

**Dynatest Denmark A/S**  
**Central Business Registration No**  
**20015632**  
**Gladsaxevej 342**  
**2860 Søborg**

**Annual report 2015**

The Annual General Meeting adopted the annual report on 08.07.2016

**Chairman of the General Meeting**

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Name: Nicholas Liebach

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## **Entity details**

### **Entity**

Dynatest Denmark A/S  
Gladsaxevej 342  
2860 Søborg

Central Business Registration No: 20015632

Registered in: Glostrup

Financial year: 01.01.2015 - 31.12.2015

### **Board of Directors**

Christian Møller Christensen

Anders Sørensen

Christian Lanng Nielsen

### **Executive Board**

Christian Lanng Nielsen

### **Auditors**

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

Postboks 1600

0900 København 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 Dynatest Denmark A/S for the financial year 01.01.2015 - 31.12.2015.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

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.

Copenhagen, 24.06.2016

### **Executive Board**

Christian Lanng Nielsen

### **Board of Directors**

Christian Møller Christensen

Anders Sørensen

Christian Lanng Nielsen

## **Independent auditor's reports**

### **To the owners of Dynatest Denmark A/S**

#### **Report on the financial statements**

We have audited the financial statements of Dynatest Denmark A/S for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

#### **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 as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give a true and fair view 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 Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

## **Independent auditor's reports**

### **Opinion**

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

### **Emphasis of matter affecting the financial statements**

Without qualifying our opinion, we refer to note 1 in which Management states that the company is expected to have sufficient capital resources to finance the activities for the 2016 financial year. Management has presented the financial statements under the going concern assumption. We have found no reason to give a different assessment.

### **Statement on the management commentary**

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Copenhagen, 24.06.2016

### **Deloitte**

Statsautoriseret Revisionspartnerselskab

Jens Sejer Pedersen

State Authorised Public Accountant

Eigil Hansen

State Authorised Public Accountant

CVR-nr. 33963556

## Management commentary

### Primary activities

Dynatest Denmark A/S is a provider of pavement consultancy and design services, incl. unique software tools, for use in planning and maintenance of pavements for airports, roads and pathways. It also manufactures and sells high technology data collection equipment for condition monitoring of pavements.

Dynatest Denmark A/S has delivered data collection equipment and consultancy for almost 40 years and has a strong reputation for quality.

### Development in activities and finances

In 2015, results for the year and development in cash flow has been unsatisfactory. Revenue essentially remained flat. A significant increase in production costs and staff costs, and relocation to new premises in Glad-saxe, Denmark, resulted in net results declining to a loss of (15,6) mio. kr. Shareholders equity decreased to (13,0) mio. kr.

In the first half of 2016, a new management was appointed, and a plan to restore profitability in 2017 has been initiated.

### Uncertainty relating to recognition and measurement

When preparing the Company's annual report, it is necessary that Management, in accordance with legislative provisions, makes a number of accounting judgments and estimates which form the basis for the annual report. Material accounting judgments and estimates made by Management are described in the paragraph "Managements material judgements and estimates" under accounting policies, to which we refer.

The accounting judgments and estimate made primarily relates to the sufficiency of the company's financing. Such estimates are made on the basis of assumptions which Management considers being reasonable and realistic, but which by its nature are uncertain.

### Outlook

Expectations for 2016 are negative, due to a very slow beginning in 2016. As mentioned above, a plan is being initiated to generate profitable operations in 2017. Due to the development in terms of results, the Company has increasing borrowing requirements. These have been covered by way of increased credit facilities and cash inflow from the parent company and the ultimate owner of the Dynatest-Group.

In the light of the above, the Company is expected to have sufficient capital resources while achieving profitable operation and, as such, the financial statements for the financial year 2015 are presented under the going concern assumption.

## **Management commentary**

### **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.



## Accounting policies

### Reporting class

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

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

### Managements material judgements and estimates

When preparing the Company's annual report, it is necessary that Management makes a number of accounting judgments and estimates which form the basis for presentation, recognition and measurement of the Company's assets and liabilities. In particular, the accounting judgments and estimates made by Management related to :

- The sufficiency of the Company's financing to continue activities. Note 1 of the financial statements states how future activities are expected to be financed. The sufficiency of the expected financing is influenced by the launched plan to establish profitability in 2017, being realized as anticipated, as well as well as the existing credit facilities being maintained and obligations / covenants are met.

### 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.

### 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 dif-

## Accounting policies

ferences 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

#### Gross profit or loss

Gross profit or loss comprises revenue, production costs and other operating income.

#### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

#### 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, wages and salaries, rent and lease as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary write-down of inventories.

Also, provisions for loss on contract work in progress are recognised under production costs.

#### Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment attached to the distribution process.

#### Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationary and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

#### Other financial income

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

## Accounting policies

### Other financial expenses

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

### Income taxes

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.

## Balance sheet

### Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-manufactured assets, cost comprises direct costs of materials, components, sub-suppliers and labour costs.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-10 years
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Plant and equipment are written down to the lower of recoverable amount and carrying amount.

### Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables and direct labour costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

### Receivables

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

## Accounting policies

### Contract work in progress

Contract work in progress regarding individualized products is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as financing costs are recognised in the income statement as incurred.

### 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.

### Prepayments

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

### Cash

Cash comprises cash in hand and bank deposits.

### Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructurings, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

## **Accounting policies**

If goods are sold on approval, a provision is made for the mark-up on the goods estimated to be returned as well as any expenses related to the returns.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

On acquisition of enterprises and investments in group enterprises, provisions are made for costs relating to restructurings in the acquired enterprise that were decided and published at the takeover date at the latest.

Once it is likely that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

### **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.

## Income statement for 2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK'000</u>
<b>Gross profit</b>	2	<b>3.567.098</b>	<b>7.104</b>
Distribution costs	2	(5.287.340)	(4.377)
Administrative costs	2	<u>(13.390.108)</u>	<u>(7.916)</u>
<b>Operating profit/loss</b>		<b>(15.110.350)</b>	<b>(5.189)</b>
Other financial income	3	5.099	63
Other financial expenses	4	<u>(648.097)</u>	<u>(448)</u>
<b>Profit/loss from ordinary activities before tax</b>		<b>(15.753.348)</b>	<b>(5.574)</b>
Tax on profit/loss from ordinary activities	5	<u>142.479</u>	<u>1.121</u>
<b>Profit/loss for the year</b>		<b><u>(15.610.869)</u></b>	<b><u>(4.453)</u></b>
<b>Proposed distribution of profit/loss</b>			
Retained earnings		<u>(15.610.869)</u>	<u>(4.453)</u>
		<b><u>(15.610.869)</u></b>	<b><u>(4.453)</u></b>

**Balance sheet at 31.12.2015**

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK'000</u>
Other fixtures and fittings, tools and equipment		16.876.966	6.163
<b>Property, plant and equipment</b>	<b>6</b>	<b><u>16.876.966</u></b>	<b><u>6.163</u></b>
Deposits		883.855	985
<b>Fixed asset investments</b>	<b>7</b>	<b><u>883.855</u></b>	<b><u>985</u></b>
<b>Fixed assets</b>		<b><u>17.760.821</u></b>	<b><u>7.148</u></b>
Raw materials and consumables		3.842.002	4.828
Manufactured goods and goods for resale		1.742.290	941
Prepayments for goods		565.099	270
<b>Inventories</b>		<b><u>6.149.391</u></b>	<b><u>6.039</u></b>
Trade receivables		3.834.139	7.848
Contract work in progress		415.522	593
Receivables from group enterprises		777.380	1.107
Receivables from associates		0	463
Deferred tax assets		1.621.479	1.479
Other short-term receivables		2.935	1.286
Prepayments		215.564	58
<b>Receivables</b>		<b><u>6.867.019</u></b>	<b><u>12.834</u></b>
<b>Cash</b>		<b><u>2.274.202</u></b>	<b><u>864</u></b>
<b>Current assets</b>		<b><u>15.290.612</u></b>	<b><u>19.737</u></b>
<b>Assets</b>		<b><u><u>33.051.433</u></u></b>	<b><u><u>26.885</u></u></b>

**Balance sheet at 31.12.2015**

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK'000</u>
Contributed capital		500.000	500
Retained earnings		<u>(13.461.111)</u>	<u>2.150</u>
<b>Equity</b>		<b><u>(12.961.111)</u></b>	<b><u>2.650</u></b>
Other provisions		<u>422.917</u>	<u>435</u>
<b>Provisions</b>		<b><u>422.917</u></b>	<b><u>435</u></b>
Payables to group enterprises		<u>12.780.790</u>	<u>8.356</u>
<b>Non-current liabilities other than provisions</b>		<b><u>12.780.790</u></b>	<b><u>8.356</u></b>
Bank loans		21.112.026	7.163
Prepayments received from customers		480.809	14
Trade payables		3.770.923	2.688
Debt to group enterprises		254.592	808
Other payables		<u>7.190.487</u>	<u>4.771</u>
<b>Current liabilities other than provisions</b>		<b><u>32.808.837</u></b>	<b><u>15.444</u></b>
<b>Liabilities other than provisions</b>		<b><u>45.589.627</u></b>	<b><u>23.800</u></b>
<b>Equity and liabilities</b>		<b><u><u>33.051.433</u></u></b>	<b><u><u>26.885</u></u></b>
Going concern	1		
Contingent liabilities	8		
Ownership	9		



**Statement of changes in equity for 2015**

	<b>Contributed capital DKK</b>	<b>Retained ear- nings DKK</b>	<b>Total DKK</b>
Equity beginning of year	500.000	2.149.758	2.649.758
Profit/loss for the year	0	(15.610.869)	(15.610.869)
<b>Equity end of year</b>	<b>500.000</b>	<b>(13.461.111)</b>	<b>(12.961.111)</b>

## Notes

### 1. Going concern

As described in the management commentary and in the section Accounting policies – “Managements material judgements and estimates”, to which we refer, the development in terms of results has seen increasing borrowing requirements.

These have been covered by way of increased credit facilities and cash inflow from the parent company Dynatest International A/S and the ultimate owner of the Dynatest-Group. In the period up until the Dynatest-Group is expected to be profitable in 2017 a need for additional capital of upwards of DKK 22m is estimated for the Dynatest-Group. In connection with preparation of the financial statements for 2015 the majority owner of the Dynatest-Group has established a credit facility of DKK 25m available from 23 June 2016. On this basis the Dynatest-Group’s other credit facilities are expected to be maintained throughout 2016.

In light of the above, the Company is expected to have sufficient capital resources while achieving profitable operation and, as such, the financial statements for the financial year 2015 are presented under the going concern assumption.

	<b>2015</b>	<b>2014</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>2. Staff costs</b>		
Wages and salaries	18.215.173	10.712
Pension costs	882.352	628
Other social security costs	719.890	335
Other staff costs	366.246	0
	<b>20.183.661</b>	<b>11.675</b>

	<b>2015</b>	<b>2014</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>3. Other financial income</b>		
Financial income arising from group enterprises	0	63
Interest income	5.099	0
	<b>5.099</b>	<b>63</b>

	<b>2015</b>	<b>2014</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>4. Other financial expenses</b>		
Financial expenses from group enterprises	293.550	21
Interest expenses	354.547	427
	<b>648.097</b>	<b>448</b>

## Notes

	<b>2015</b>	<b>2014</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>5. Tax on ordinary profit/loss for the year</b>		
Change in deferred tax for the year	(142.479)	(1.173)
Adjustment relating to previous years	0	52
	<u>(142.479)</u>	<u>(1.121)</u>
		<b>Other fixtures and fittings, tools and equipment DKK</b>
<b>6. Property, plant and equipment</b>		
Cost beginning of year		9.797.867
Additions		12.797.129
Disposals		(1.177.329)
<b>Cost end of year</b>		<u><b>21.417.667</b></u>
Depreciation and impairment losses beginning of the year		(3.634.893)
Depreciation for the year		(1.356.763)
Reversal regarding disposals		450.955
<b>Depreciation and impairment losses end of the year</b>		<u><b>(4.540.701)</b></u>
<b>Carrying amount end of year</b>		<u><b>16.876.966</b></u>
		<b>Deposits DKK</b>
<b>7. Fixed asset investments</b>		
Cost beginning of year		985.127
Additions		121.935
Disposals		(223.207)
<b>Cost end of year</b>		<u><b>883.855</b></u>
<b>Carrying amount end of year</b>		<u><b>883.855</b></u>
<b>8. Contingent liabilities</b>		

As a security for debt to banks of DKK ('000) 19,444 Dynatest Denmark A/S has issued a floating charge of a nominal amount of DKK ('000) 7,000. The floating charge includes the following assets, with a carrying amount as at 31 December 2015 of:

## Notes

Fixtures and equipment, DKK ('000) 16,901

Trade receivables, DKK ('000) 4,039

Inventories, DKK ('000) 5,794

Dynatest Denmark A/S has issued guarantees to customers in the amount of DKK ('000) 16 with expiry in the period until 2016.

Dynatest Denmark A/S has signed a tenancy rental agreement for their leasehold with 77 months interminability at 31 May 2022 corresponding to a rent of DKK ('000) 10.658.

Dynatest Denmark A/S has lease payments (operating lease) of DKK ('000) 274 until 2019.

Dynatest Denmark A/S participates in a Danish joint taxation arrangement in which Dynatest Finance ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc. for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

## 9. Ownership

The following shareholder is recorded in the company's register of shareholders as owning minimum 5% of the votes or minimum 5% of the share capital:

Dynatest International A/S

Gladsaxevej 342

2860 Søborg