

**Cement Plant  
Consultants A/S**  
Ramsingsvej 7  
2500 Valby  
Business Registration  
No 15109130

## **Annual report 2017**

The Annual General Meeting adopted the annual report on 21.06.2018

### **Chairman of the General Meeting**

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Name: Peter Thomsen

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## Entity details

### Entity

Cement Plant Consultants A/S  
Ramsingsvej 7  
2500 Valby

Business Registration No: 15109130  
Registered in: Copenhagen  
Financial year: 01.01.2017 - 31.12.2017

### Board of Directors

Morten Esberg, Chairman  
Peter Thomsen, Member  
Martin Strouhal, Member

### Executive Board

Peter Thomsen, CEO

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
P.O. Box 1600  
0900 Copenhagen C

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Cement Plant Consultants A/S for the financial year 01.01.2017 - 31.12.2017.

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

In our opinion, the consolidated financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2017 and of their financial performance as well as the consolidated cash flow for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Valby, 21.06.2018

### Executive Board

Peter Thomsen  
CEO

### Board of Directors

Morten Esberg  
Chairman

Peter Thomsen  
Member

Martin Strouhal  
Member

# Independent auditor's report

## To the shareholder of Cement Plant Consultants A/S

### Opinion

We have audited the consolidated financial statements and the parent financial statements of Cement Plant Consultants A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2017, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2017 - 31. 12.2017 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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibilities for the consolidated financial statements and the parent financial statements

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

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

### Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 applicable in Denmark will always detect a material misstatement when it exists. Misstatements

## Independent auditor's report

can 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 taken on the basis of these consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and the Entity'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 consolidated financial statements and the parent 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 Group's and the Entity'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

## Independent auditor's report

### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

København, 21.06.2018

### Deloitte

Statsautoriseret Revisionspartnerselskab  
Business Registration No: 33963556

Lars Siggaard Hansen  
State-Authorised Public Accountant  
Identification number (MNE) mne32208

Christian Dahlstrøm  
State-Authorised Public Accountant  
Identification number (MNE) mne35660

## Management commentary

	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>	<b>2015</b> <b>DKK'000</b>	<b>2014</b> <b>DKK'000</b>	<b>2013</b> <b>DKK'000</b>
<b>Financial highlights</b>					
<b>Key figures</b>					
Revenue	63.048	249.382	139.739	198.239	165.712
Gross profit/loss	2.395	10.025	6.763	6.836	8.247
Profit before tax	1.633	4.713	218	1.536	2.478
Operating profit/loss	(3.389)	2.607	(471)	1.672	2.925
Net financials	(918)	(974)	689	(136)	(447)
Profit/loss for the year	(6.687)	1.548	1.002	771	1.595
Total assets	66.958	100.724	154.359	163.949	115.787
Equity incl minority interests	17.649	24.670	18.655	17.763	17.102
<b>Ratios</b>					
Gross margin (%)	3,8	4,0	4,8	3,4	5,0
Net margin (%)	(10,6)	0,6	0,7	0,4	1,0
Return on equity (%)	(31,6)	7,1	5,5	4,4	9,3
Equity ratio (%)	26,4	24,5	12,1	10,8	14,8

*Financial highlights are defined and calculated in accordance with "Recommendations & Ratios " issued by the Danish Society of Financial Analysts.*

<b>Ratios</b>	<b>Calculation formula</b>	<b>Ratios</b>
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity incl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity incl minority interests} \times 100}{\text{Total assets}}$	The financial strength of the entity.



## Management commentary

### Primary activities

The objective of the Group and the Parent is to carry on engineering in, render consultancy services and sell personnel services to the cement and minerals industries in Denmark and abroad as well as to carry on any other activities as deemed related thereto by the Board of Directors.

The parent financial statements include the CPC Pakistan Branch, CPC Egypt Branch, CPC Qatar Branch, CPC Kazakhstan Branch, CPC Armenia Branch, CPC DR Congo Branch and the CPC Kuwait Branch, which are all branches registered in Pakistan, Egypt, Qatar, Kazakhstan, Armenia and Kuwait, respectively.

Cement Plant Consultants A/S is a wholly-owned subsidiary of EHL Fonden of Denmark which is registered with the Danish Business Authority.

### Development in activities and finances

The Group has not entered into any new contracts with customers in 2017. The activity of the Group has decreased significantly compared to 2016.

### Financial review

The Group and the Parent realised a net loss of DKK 6,687 thousand, which is considered unsatisfactory.

The Group's and the Parent's balance sheet total at the financial year-end 2017 is DKK 66,958 thousand and DKK 69,065 thousand, respectively. Equity at the balance sheet date is DKK 17,689 thousand.

### Uncertainty relating to recognition and measurement

Recognition and measurement are not deemed to be subject to any material uncertainty.

### Unusual circumstances

There are no unusual circumstances to report for 2017.

### Outlook

Group sales for 2018 are estimated to be at the same level compared to 2017. Financial performance for 2018 is expected to improve slightly compared to 2017.

### Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

## Consolidated income statement for 2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Revenue		63.048	249.382
Production costs	2	(60.653)	(239.357)
<b>Gross profit/loss</b>		<b>2.395</b>	<b>10.025</b>
Administrative costs	1, 2	(5.784)	(7.418)
<b>Operating profit/loss</b>		<b>(3.389)</b>	<b>2.607</b>
Other financial income	3	1.005	2.727
Other financial expenses	4	(1.923)	(3.701)
<b>Profit/loss before tax</b>		<b>(4.307)</b>	<b>1.633</b>
Tax on profit/loss for the year	5	(2.380)	(85)
<b>Profit/loss for the year</b>	6	<b>(6.687)</b>	<b>1.548</b>

**Consolidated balance sheet at 31.12.2017**

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Trade receivables		24.247	42.051
Receivables from group enterprises		(289)	0
Other receivables		28.097	35.302
Income tax receivable		857	1.321
Prepayments		0	29
<b>Receivables</b>		<u><b>52.912</b></u>	<u><b>78.703</b></u>
<b>Cash</b>		<u><b>14.046</b></u>	<u><b>22.021</b></u>
<b>Current assets</b>		<u><b>66.958</b></u>	<u><b>100.724</b></u>
<b>Assets</b>		<u><b>66.958</b></u>	<u><b>100.724</b></u>

## Consolidated balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Contributed capital		1.000	1.000
Retained earnings		16.524	23.545
Proposed dividend		125	125
<b>Equity</b>		<b>17.649</b>	<b>24.670</b>
Deferred tax		0	749
<b>Provisions</b>		<b>0</b>	<b>749</b>
Bank loans		625	4
Prepayments received from customers		12.641	16.259
Trade payables		11.142	17.605
Payables to group enterprises		125	0
Income tax payable		263	605
Other payables		24.513	40.832
<b>Current liabilities other than provisions</b>		<b>49.309</b>	<b>75.305</b>
<b>Liabilities other than provisions</b>		<b>49.309</b>	<b>75.305</b>
<b>Equity and liabilities</b>		<b>66.958</b>	<b>100.724</b>

## Consolidated statement of changes in equity for 2017

	<b>Contributed capital DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Proposed dividend DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	1.000	23.545	125	24.670
Ordinary dividend paid	0	0	(125)	(125)
Exchange rate adjustments	0	(209)	0	(209)
Profit/loss for the year	0	(6.812)	125	(6.687)
<b>Equity end of year</b>	<b>1.000</b>	<b>16.524</b>	<b>125</b>	<b>17.649</b>

## Consolidated cash flow statement for 2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Operating profit/loss		(3.389)	2.609
Working capital changes	7	(1.034)	(3.727)
<b>Cash flow from ordinary operating activities</b>		<b>(4.423)</b>	<b>(1.118)</b>
Financial income received		1.005	2.727
Financial income paid		(1.923)	(3.701)
Income taxes refunded/(paid)		(3.130)	(282)
<b>Cash flows from operating activities</b>		<b>(8.471)</b>	<b>(2.374)</b>
Dividend paid		(125)	(125)
<b>Cash flows from financing activities</b>		<b>(125)</b>	<b>(125)</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>(8.596)</b>	<b>(2.499)</b>
Cash and cash equivalents beginning of year		22.017	24.516
<b>Cash and cash equivalents end of year</b>		<b>13.421</b>	<b>22.017</b>
Cash and cash equivalents at year-end are composed of:			
Cash		14.046	22.021
Short-term debt to banks		(625)	(4)
<b>Cash and cash equivalents end of year</b>		<b>13.421</b>	<b>22.017</b>

## Notes to consolidated financial statements

	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>
<b>1. Fees to the auditor appointed by the Annual General Meeting</b>		
Statutory audit services	246	217
Other services	25	25
	<b>271</b>	<b>242</b>
	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>
<b>2. Staff costs</b>		
Wages and salaries	7.186	10.065
Pension costs	1.981	2.773
Other social security costs	42	59
	<b>9.209</b>	<b>12.897</b>
Average number of employees	<b>15</b>	<b>32</b>
	<b>Remunera-</b> <b>tion of</b> <b>manage-</b> <b>ment</b> <b>2017</b> <b>DKK'000</b>	<b>Remunera-</b> <b>tion of</b> <b>manage-</b> <b>ment</b> <b>2016</b> <b>DKK'000</b>
Total amount for management categories	1.639	1.587
	<b>1.639</b>	<b>1.587</b>
	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>
<b>3. Other financial income</b>		
Interest income	14	2
Exchange rate adjustments	957	2.653
Other financial income	34	72
	<b>1.005</b>	<b>2.727</b>
	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>
<b>4. Other financial expenses</b>		
Interest expenses	53	111
Exchange rate adjustments	1.864	3.572
Other financial expenses	6	18
	<b>1.923</b>	<b>3.701</b>

## Notes to consolidated financial statements

	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>
<b>5. Tax on profit/loss for the year</b>		
Tax on current year taxable income	3.130	605
Change in deferred tax for the year	(747)	(396)
Adjustment concerning previous years	(3)	(124)
	<b>2.380</b>	<b>85</b>
	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>
<b>6. Proposed distribution of profit/loss</b>		
Ordinary dividend for the financial year	125	125
Retained earnings	(6.812)	1.423
	<b>(6.687)</b>	<b>1.548</b>
	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>
<b>7. Change in working capital</b>		
Increase/decrease in receivables	25.791	(63)
Increase/decrease in trade payables etc	(26.613)	(3.664)
Other changes	(212)	0
	<b>(1.034)</b>	<b>(3.727)</b>



## Parent income statement for 2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Revenue		58.900	232.513
Production costs	1	<u>(56.613)</u>	<u>(225.606)</u>
<b>Gross profit/loss</b>		<b>2.287</b>	<b>6.907</b>
Administrative costs	1	<u>(4.721)</u>	<u>(5.137)</u>
<b>Operating profit/loss</b>		<b>(2.434)</b>	<b>1.770</b>
Income from investments in group enterprises		(1.323)	761
Other financial income	2	925	2.465
Other financial expenses	3	<u>(1.807)</u>	<u>(3.285)</u>
<b>Profit/loss before tax</b>		<b>(4.639)</b>	<b>1.711</b>
Tax on profit/loss for the year	4	<u>(2.047)</u>	<u>(163)</u>
<b>Profit/loss for the year</b>	5	<u><b>(6.686)</b></u>	<u><b>1.548</b></u>

## Parent income statement for 2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Investments in group enterprises		11.306	12.800
<b>Fixed asset investments</b>	6	<b>11.306</b>	<b>12.800</b>
<b>Fixed assets</b>		<b>11.306</b>	<b>12.800</b>
Trade receivables		15.457	32.433
Receivables from group enterprises		10.596	10.119
Other receivables		22.238	28.753
Income tax receivable		0	342
<b>Receivables</b>		<b>48.291</b>	<b>71.647</b>
<b>Cash</b>		<b>9.468</b>	<b>12.943</b>
<b>Current assets</b>		<b>57.759</b>	<b>84.590</b>
<b>Assets</b>		<b>69.065</b>	<b>97.390</b>

## Parent balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Contributed capital		1.000	1.000
Reserve for net revaluation according to the equity method		7.105	8.598
Retained earnings		9.459	14.947
Proposed dividend		125	125
<b>Equity</b>		<b>17.689</b>	<b>24.670</b>
Deferred tax		0	697
<b>Provisions</b>		<b>0</b>	<b>697</b>
Bank loans		542	4
Prepayments received from customers		12.641	16.259
Trade payables		5.096	11.631
Payables to group enterprises		7.746	7.106
Income tax payable		263	605
Other payables		25.088	36.418
<b>Current liabilities other than provisions</b>		<b>51.376</b>	<b>72.023</b>
<b>Liabilities other than provisions</b>		<b>51.376</b>	<b>72.023</b>
<b>Equity and liabilities</b>		<b>69.065</b>	<b>97.390</b>
Contingent liabilities	7		
Related parties with controlling interest	8		

## Parent statement of changes in equity for 2017

	<b>Contributed capital DKK'000</b>	<b>Reserve for net revaluation according to the equity method DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Proposed dividend DKK'000</b>
Equity beginning of year	1.000	8.598	14.947	125
Ordinary dividend paid	0	0	0	(125)
Exchange rate adjustments	0	(170)	0	0
Profit/loss for the year	0	(1.323)	(5.488)	125
<b>Equity end of year</b>	<b>1.000</b>	<b>7.105</b>	<b>9.459</b>	<b>125</b>
				<b>Total DKK'000</b>
Equity beginning of year				24.670
Ordinary dividend paid				(125)
Exchange rate adjustments				(170)
Profit/loss for the year				(6.686)
<b>Equity end of year</b>				<b>17.689</b>

## Notes to parent financial statements

	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>
<b>1. Staff costs</b>		
Wages and salaries	6.300	8.813
Pension costs	1.859	2.601
Other social security costs	29	40
	<b>8.188</b>	<b>11.454</b>
Average number of employees	<b>13</b>	<b>27</b>
	<b>Remunera- tion of manage- ment 2017 DKK'000</b>	<b>Remunera- tion of manage- ment 2016 DKK'000</b>
Total amount for management categories	1.549	1.462
	<b>1.549</b>	<b>1.462</b>
	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>
<b>2. Other financial income</b>		
Financial income arising from group enterprises	4	1
Interest income	10	2
Exchange rate adjustments	911	2.462
	<b>925</b>	<b>2.465</b>
	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>
<b>3. Other financial expenses</b>		
Financial expenses from group enterprises	0	3
Interest expenses	53	58
Exchange rate adjustments	1.754	3.224
	<b>1.807</b>	<b>3.285</b>
	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>
<b>4. Tax on profit/loss for the year</b>		
Tax on current year taxable income	2.744	564
Change in deferred tax for the year	(697)	(417)
Adjustment concerning previous years	0	16
	<b>2.047</b>	<b>163</b>

## Notes to parent financial statements

	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>
<b>5. Proposed distribution of profit/loss</b>		
Ordinary dividend for the financial year	125	125
Transferred to reserve for net revaluation according to the equity method	(1.323)	761
Retained earnings	(5.488)	662
	<b>(6.686)</b>	<b>1.548</b>
		<b>Investment s in group enterprises DKK'000</b>
<b>6. Fixed asset investments</b>		
Cost beginning of year		4.202
<b>Cost end of year</b>		<b>4.202</b>
Revaluations beginning of year		8.598
Exchange rate adjustments		(171)
Share of profit/loss for the year		(1.323)
<b>Revaluations end of year</b>		<b>7.104</b>
<b>Carrying amount end of year</b>		<b>11.306</b>
	<b>Registered in</b>	<b>Equity inte- rest %</b>
Investments in associates comprise:		
Thai Dan Consult A/S	Copenhagen	100,0
Pak Dan Consult A/S	Copenhagen	100,0
International Consulting Company A/S	Copenhagen	100,0
Cement Plant Consultants De El Salvador, S.A., de C.V.	San Salvador	100,0
Cement Plant Consultants Nigeria LLC	Nigeria	75,0

### 7. Contingent liabilities

The Company is part of a Danish joint taxation where the Company serves as the administration company. Consequently, referring to the Danish Corporation Tax Act regulations, the Company is with effect from 1 July 2012 liable for any obligations to withhold tax at source on interest, royalties and returns and from 1 January 2013 for corporation taxes for the jointly taxed companies.

## Notes to parent financial statements

### **8. Related parties with controlling interest**

#### **Related parties with control are the following:**

EHL Fonden, Denmark

Transactions between related parties have been conducted at an arm's length basis.

## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises.

The accounting policies applied for these consolidated financial statements and parent financial statements are consistent with those applied last year.

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

### Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.



## Accounting policies

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

### Income statement

#### Revenue

Revenue consists of goods and services provided during the year, and for contract work in progress it consists of the portion of the aggregate contractual sum that is attributable to work carried out during the year.

#### Production costs

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables.

#### Administrative costs

Administrative expenses comprise expenses incurred for the Group's administrative functions, including wages and salaries for administrative staff and Management.

#### Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies.

#### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies.

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

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Parent is jointly taxed with all Danish subsidiaries and is regarded as the administration company. Current income tax is allocated among the jointly taxed Danish enterprises proportionally to their taxable income (full allocation with a refund concerning tax losses).

### Balance sheet

#### Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unrealised intra-group profits or losses.

## Accounting policies

The Parent's share of the enterprises' profits or losses after elimination of unrealised intra-group profits and losses is recognised in the income statement.

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method under equity.

### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

### Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### Cash

Cash comprises cash in hand and bank deposits.

### Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

### Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

## Accounting policies

### Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank debt.