A/S is included in the consolidated financial statement of Cramo Finland Oy. The consolidated financial statements can be obtained at [www.cramo.com](http://www.cramo.com).

## **Accounting policies used**

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### **Reporting Class**

The annual report of Cramo Adapteo A/S for 2017 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to class C enterprises (medium sized enterprises).

The accounting policies applied remain unchanged from last year.

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The entity's cash flows are part of consolidated cash flow statement for higher-ranking parent company, Cramo Finland Oy.

### **Foreign currency translation**

Transactions denominated in foreign currencies are translated into DKK at the exchange rates at the date of the transaction.

Monetary items denominated in foreign currencies are translated into DKK at the exchange rates at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/-expenses.

Income is recognised in the income statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. 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 accrue 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 attributable to the asset will flow out of the company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the annual report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

## **Accounting policies used**

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### **Income Statement**

#### **Net turnover**

Net turnover consist of rental income from rental equipment. It is accrued and recognised as income according to contracts concluded, VAT, indirect taxes and discounts are excluded from revenue.

Income from construction contracts is recognised as revenue as production is carried out. Thus revenue corresponds to the selling price of the work performed for the year.

Revenue is measured net of all types of discounts and rebates granted. Also, revenue is measured excluding VAT and other indirect taxes charged on behalf of third parties.

#### **Direct expenses**

Direct expenses include costs, which are directly related to the activity such as purchases of products for sale, rehired equipment and transport costs.

#### **Other operating income**

Other operating income and operating expenses comprise items of secondary nature relative to the Company's core activities, including gains or losses on the sale of non-current assets.

#### **Other external costs**

Other external costs include expenses related to distribution, sales, advertisement, administration, premises, bad debt losses, operational leases, etc.

#### **Staff costs**

Staff costs include wages and salaries, including holiday allowance and pensions as well as other social security contributions, etc., made to the entity's employees. The item is net of refunds received from public authorities.

#### **Amortisation, depreciation and impairment losses.**

The item includes amortisation of intangible assets, depreciations on property, plant and equipment and impairment losses. Amortisation/depreciation is provided on a straight-line basis on cost together with the estimated useful life and residual value.

#### **Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts that concern the financial year. Financial income and expenses include interest income and expenses as well as additions and surcharges under the on-account tax scheme, etc.

#### **Tax on profit/loss for the year**

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments for the year less the share of tax for the year that relates to changes in equity.

## Accounting policies used

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Current tax and deferred tax relating to changes in equity are recognised directly in equity.

### The balance sheet

#### Intangible assets

Other intangible assets include development projects and other acquired intangible rights.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

The estimated useful lives for acquired IP rights are 5 years with a residual value of DKK 0

#### Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. As it is not possible to determine a reliable estimate of the useful life, the amortisation period is set at 10 years, with depreciation on a straight line basis on 10 years.

#### Property, plant and equipment

Property, plant and equipment comprise building, plant and machinery and other fixtures and fittings, tools and equipment. Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

	<i>Useful life</i>	<i>Residual value</i>
<i>Buildings</i>	<i>10 years</i>	<i>40 %</i>
<i>Plants and machinery</i>	<i>3-20 years</i>	<i>0-15 %</i>
<i>Fixtures and fittings, tools and equipment</i>	<i>3-7 years</i>	<i>0-15 %</i>

#### Impairment of fixed assets

Intangible assets and property, plant and equipment are reviewed annually for impairment. Where there is indication of impairment, an impairment test is carried out for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if this is lower than the carrying amount. Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets on a pro rata basis.

#### Inventories

Inventories are measured at the lower of cost, measured by reference to the FIFO method, and net realisable value.

## **Accounting policies used**

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### **Receivables**

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for bad debts.

### **Contract work in progress**

Service supplies in progress and contract work in progress are measured at the sales value of the work performed less on-account invoicing. The sales value is calculated on the basis of the percentage of completion at the balance sheet date and the total expected income from the relevant contract. The percentage of completion is determined based on costs incurred relative to the expected total expenses on each individual work in progress.

Where the outcome of contract work in progress cannot be measured reliably, the market value is measured at the costs incurred to the extent they are expected to be paid by the buyer.

When the total expenses relating to the work in progress are expected to exceed the total value, the expected loss is recognised as a onerous contract under provisions and is expensed in the income statement.

The value of each contract in progress less prepayment is classified as assets when the sales value exceeds prepayment and as liabilities when prepayments exceed the sales value.

### **Work in progress for the account of others**

Contract work in progress is measured at the selling price of the work performed, however with deduction of invoicing on account and expected losses. Contract work in progress is characterised by the manufactured goods featuring a high level of individualisation in the design. Furthermore, it is a requirement that before work is commenced, a binding contract is to be entered into, implying penalty or damages in case of subsequent cancellation.

The selling price is measured on the basis of the stage of completion on the balance sheet date and the total expected income from the individual contracts. The stage of completion is determined on the basis of an evaluation of the work performed, usually determined as the ratio of the costs incurred to the total expected cost of the contract in question.

When it is probable that the total contract costs will exceed the total contract revenue, the expected contract loss is immediately recognised as costs and provisions.

If the results of a contract can not be estimated reliably, the selling price is only recognised on a cost basis, however, to the extent that it is probable that the costs will be recovered.

Contracts for which the selling price of the work performed exceeds invoicing on account and expected losses are recognised as trade debtors. Contracts for which invoicing on account and expected losses exceed the selling price are recognised as liabilities.

## **Accounting policies used**

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Prepayments from customers are recognised under liabilities.

Costs in connection with sales work and the achievement of contracts are recognised in the profit and loss account when incurred.

### **Equity**

Dividends proposed for the financial year are presented as a separate item under equity.

### **Corporation tax**

Current tax liabilities are recognised in the balance sheet as the calculated tax on the expected taxable income for the year, adjustment for tax on prior year's taxable income and tax paid on account.

Provisions for deferred tax are calculated at 22% of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, and temporary differences on non-amortisable goodwill.

Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or a set-off against tax liabilities.

### **Liabilities other than provisions**

Financial liabilities are recognised at the date of borrowing at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortised cost using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

### **Deferred income**

Deferred income comprises payments received in respect of income in subsequent years.

### **Financial highlights overview**

Return on assets (%) = 
$$\frac{\text{Profit/loss before financial income and expenses X 100}}{\text{Avg. assets}}$$

Solvency ratio (%) = 
$$\frac{\text{Equity at year end X 100}}{\text{Total assets at year end}}$$