Cibicom A/S

Banestrøget 19, DK-2630 Taastrup

Annual Report for 1 January - 31 December 2018

CVR No 25 59 80 08

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 9 /5 2019

Søren Fæster
Chairman of the General Meeting

Contents

Management’s Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Cibicom A/S for the financial year 1 January - 31 December 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and of the results of the Company operations for 2018.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Taastrup, 9 May 2019

Executive Board

Martin Bo Hjort Løbel CEO	Søren Fæster CFO

Board of Directors

Rasmus Forup Helmich Chairman	Martin Bo Hjort Løbel	Kevin Kristoffer Ehnhuus lermiin
Søren Fæster	Søren Henry Pazdzior Staff Representative	Hans-Christian Ploug Staff Representative

Independent Auditor's Report

To the Shareholder of Cibicom A/S

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Cibicom A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities 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.

Independent Auditor's Report

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.

Auditor's responsibilities for the audit of the Financial Statements
Our objectives are to obtain reasonable assurance about 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 applicable in Denmark will always detect a material misstatement when it exists. Misstatements 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 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 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.

We communicate with those charged with governance regarding, among other matters, the planned

Independent Auditor's Report

scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 9 May 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Bo Schou-Jacobsen
State Authorised Public Accountant
mne28703

Michael Krath
State Authorised Public Accountant
mne34155

Company Information

The Company	Cibicom A/S Banestrøget 19 DK-2630 Taastrup Telephone: + 45 70118011 E-mail: info@teracom.dk Website: www.cibicom.dk CVR No: 25 59 80 08 Financial period: 1 January - 31 December Municipality of reg. office: Høje Taastrup
Board of Directors	Rasmus Forup Helmich, Chairman Martin Bo Hjort Løbel Kevin Kristoffer Ehnhuus lermiin Søren Fæster Søren Henry Pazdzior Hans-Christian Ploug
Executive Board	Martin Bo Hjort Løbel Søren Fæster
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2018	2017	2016	2015	2014
	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK
Key figures					
Profit/loss					
Gross profit/loss	187	195	181	189	178
Operating profit/loss	66	68	62	74	59
EBITDA	139	142	133	145	132
Profit/loss before financial income and expenses	66	68	62	74	59
Net financials	-1	0	0	0	-1
Net profit/loss for the year	50	53	49	56	38
Balance sheet					
Balance sheet total	861	1.163	1.174	1.187	1.174
Equity	307	1.085	1.081	1.088	1.071
Number of employees	67	72	67	63	65
Ratios					
Return on assets	7,7%	5,8%	5,3%	6,2%	5,0%
Solvency ratio	35,7%	93,3%	92,1%	91,7%	91,2%
Return on equity	7,2%	4,9%	4,5%	5,2%	3,5%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Principal activities

Cibicom A/S's principal activities consist of:

- •Operation of radio and TV broadcasting networks and mission critical communication systems
- •Design, installation and maintenance services related to the radio and TV broadcasting networks as well as other critical communication systems
- •Rental of positions for antenna systems and transmitter equipment at Cibicom A/S' towers and associated buildings.

Radio and TV broadcasting network operation

Cibicom A/S operates and performs preventative and corrective maintenance for national radio and TV broadcasting networks in Denmark. The activities changes and/or expands as new networks are established or existing are modified.

Cibicom A/S has its own network operations center manned 24 hours that monitors all networks and services 24/7/365 and provide services related to handling incidents and dispatching fields service personal.

Monitoring covers all geographic locations where Cibicom has placed its equipment, which is more than 375 locations all over Denmark, including a number of islands without bridge connections.

Development in the year

The income statement of the Company for 2018 shows a profit of TDKK 50,077, and at 31 December 2018 the balance sheet of the Company shows equity of TDKK 307,387.

The profit, which is TDKK 2,640 less than last year, is considered satisfactory.

Antenna space rental

Antenna space rental showed a stable trend during the year. The Company provides services in this connection to broadcasters, telecom operators and tele infrastructure providers.

Management's Review

Material activities during the year

Cibicom A/S secured a contract with Falck A/S regarding the operation and maintenance of Falck A/S' national radio based paging system used for communications with volunteers and off-duty firefighters. The paging system involves 190 tower positions all over Denmark. The contract included the takeover of a number of Falck A/S' field service personal that over the times had been involved in the maintaining the paging system.

In 2018, Cibicom A/S began the investigation of Internet-of-things (IOT) technology as suitable for the use of Cibicom A/S high towers. As a result of the investigation and positive market feedback, Cibicom A/S launch its IOT server platform based on the LoRaWan IOT technology and began installations of LoRaWan IOT antenna systems in a number of its 300m high towers. Cibicom plan to complete full national light outdoor coverage (>95%) in early 2019. IOT business is in its development in Denmark but the potential is interesting as Cibicom high towers seems to be a differentiator in the growing IOT market.

Cibicom A/S has been working on becoming ISO 27001 certified (information and security) in order to support Cibicom A/S ability to success in operation excellence of mission-critical networks. Cibicom expects to succeed with the certification in early 2019.

The past year and follow-up on development expectations from last year

In the end of 2017, Cibicom A/S's expectation to 2018 were focused at two important areas; i) securing the continuation of commercial DTT after April 2020 and ii) securing more opportunities within mission-critical network operations.

In June 2018, Cibicom A/S successfully secured a managed service regarding DTT distribution with Boxer TV A/S that had regained the commercial DTT distribution license (valid from April 2020) from the Danish state. The contract involves the modification of the national DTT network to DVB-T2 technology and free-up the 700 MHz spectrum currently in use. The 700 MHz spectrum is allocated for mobile networks starting April 2020.

In September 2018, Cibicom A/S secured a contract with Falck A/S regarding the operation of Falck A/S' national mission critical radio network.

Overall, the expectations to 2018 have been met in full.

Special risks - operating risks and financial risks

Operating risks are in general evaluated as being low. No financial risks short term have been identified.

Management’s Review

Research and development

Due to the increasing interest from the market for Cibicom A/S’ IOT connectivity services using LoRaWan technogly, Cibicom A/S has increased resources with development of robust services. As an example Cibicom expect to look into geolocation technology that can be used for tracking applications.

Targets and expectations for the year ahead

The external environment with respect to broadcast of radio and TV is in a change. The key drivers for TV broadcast are the decline in flow-tv penetration (‘cable cutting and shaping’) and the shift from DTT distribution to stream technology and on-demand. DTT distribution as a platform is still dependent on public service TV broadcast activity (free-to-air) and the outlook long term is uncertain. The national public service broadcaster (DR) will reduce the number of channels in April 2020 as the freeing up of the 700 MHz spectrum leads to less capacity for DTT distribution for public service content. On the other hand, the free-to-air of public service content is complementary to the increase penetration of on-demand subscriptions (streaming services). However, a decline in number of households using DTT is expected in the years to come.

Regarding broadcast of radio, there is a starting change from FM to DAB underway. FM will still be very widespread used in the years to come, but new radio formats only distributed on DAB (+internet distribution) is expected. For a start, however, parallel distribution on FM and DAB will be dominant in the next few years.

External environment

The Company´s operation has no significant impact on the external environment.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2018 of the Company and the results of the activities of the Company for the financial year for 2018 have not been affected by any unusual events.

Income Statement 1 January - 31 December

	Note	2018 TDKK	2017 TDKK
Gross profit/loss		**187.331**	**194.676**
Staff expenses	2	-47.582	-52.786
Profit/loss before depreciation (EBITDA)		**139.749**	**141.890**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-74.244	-74.295
Profit/loss before financial income and expenses		**65.505**	**67.595**
Financial income		79	35
Financial expenses		-1.229	-31
Profit/loss before tax		**64.355**	**67.599**
Tax on profit/loss for the year	4	-14.278	-14.882
Net profit/loss for the year		**50.077**	**52.717**

Balance Sheet 31 December

Assets

	Note	2018	2017
		TDKK	TDKK
Acquired other similar rights		8.402	11.367
Intangible assets	5	**8.402**	**11.367**
Land and buildings		345.314	368.967
Plant and machinery		79.785	100.433
Other fixtures and fittings, tools and equipment		18.035	7.196
Property, plant and equipment in progress		6.424	15.312
Masts and equipment		318.058	338.725
Property, plant and equipment	6	**767.616**	**830.633**
Other receivables		2.540	1.693
Fixed asset investments	7	**2.540**	**1.693**
Fixed assets		**778.558**	**843.693**
Trade receivables		6.442	11.214
Contract work in progress	8	324	0
Receivables from group enterprises		577	279.969
Other receivables		0	745
Deferred tax asset	9	27.019	23.436
Prepayments	10	5.516	3.817
Receivables		**39.878**	**319.181**
Cash at bank and in hand		**42.134**	**0**
Currents assets		**82.012**	**319.181**
Assets		**860.570**	**1.162.874**

Balance Sheet 31 December

Liabilities and equity

	Note	2018	2017
		TDKK	TDKK
Share capital		38.000	38.000
Retained earnings		269.387	994.310
Proposed dividend for the year		0	52.717
Equity		**307.387**	**1.085.027**
Other provisions	12	3.696	3.696
Provisions		**3.696**	**3.696**
Credit institutions		422.000	0
Prepayments received from customers		8.885	13.732
Deposits		19.782	19.780
Long-term debt	13	**450.667**	**33.512**
Credit institutions	13	39.082	0
Prepayments received from customers	13	5.206	5.097
Trade payables		25.970	24.265
Contract work in progress, liabilities	8	0	116
Payables to group enterprises		121	0
Corporation tax		20.667	3.008
Other payables		7.774	8.153
Short-term debt		**98.820**	**40.639**
Debt		**549.487**	**74.151**
Liabilities and equity		**860.570**	**1.162.874**
Subsequent events	1		
Distribution of profit	11		
Contingent assets, liabilities and other financial obligations	14		
Related parties	15		
Accounting Policies	16		

Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	38.000	994.310	52.717	1.085.027
Ordinary dividend paid	0	0	-52.717	-52.717
Extraordinary dividend paid	0	-775.000	0	-775.000
Net profit/loss for the year	0	50.077	0	50.077
Equity at 31 December	**38.000**	**269.387**	**0**	**307.387**

Notes to the Financial Statements

1 Subsequent events

After the end of the financial year the Company has acquired the technology service company Cibicom Services A/S, the Danish subsidiary of the Relacom Group.

No other events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

2 Staff expenses

	2018	2017
	TDKK	TDKK
Wages and salaries	40.018	44.565
Pensions	3.962	4.069
Other social security expenses	943	997
Other staff expenses	2.659	3.155
	47.582	**52.786**
Average number of employees	**67**	**72**

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

	2018	2017
Amortisation of intangible assets	2.965	2.964
Depreciation of property, plant and equipment	71.279	71.331
	74.244	**74.295**
Which is specified as follows:		
Acquired patents	2.965	2.964
Buildings	23.652	23.128
Plant and machinery	21.772	23.578
Other fixtures and fittings, tools and equipment	25.855	24.625
	74.244	**74.295**

Notes to the Financial Statements

4 Tax on profit/loss for the year

	2018	2017
	TDKK	TDKK
Current tax for the year	17.860	16.008
Deferred tax for the year	-3.582	-1.126
	14.278	**14.882**

5 Intangible assets

	Acquired other similar rights
	TDKK
Cost at 1 January	90.681
Cost at 31 December	90.681
Impairment losses and amortisation at 1 January	79.314
Amortisation for the year	2.965
Impairment losses and amortisation at 31 December	82.279
Carrying amount at 31 December	**8.402**

6 Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Masts and equipment
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	517.315	308.578	21.881	15.312	497.865
Additions for the year	0	1.125	14.677	6.424	1.349
Transfers for the year	0	0	0	-15.312	0
Cost at 31 December	517.315	309.703	36.558	6.424	499.214
Impairment losses and depreciation at 1 January	148.349	208.146	14.684	0	159.140
Depreciation for the year	23.652	21.772	3.839	0	22.016
Impairment losses and depreciation at 31 December	172.001	229.918	18.523	0	181.156
Carrying amount at 31 December	**345.314**	**79.785**	**18.035**	**6.424**	**318.058**

Notes to the Financial Statements

7 Fixed asset investments

	Other receivables
	TDKK
Cost at 1 January	1.693
Additions for the year	847
Cost at 31 December	2.540
Carrying amount at 31 December	**2.540**

8 Contract work in progress

	2018	2017
	TDKK	TDKK
Selling price of work in progress	470	563
Payments received on account	-146	-679
	324	**-116**
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	324	0
Prepayments received recognised in debt	0	-116
	324	**-116**

Notes to the Financial Statements

9 Deferred tax asset

	2018 TDKK	2017 TDKK
Deferred tax asset at 1 January	23.436	22.310
Amounts recognised in the income statement for the year	3.582	1.126
Amounts recognised in equity for the year	1	0
Deferred tax asset at 31 December	**27.019**	**23.436**
Intangible assets	-1.848	-2.501
Property, plant and equipment	28.080	25.155
Contract work in progress	-26	-31
Other debts	813	813
Transferred to deferred tax asset	-27.019	-23.436
	0	**0**
Deferred tax asset		
Calculated tax asset	27.019	23.436
Carrying amount	**27.019**	**23.436**

The Company´s deferred tax asset amounts to TDKK 27.019 (2017: TDKK 23.436). The majority of the deferred tax asset amount is due to temporary differences in tax depreciations concerning fixed assets. The deferred tax assets has been computed based on a tax rate of 22 %.

Management has found it fair to recognise the tax asset at its full value as it is expected to be utilised according to the Company´s budgets and future projects.

10 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

Notes to the Financial Statements

11 Distribution of profit

	2018 TDKK	2017 TDKK
Extraordinary dividend paid	775.000	0
Proposed dividend for the year	0	52.717
Retained earnings	-724.923	0
	50.077	**52.717**

12 Other provisions

The company must pay civil servant pensions to current and former employees. Other provisions of TDKK 3,696 have been recognized for expected pension payments.

Other provisions	3.696	3.696
	3.696	**3.696**

13 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2018 TDKK	2017 TDKK
Credit institutions		
After 5 years	238.000	0
Between 1 and 5 years	184.000	0
Long-term part	422.000	0
Within 1 year	38.000	0
Other short-term debt to credit institutions	1.082	0
Short-term part	39.082	0
	461.082	**0**
Prepayments received from customers		
Between 1 and 5 years	8.885	13.732
Long-term part	8.885	13.732
Other prepayments from customers	5.206	5.097
	14.091	**18.829**

Notes to the Financial Statements

13 Long-term debt (continued)

	2018	2017
	TDKK	TDKK
Deposits		
Between 1 and 5 years	19.782	19.780
Long-term part	19.782	19.780
Within 1 year	0	0
	19.782	**19.780**

14 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:		
Within 1 year	1.932	1.664
Between 1 and 5 years	1.957	2.201
	3.889	**3.865**
Lease commitments in the non-cancellable periode	4.845	5.343
Other contractual obligation	1.069	1.062

Other contingent liabilities

The company has entered into few lease agreements with recovery obligations. The likelihood of a claim for restoration being assessed is considered to be low, and therefore no provision has been recognized for this.

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to TDKK 17,033. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

There are no further security and contingent liabilitites at 31 December 2018.

Notes to the Financial Statements

15 Related parties

	Basis
Controlling interest	
DK Infrastructure Bidco ApS, Banestrøget 19, DK-2630 Taastrup	Owns 100% of the share capital of the company.
DK Infrastructure Midco 2 ApS, Banestrøget 19, DK-2630 Taastrup	Parent company for DK Infrastructure Bidco ApS

Transactions

All of the Company's transactions have been carried out on an arm’s length basis.

Consolidated Financial Statements

The company is included in the consolidated financial statements of the following companies:

Name	Place of registered office
DK Infrastructure Topco ApS	DK-2630 Taastrup
DK Infrastructure Bidco ApS	DK-2630 Taastrup

Notes to the Financial Statements

16 Accounting Policies

The Annual Report of Cibicom A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2018 are presented in TDKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of DK Infrastructure Bidco ApS, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. 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 flow 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 will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Income Statement

Revenue

Revenue from the sale of services is recognised when the risks and rewards relating to the services have been rendered to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion

Notes to the Financial Statements

16 Accounting Policies (continued)

method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, work on own account recognised in assets and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group entreprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

16 Accounting Policies (continued)

Balance Sheet

Intangible assets

Intangible fixed assets acquired is measured at cost less accumulated amortisation.

Intangible fixed assets comprise the right of use for joint equipment on the master. The right of use is amortized on a straight-line basis over the 12-year contractual term of the rights.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	10-40	years
Plant and machinery	5-20	years
Masts and equipment	11-30	years
Other fixtures and fittings	2-15	years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Fixed asset investments

Fixed asset investments consist of deposits.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Notes to the Financial Statements

16 Accounting Policies (continued)

Contract work in progress

Contract work in progress is measured at 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.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and licenses.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the de-

Notes to the Financial Statements

16 Accounting Policies (continued)

ferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

Financial Highlights

Explanation of financial ratios

Return on assets	$\dfrac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\dfrac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\dfrac{\text{Net profit for the year x 100}}{\text{Average equity}}$