Kiwa Bygningsanalyse A/S

Platinvej 13, Denmark
6000 Kolding
Denmark

CVR no. 14 35 03 30

Annual report 2016

The annual report was presented and approved at the Company's annual general meeting on

24-5 2017

Johannes Hendrikus Frederik van der Wart
chairman

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Kiwa Bygningsanalyse A/S for the financial year 1 January – 31 December 2016.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Kolding, 24 May 2017
Executive Board:

Claus Dyring

Board of Directors:

Johannes Hendrikus Frederik van der Wart Chairman	Clays Dyring	Jens Bruun
Franciscus Martinus Gribnau	Alain Anthony Jeger	

Independent auditor's report

To the shareholder of Kiwa Bygningsanalyse A/S

Opinion

We have audited the financial statements of Kiwa Bygningsanalyse A/S for the financial year 1 January – 31 December 2016 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

— identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

— conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

— evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

KPMG

Independent auditor's report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 24 May 2017
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Michael Mortensen
State Authorised
Public Accountant

Management's review

Company details

Kiwa Bygningsanalyse A/S
Platinvej 13, Denmark
6000 Kolding
Denmark

Telephone:	75 50 83 10
Fax:	+45 75 50 83 10

CVR no.:	14 35 03 30
Established:	28 June 1990
Registered office:	Kolding
Financial year:	1 January – 31 December

Board of Directors

Johannes Hendrikus Frederik van der Wart, Chairman
Clays Dyring
Jens Bruun
Franciscus Martinus Gribnau
Alain Anthony Jeger

Executive Board

Claus Dyring

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Jupitervej 4
6000 Kolding
Denmark

Lawyer

Kromann Reumert
Rådhuspladsen 3, 8000 Århus C

Bankers

Sydbank
Jernbanegade 14, 6000 Kolding

Management's review

Operating review

The Company's business review

The purpose of the Company is to operate as an independent consultancy firm in the area of building analysis and related activities.

Financial review

The income statement for 2016 shows a profit of DKK 315,482 as against a loss of DKK 1,304,939 last year. Equity at 31 December 2016 stood at DKK 4,192,070 compared to DKK 3,876,588 last year. Management considers the Company’s financial performance for the year under review satisfactory.

Post balance sheet events

No significant events have occurred subsequent to the financial year.

Outlook

The Company’s revenue for 2017 is expected to be slightly on the increase arising from continuous growth on the Company’s core markets in Denmark. On this basis, the Company expects to report a profit for 2017.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2016	2015
Gross profit		7,876,320	7,046,548
Staff costs	2	-7,412,495	-8,477,748
Depreciation of property, plant and equipment		-80,437	-129,410
Ordinary operating profit/loss		383,388	-1,560,610
Other operating costs		0	-195,377
Operating profit/loss		383,388	-1,755,987
Other financial income	3	32,604	53,758
Other financial expenses		-13,845	-12,853
Profit/loss before tax		402,147	-1,715,082
Tax on profit/loss for the year	4	-86,665	410,144
Profit/loss for the year		315,482	-1,304,938

Proposed profit appropriation/distribution of loss

Proposed extraordinary dividends recognised under equity	0	1,900,000
Retained earnings	315,482	-3,204,938
	315,482	-1,304,938

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2016	2015
ASSETS			
Fixed assets			
Property, plant and equipment	5		
Fixtures and fittings, tools and equipment		302,799	456,062
		302,799	456,062
Investments			
Other receivables		121,116	0
		121,116	0
Total fixed assets		423,915	456,062
Current assets			
Receivables			
Trade receivables		1,562,542	2,484,241
Receivables from group entities		2,796,401	1,370,245
Construction contracts		386,000	898,900
Other receivables		228,748	286,256
Corporation tax		0	517,004
Prepayments		54,743	82,744
		5,028,434	5,639,390
Securities and investments		21,920	22,180
Cash at bank and in hand		1,136,147	77,416
Total current assets		6,186,501	5,738,986
TOTAL ASSETS		6,610,416	6,195,048

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2016	2015
EQUITY AND LIABILITIES			
Equity			
Share capital		500,000	500,000
Retained earnings		3,692,070	3,376,588
Total equity		4,192,070	3,876,588
Provisions			
Provisions for deferred tax		61,286	163,256
Total provisions		61,286	163,256
Liabilities other than provisions			
Current liabilities other than provisions			
Trade payables		512,562	484,226
Corporation tax		188,235	0
Other payables		1,656,263	1,670,978
		2,357,060	2,155,204
Total liabilities other than provisions		2,357,060	2,155,204
TOTAL EQUITY AND LIABILITIES		6,610,416	6,195,048

Financial statements 1 January – 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2016	500,000	3,376,588	3,876,588
Transferred over the profit appropriation/distribution of loss	0	315,482	315,482
Equity at 31 December 2016	500,000	3,692,070	4,192,070

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Kiwa Bygningsanalyse A/S has been presented in accordance with the provisions of the Danish Financial Statements Act as regards reporting class B enterprises with opt-ins from reporting class C medium-sized entities.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015.

— Going forward, the residual value of property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.

The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

Currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', Other external costs' and 'Other operating income' are aggregated in one item designated 'Gross profit'.

Revenue

Income from the rendering of services, which comprises survey, inspection, testing and consultancy in the field of a safe working and living environment, is recognised as revenue as the services are rendered, implying that revenue corresponds to the market value of the services rendered during the year (production method).

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Other operating income

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of property, plant and equipment.

Other external costs

Other external costs include the year's expenses relating to the entity's core activities, including costs relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, as well as payroll expenses other than production wages.

Depreciation of property, plant and equipment

The item comprises depreciation of property, plant and equipment.

Other operating costs

Other operating costs comprise items of a secondary nature relative to the entity's core activities, including losses on the sale of fixed assets.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity and its Danish group entities are jointly taxed. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Jointly taxed entities entitled to a tax refund are, as a minimum, reimbursed by the management company according to current rates applicable to interest allowances, and jointly taxed companies with insufficient tax payments are, as a maximum, entitled to a surcharge according to current rates applicable to interest surcharges to the management company.

Balance sheet

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3-5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Impairment of fixed assets

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Leases

On initial recognition, leases for fixed assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. When calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently treated as the Company's other fixed assets.

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc.

Investments

Other receivables and deposits are recognised at amortised cost.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for estimated bad debts.

An impairment loss is recognised if there is objective indication that a receivable or a group of receivables is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are tested for objective indication of impairment on a portfolio basis. The portfolios are primarily composed on the basis of debtors' domicile and credit ratings in accordance with the Company's risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Construction contracts

Contract work in progress is measured at the selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Prepayments

Prepayments recognised under ‘Assets' comprise prepaid expenses regarding rent, insurance premiums, subscriptions and interest.

Securities and investments

Securities and investments are measured at fair value. The fair value is made up at the market value at the balance sheet date if the securities are listed and at value made up using generally recognised valuation principles if the securities are unlisted.

Cash at bank and in hand

Cash at bank and in hand comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Equity

Proposed dividends

Dividends proposed for the financial year are presented as a separate item under ‘Equity'.

Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Other debts are measured at amortised cost, substantially corresponding to nominal value.

	DKK	2016	2015
2	**Staff costs**		
	Wages and salaries	6,505,258	7,698,025
	Pensions	808,308	668,760
	Other social security costs	98,929	110,964
		7,412,495	8,477,749
	Average number of full-time employees	13	14
3	**Other financial income**		
	Interest income from group entities	14,910	44,680
	Other financial income	17,694	9,078
		32,604	53,758

4 Tax for the year

DKK	2016	2015
Estimated tax charge for the year	188,635	-517,004
Deferred tax adjustment for the year	-101,970	106,860
	86,665	-410,144

Financial statements 1 January – 31 December

Notes

5 Property, plant and equipment

DKK	Fixtures and fittings, tools and equipment
Cost at 1 January 2016	1,395,616
Additions	28,814
Disposals	-320,978
Cost at 31 December 2016	1,103,452
Depreciation and impairment losses at 1 January 2016	-939,554
Depreciation	-80,437
Depreciation and impairment of disposals	219,338
Depreciation and impairment losses at 31 December 2016	-800,653
Carrying amount at 31 December 2016	302,799

6 Contractual obligations, contingencies, etc.

Contingent liabilities

The company has provided an unlimited guarantee towards the banks providing the Acta group financing.

The Company is jointly taxed with other Danish group entities. As a group entity, together with the other entities included in the joint taxation, the Company has unlimited joint and several liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties within the jointly taxed unit. The jointly taxed entities' total known net liability to the Danish tax authorities is disclosed in the financial statements of the administrative company, Mammoet Wind A/S (CVR No. 26 53 39 53). Any subsequent corrections to the joint taxation income and withholding taxes, etc. may result in an increased liability for the Company.

DKK	2016	2015
Rent and lease liabilities		
Rent and lease liabilities	4,469,297	1,658,504

Financial statements 1 January – 31 December

Notes

7 Related party disclosures

Kiwa Bygningsanalyse A/S' related parties comprise the following:

Control

Shield Group International BV, reg. nr 2735 7120, The Netherlands.

Shield Group International BV holds the majority of the share capital in the Company.

Kiwa Bygningsanalyse A/S is part of the consolidated financial statements of Shield Group International BV, The Netherlands, which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of Shield Group International BV, can be obtained from the Company.