



**ZÜBLIN A/S**  
Hæstvej 46D  
8380 Trige  
CVR no. 26 42 84 24  
**Annual report 2016**

Adopted at the annual general meeting on 29 May 2017

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Niels Jessen  
Chairman

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## **Statement by management on the annual report**

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

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 company's financial position at 31 December 2016 and of the results of the company's operations for the financial year 1 January - 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and of the Company's operations and financial position.

Management recommends that the annual report should be approved at the annual general meeting.

Trige, 19 May 2017

### **Executive Board**

Per Engso Larsen

Søren Kjær

### **Board of Directors**

Jens-Henrik Stilhoff Nicolaisen  
Chairman

Steen Hager Nielsen

Andreas Frank Hähnig

Wolfgang Nagel

## Independent auditor's report

To the shareholder of ZÜBLIN A/S

### Opinion

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

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

### Basis for Opinion

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

### Management's 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.

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 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 additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

## Independent auditor's report

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

### Statement on 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 Financial Statements Act.

## **Independent auditor's report**

Based on our procedures, we conclude that 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 of management's review.

Aarhus, 19 May 2017

ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Henrik Pungvig Jensen  
state authorised public accountant

Kim R. Mortensen  
state authorised public accountant

## Company details

Name	ZÜBLIN A/S
Address	Hæstvej 46D, 8380 Trige
Website	<a href="http://www.zueblin.dk">www.zueblin.dk</a>
CVR-no.	26 42 84 24
Financial year	1 January - 31 December
Incorporated	1. January 2002
Domicile	Aarhus Kommune
Board of Directors	Jens-Henrik Stilhoff Nicolaisen, Chairman Steen Hager Nielsen Andreas Frank Hähnig Wolfgang Nagel
Executive Board	Per Engsø Larsen Søren Kjær
Auditors	ERNST & YOUNG Godkendt Revisionspartnerselskab Værkmestergade 25 8100 Aarhus C

## Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	2016	2015	2014	2013	2012
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
Revenue	1,329,497	1,099,943	1,090,704	544,200	199,033
Revenue, consolidated	1,588,602	1,271,093	1,253,910	580,559	274,051
Gross profit	181,613	211,192	142,109	68,546	56,364
Operating profit/loss	-11,345	29,300	-24,267	-11,259	10,810
Net financials	98	-362	-484	-732	-84
Profit/loss for the year	-7,916	22,404	-19,438	-9,284	7,779
Balance sheet total	505,424	733,576	440,673	231,436	119,027
Investment in property, plant and equipment	3,236	3,133	3,102	2,697	2,191
Share capital	1,000	1,000	1,000	1,000	1,000
Equity	75,476	83,392	60,988	20,899	30,184
<b>Financial ratios</b>					
Gross margin	13.7%	19.2%	13.0%	12.6%	28.3%
Operating margin	-0.9%	2.7%	-2.2%	-2.1%	5.4%
Current ratio	96.2%	100.4%	104.2%	122.1%	132.9%
Solvency ratio	14.9%	11.4%	13.8%	9.0%	25.4%
Return on equity	-10.0%	31.0%	-47.5%	-36.3%	29.6%
Average number of employees	306	279	232	111	68

The financial ratios are calculated in accordance with the Danish Finance Society's guidelines. For definitions, see the summary of significant accounting policies.



## Management's review

The company is a wholly-owned subsidiary of the German construction group, Ed. Züblin AG.

Ed. Züblin AG is part of STRABAG SE, which is one of Europe's largest construction companies.

The consolidated financial statements may be obtained at the parent company's website at [www.strabag.com](http://www.strabag.com).

Together with its parent company the company has a huge capacity and is a professional contractor on the market and a competent partner on appropriate projects. The company covers all areas of foundation, construction work, infrastructure and building constructions with focus on complex foundation projects, large stand alone buildings and construction projects in cooperation with its parent company or other partners.

As expected, ZÜBLIN A/S revenue in 2016 was 21% higher than compared to 2015. Volume of orders at the end of 2016 amounted to approx. DKK 1,0 billion.

ZÜBLIN A/S currently has 2 large operative divisions:

- Ground & Civil Engineering
- Building Construction

Revenue for 2016 for the 2 divisions:

Ground & Civil Engineering DKK 532,808 thousand (2015: DKK 556,896 thousand)

Building Construction DKK 796,689 thousand (2015: DKK 543,047 thousand)

Total DKK 1,329,497 thousand (2015: DKK 1,099,943 thousand)

Revenue for 2015 is reduced by DKK 171,150 thousand due to change of accounting principles related to recognition and measurement of joint ventures. Revenue for 2016 would have been DKK 259,105 thousand higher without this change of accounting principles.

## Financial review

In 2016, the Company's revenue came in at DKK 1,329,497 thousand against DKK 1,099,943 thousand last year. The income statement for 2016 shows a loss of DKK 7,916 thousand against a profit of DKK 22,404 thousand last year, and the balance sheet at 31 December 2016 shows equity of DKK 75,476 thousand.

Revenue is in line with expectations for 2016 whereas profits are lower and considered unsatisfactory. The result has been affected by major losses on two Civil Engineering projects and by a large warranty provision of DKK 26 million on a project finalized in an earlier year in Building Construction. The operating margin would have been positive (1%) without the warranty provision.

## Management's review

### Ground & Civil Engineering

In 2016, Ground & Civil Engineering took part in a number of projects, e.g.:

- Amagerforbrændingen, Copenhagen
- BIO 4, Harbour and Civil Work, Copenhagen
- Concrete works, TP40 and TP 50. New high-speed rail system Copenhagen – Ringsted (finalized in 2016)
- Kanalvejen, Lyngby
- Kløvermarken, Copenhagen
- Metro stairway to Nørreport Station, Copenhagen (finalized in 2016)
- New Metro to Nordhavnen, Copenhagen
- Road and tunnel project Nordhavnsvej, Copenhagen
- Subcontracts, anchor work and secant piles
- TSA Nordhavnsvej, Copenhagen (finalized in 2016)
- Underground car park Thomas B. Thriges Gade, Odense

Ground & Civil Engineering has performed satisfactorily on the defined strategy, however the result for the year has been affected negatively by two loss-making Civil Engineering projects.

The development of the tender pipeline is stable with focus on Ground & Civil Engineering's core market, and Ground & Civil Engineering will in 2017 be involved in several major tenders which will materialize in 2017/2018.

Revenue in 2017 is expected to be at a lower level than in 2016.

### Building Construction

In 2016 Building Construction focused on the construction of Axel Tower for ATP Ejendomme on Axeltorv and BLOX for Realdania Byg A/S. Both projects went according to plan in 2016.

The total revenue and result for Building Construction in Denmark was as expected.

The flow of new orders has decreased in 2016 leading to an expected decrease of revenue in 2017.

The tender pipeline has increased satisfactorily on projects with special focus on Teamconcept with an early participation in the process. It is expected that this positive increase will materialize in orders with startup in 2017/2018.

So far Building Construction's activity has been in large complicated projects. In the future, focus is also to increase pipeline with medium-sized projects for both public and private customers.

For further information regarding the Group's segmentation, reference is made to [www.strabag.com](http://www.strabag.com).

### Recognition and measurement uncertainties

In connection with presentation of the annual report for 2016, the recognition and measurement of items in the financial statement is not subject to any uncertainty beyond what is considered usual for the sector.

## **Management's review**

### **Knowledge resources**

The Company's most important knowledge resources are its employees and the parent company's know-how.

The Company works independently but in close cooperation with the parent company regarding project planning and design, development and adjustment of materials and execution of the Company's projects. The company also has close contact to affiliated companies in Sweden and Norway.

### **Special risks**

#### **Price risks**

The Company's projects involve a number of commercial and financial risks that may affect its development, operations and financial position. Commercial and financial risks are not deemed to vary significantly from other risks related to the business.

Through its business foundation and policies laid down, Management at all levels actively addresses the risks deemed to be material to the business, including price fluctuations on significant materials.

#### **Foreign currency risks**

Due to the Company's foreign activities, profit/loss, cash flows and equity are affected by the exchange rate and interest rate development of a number of currencies. It is company policy to hedge commercial foreign currency risks. The Company does not engage in any speculative currency transactions.

#### **Interest rate risks**

As net interest bearing debt is immaterial, moderate changes in the interest rate level will not directly affect earnings. Interest positions to hedge interest rate risks are therefore not entered into.

### **Statutory CSR report**

ZÜBLIN A/S' business strategy actively involves the environment and society and sets up targets for these areas. The Company in Denmark has not prepared its own policies for CSR, including climate, environment and human rights, but work based on overall group guidelines and policies for the area. Reference is made to the Group's report and information regarding CSR at <http://www.strabag.com>.

### **Account of the gender composition of management**

The Company's goal is to have at least 25% of both genders represented as board members appointed by the general meeting by the end of 2020. At the end of 2016, there were 3 men and no women on the board of directors.

ZÜBLIN A/S is working to achieve and maintain gender balance in the organization and to increase the percentage of the under-represented gender at senior management level. It is company policy to fill senior positions with the best candidates and at the same time to upgrade women's leadership talent. The percentage of women with management responsibility is 19% by the end of 2016. There are 2 women at top management level.

### **Post balance sheet**

No events have occurred after the balance sheet date which may materially affect the assessment of the Company's financial position.

## **Management's review**

### **Outlook**

ZÜBLIN A/S' level of activity in 2017 is expected to be 15-25% lower than in 2016.

Profit at the level of 2-3% of revenue is expected for 2017.

## Income statement 1 January - 31 December

	<u>Note</u>	<u>2016</u> TDKK	<u>2015</u> TDKK
<b>Revenue</b>		<b>1,329,497</b>	<b>1,099,943</b>
Construction materials, consumables and services used		-1,122,357	-877,363
Net income from investments in joint ventures		25,933	40,409
Other external expenses		-51,460	-51,797
<b>Gross profit</b>		<b>181,613</b>	<b>211,192</b>
Staff costs	4	-190,537	-179,732
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-2,421	-2,160
<b>Profit/loss before financial income and expenses</b>		<b>-11,345</b>	<b>29,300</b>
Financial income		784	444
Financial costs		-686	-805
<b>Profit/loss before tax</b>		<b>-11,247</b>	<b>28,939</b>
Tax on profit/loss for the year	5	3,331	-6,535
<b>Net profit/loss for the year</b>		<b>-7,916</b>	<b>22,404</b>
Distribution of profit/loss	6		

## Balance sheet 31 December

	<u>Note</u>	<u>2016</u> TDKK	<u>2015</u> TDKK
<b>ASSETS</b>			
Software		303	306
<b>Intangible assets</b>	7	<u>303</u>	<u>306</u>
Plant and machinery		340	530
Other fixtures and fittings, tools and equipment		6,490	5,433
Leasehold improvements		329	241
<b>Tangible assets</b>	8	<u>7,159</u>	<u>6,204</u>
Investments in joint ventures	9	112,109	86,177
<b>Fixed asset investments</b>		<u>112,109</u>	<u>86,177</u>
<b>Non-current assets total</b>		<u>119,571</u>	<u>92,687</u>
Raw materials and consumables		1,783	6,115
<b>Stocks</b>		<u>1,783</u>	<u>6,115</u>
Trade receivables		88,081	89,374
Contract work in progress	10	46,886	49,975
Receivables from group companies		8,033	13,244
Other receivables		4,360	3,178
Deferred tax asset	11	7,002	3,342
Prepayments		1,164	1,654
<b>Receivables</b>		<u>155,526</u>	<u>160,767</u>
<b>Cash</b>		<u>228,544</u>	<u>474,007</u>
<b>Current assets total</b>		<u>385,853</u>	<u>640,889</u>
<b>ASSETS TOTAL</b>		<u><u>505,424</u></u>	<u><u>733,576</u></u>

## Balance sheet 31 December

	<u>Note</u>	<u>2016</u> TDKK	<u>2015</u> TDKK
<b>EQUITY AND LIABILITIES</b>			
Share capital		1,000	1,000
Reserve for net revaluation under the equity method		74,476	82,392
<b>Equity</b>	12	<b><u>75,476</u></b>	<b><u>83,392</u></b>
Provisions	13	28,904	11,579
<b>Provisions total</b>		<b><u>28,904</u></b>	<b><u>11,579</u></b>
Trade payables		126,727	139,650
Contract work in progress	10	125,146	388,079
Payables to group companies		11,475	12,007
Payables to joint ventures		107,493	50,891
Corporation tax		1,216	3,183
Other payables		28,987	44,795
<b>Current liabilities</b>		<b><u>401,044</u></b>	<b><u>638,605</u></b>
<b>EQUITY AND LIABILITIES TOTAL</b>		<b><u><u>505,424</u></u></b>	<b><u><u>733,576</u></u></b>
Uncertainty in the recognition and measurement	2		
Special items	3		
Rental agreements and lease commitments	14		
Contingent assets, liabilities and other financial obligations	15		
Related parties and ownership	16		
Fee to auditors appointed at the general meeting	17		

## Statement of changes in equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity at 1 January 2016	1,000	82,392	0	83,392
Transfer to cover loss	0	-33,849	33,849	0
Net profit/loss for the year	0	25,933	-33,849	-7,916
<b>Equity at 31 December 2016</b>	<b>1,000</b>	<b>74,476</b>	<b>0</b>	<b>75,476</b>



## Notes

### 1 Accounting policies

The annual report of ZÜBLIN A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The annual report for 2016 is presented in DKK thousands.

#### Omission to present a cash flow statement

ZÜBLIN A/S is recognised in the consolidated financial statements of Strabag SE. In accordance with section 86 of the Danish Financial Statements Act, ZÜBLIN A/S has decided not to prepare any cash flow statement for the Company, as the Group's total cash flows have been consolidated into the group Strabag SE.

#### Changes in accounting policies

With effect from 1 January 2016 the company has implemented the changes to The Danish Financial Statements Act stated by act no. 738 of 1 June 2015. Consequently, the accounting policies have been changed in the following respects:

1. Yearly reassessment of residual values of property, plant and equipment
2. Recognition and measurement of investments in joint ventures

Re 1: In future, residual values of property, plant and equipment are subject to annual reassessment. The company has no significant residual values relating to property, plant and equipment. The change has no effect on net profit/loss, balance sheet total or equity for 2015 and 2016.

Re 2: Recognition and measurement of investments in joint ventures are changed from proportionate consolidation to the equity method of accounting. In the balance sheet the investment in joint ventures is now recognised as non-current asset. The proportionate share of income from joint ventures is recognised as operating result in the income statement instead of consolidating the proportionate share in revenue and costs. The balance sheet total per 31.12.2016 is reduced with DKK 107,489 thousand (2015: DKK 97,378 thousand). The change has no effect on net profit/loss and sum of equity for 2015 and 2016.

Comparative financial statements and 5-year summary have been adapted to the changes in accounting policies.

Apart from the above changes as well as new and changed presentation and disclosure requirements, which follow from act no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

#### Foreign currency translation

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

## Notes

### Accounting policies

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

### Income statement

#### Revenue

Income from construction contracts where the purchaser has significantly influenced the construction of the asset is recognised as revenue as the production activities are carried out, implying that revenue corresponds to the market value of the contract work performed (production method). This method is used where the total income and expenses and the degree of completion of the contract can be made up reliably.

Where the income from a construction contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable from the counterparty.

Income from the sale of services is recognised in revenue on a straight-line basis as the services are rendered, as the services are provided in the form of an indefinite number of actions over a specified period of time.

#### Construction materials, consumables and services used

Expenses for construction materials, consumables and services used include both direct and indirect costs incurred to generate revenue for the year as well as expected losses on ongoing construction work.

#### Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

#### Staff costs

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

#### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's 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. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions and surcharges and allowances under the advance-payment-of-tax scheme, etc.

## Notes

### Accounting policies

#### Tax

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

### Balance sheet

#### Intangible assets

Intangible assets including software are measured at cost less accumulated amortisation and impairment losses. Software is amortised on a straight-line basis over 3 years.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

#### Tangible assets

Items of plant and machinery, other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Leasehold improvements	2 - 3	years
Plant and machinery	3 - 5	years
Other fixtures and fittings, tools and equipment	3 - 5	years

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

## Notes

### Accounting policies

#### Investments in joint ventures

Investments in joint ventures are recognized and measured using the equity method.

The proportionate share of the profit or loss of the individual joint venture is recognised as operating result in the income statement after elimination of the proportionate share of intra-group gains or losses.

In the balance sheet investments in joint ventures are measured at the proportionate share of the net asset value of joint ventures, calculated on the basis of the company's accounting policies, less or plus unrealised intra-group gains or losses.

Investments in joint ventures with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the Company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised.

Net revaluations of investments in joint ventures are taken to the net revaluation reserve according to the equity method to the extent that the carrying amount exceeds the cost.

#### Stocks

Stocks are measured using the weighted average method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

#### Impairment of fixed assets

Intangible assets, property, plant and equipment are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there are indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets.

#### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective indication that a receivable is impaired, which is measured on an individual basis

#### Contract work in progress

Contract work in progress is measured at the market value of the work performed. The market value is measured based on the percentage of completion at the balance sheet date and the expected aggregate income from the individual work in progress. The percentage of completion is determined as the share of the costs incurred relative to the expected total costs for the individual work in progress.

## Notes

### Accounting policies

Where the market value of work in progress cannot be reliably determined, the market value is measured at the lower of costs incurred and net realisable value.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under 'Provisions' and is expensed in the income statement.

The individual work in progress is recognised in the balance sheet under receivables or payables. Net assets comprise the sum of work in progress where the selling price of the work performed exceeds invoicing on account. Net liabilities comprise the sum of work in progress where invoicing on account exceeds the selling price.

### Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

### Cash

Cash comprise bank deposits.

### Provisions

Provisions comprise expected expenses relating to guarantee commitments, losses on work in progress, reconstructions, etc. Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation concerned is expected to be settled far into the future.

Warranties comprise obligations to repair any defects within the warranty period of one to five years. Provisions for warranties are measured at net realisable value and recognised based on past experience.

If it is likely that total costs will exceed total income from contract work in progress, a provision is made for the total loss anticipated on the contract.

### Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

### Financial liabilities

Financial liabilities are measured at amortised cost.

## Notes

### Accounting policies

#### Deferred income

Deferred income comprises payments received concerning income in subsequent financial years.

### Segment information

With reference to section 96(3) of the Danish Financial Statements Act, segment information is not disclosed as the financial statements of ZÜBLIN A/S are fully consolidated into the consolidated financial statements of STRABAG SE, Austria, stating the information for the Group as a whole.

### Financial Highlights

Definitions of financial ratios.

Gross margin ratio	$\frac{\text{Gross Profit} \times 100}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$
Return on equity	$\frac{\text{Net profit/loss for the year} \times 100}{\text{Average equity}}$
Current ratio	$\frac{\text{Current assets total} \times 100}{\text{Current liabilities}}$
Operating margin	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$

## Notes

### 2 Uncertainty in the recognition and measurement

The measurement of the net asset value of certain assets and liabilities requires an estimate of the effect of future events on these assets and liabilities on the balance sheet date.

The applied estimates are based on conditions considered reasonable by the management; however, these estimates will inherently be uncertain and unpredictable. The conditions might be incomplete or inaccurate, or unexpected events or circumstances might occur. Furthermore, the company is subject to risks and uncertainties that could lead to the actual results deviating from these estimates.

Estimates which are important to the presentation of the annual report relate mainly to measurement of the market value of contract work in progress, which among other things are assessed on the basis of anticipated remaining costs and income. Furthermore, it depends on the outcome of disputes concerning claims for additional payment, etc., which is determined among other things by the stage of negotiations with the counterpart as well as by an assessment of the probability of the outcome.

### 3 Special items

Special items for the year comprise warranty provision DKK 26,175 thousand (2015: DKK 1,256 thousand). The warranty provision relates to unexpected costs on a project finalized in an earlier year. As disclosed in the Management's review, page 7, the result for the year is affected by this matter.

### 4 Staff costs

	2016	2015
	TDKK	TDKK
Wages and salaries	174,242	164,456
Pensions	13,338	12,133
Other social security costs	902	1,109
Other staff costs	2,055	2,034
	<b>190,537</b>	<b>179,732</b>
Remuneration to members of current and former management in the financial year:		
Executive Board	5,671	4,970
Board of directors	0	0
	<b>5,671</b>	<b>4,970</b>
Average number of employees	306	279

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

Current tax for the year	1,213	3,000
Deferred tax for the year	-3,660	3,607
Adjustment of tax concerning previous years	-884	-72
	<b>-3,331</b>	<b>6,535</b>

## Notes

	<u>2016</u>	<u>2015</u>
	TDKK	TDKK
<b>6 Distribution of profit</b>		
Reserve for net revaluation under the equity method	25,933	40,409
Retained earnings	<u>-33,849</u>	<u>-18,005</u>
	<b><u>-7,916</u></b>	<b><u>22,404</u></b>

## 7 Intangible assets

	<u>Software</u>
Cost at 1 January 2016	510
Additions for the year	<u>139</u>
Cost at 31 December 2016	<u>649</u>
Impairment losses and amortisation at 1 January 2016	204
Amortisation for the year	<u>142</u>
Impairment losses and amortisation at 31 December 2016	<u>346</u>
<b>Carrying amount at 31 December 2016</b>	<b><u>303</u></b>

## 8 Tangible assets

	<u>Plant and machinery</u>	<u>Other fixtures and fittings, tools and equipment</u>	<u>Leasehold improvements</u>
Cost at 1 January 2016	1,182	11,786	382
Additions for the year	0	2,970	266
Cost at 31 December 2016	<u>1,182</u>	<u>14,756</u>	<u>648</u>
Impairment losses and depreciation at 1 January 2016	652	6,354	141
Depreciation for the year	190	1,912	178
Impairment losses and depreciation at 31 December 2016	<u>842</u>	<u>8,266</u>	<u>319</u>
<b>Carrying amount at 31 December 2016</b>	<b><u>340</u></b>	<b><u>6,490</u></b>	<b><u>329</u></b>



## Notes

	2016	2015
	TDKK	TDKK
<b>9 Investments in joint ventures</b>		
Cost at 1 January 2016	0	0
Additions for the year	0	0
Cost at 31 December 2016	0	0
Revaluations at 1 January 2016	86,176	45,768
Net profit/loss for the year	25,933	40,409
Revaluations at 31 December 2016	112,109	86,177
<b>Carrying amount at 31 December 2016</b>	<b>112,109</b>	<b>86,177</b>

Investments in joint ventures are specified as follows:

Name	Place of registered office	Ownership
Nordhavnsvej Konsortiet I/S	Copenhagen	50%
MetNord JV I/S (votes 50%)	Copenhagen	60%
Züblin - MTH JV. Navitas	Aarhus	50%
MT Højgaard - Züblin JV	Gladsaxe	50%

## 10 Contract work in progress

Work in progress, selling price	2,610,507	1,615,349
Work in progress, payments received on account	-2,688,767	-1,953,453
	<b>-78,260</b>	<b>-338,104</b>
Recognised in the balance sheet as follows:		
Contract work in progress under assets	46,886	49,975
Contract work in progress under liabilities	-125,146	-388,079
	<b>-78,260</b>	<b>-338,104</b>

## Notes

	<u>2016</u>	<u>2015</u>
	TDKK	TDKK
<b>11 Provision for deferred tax</b>		
Provision for deferred tax at 1 January 2016	-3,342	-7,508
Adjustments	0	560
Provision in year	-3,660	3,606
Transferred to deferred tax assets	<u>7,002</u>	<u>3,342</u>
<b>Provision for deferred tax at 31 December 2016</b>	<b><u>0</u></b>	<b><u>0</u></b>
 <b>Provisions for deferred tax on:</b>		
Non-currents assets	-6,428	-1,071
Other provisions	-574	-2,271
Transferred to deferred tax asset	<u>7,002</u>	<u>3,342</u>
	<b><u>0</u></b>	<b><u>0</u></b>
 Deferred tax has been provided at 22.0% corresponding to the current tax rate.		
 <b>Deferred tax asset</b>		
Calculated tax asset	<u>7,002</u>	<u>3,342</u>
<b>Carrying amount</b>	<b><u>7,002</u></b>	<b><u>3,342</u></b>

## 12 Equity

The share capital comprise 1,000 shares of a nominal value of DKK 1,000. No shares carry any special rights. There have been no changes in the share capital during the last 5 years.

## 13 Provisions

Other provisions comprise provision for warranty commitment, totalling DKK 27,431 thousand (2015: DKK 1,256 thousand), provisions for losses on construction contracts in progress totalling DKK 1,473 thousand (2015: DKK 10,323 thousand). Other provisions are expected to mature with DKK 18,320 thousand within 1 year and DKK 9,111 thousand within 1-5 years.

## 14 Rental agreements and lease commitments

### Rental and lease commitments

Within 1 year	3,895	2,613
Between 1 and 5 years	<u>5,607</u>	<u>343</u>
	<b><u>9,502</u></b>	<b><u>2,956</u></b>

## Notes

### 15 Contingent assets, liabilities and other financial obligations

The company is jointly taxed with the other Danish enterprises in the Strabag Group. As administrative company, the Company has joint and several unlimited liability together with the other enterprises for Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation unit. The jointly taxed enterprises' total known net liability for corporation taxes and withholding taxes on dividends, interest and royalties amounted to DKK 0 thousand at 31 december 2016. Any subsequent corrections to the joint taxation income or withholding taxes, etc. may entail the Company's liability will increase.

For contract works the company has provided collateral by bank guarantees totalling DKK 581 million (2015: DKK 632 million). The Company participates in joint ventures with joint and several liability, where collateral is also provided by bank guarantees totaling DKK 423 million (2015: DKK 446 million).

### 16 Related parties and ownership

ZÜBLIN A/S' related parties comprise the following:

#### Controlling interest

Züblin Spezialtiefbau GmbH, Albstadtweg 1, D-70567 Stuttgart, Germany

#### Transactions

Transactions with related parties comprise transactions with companies within the Strabag SE group including joint ventures in Denmark.

Work and services performed DKK 150,010 thousand (2015: DKK 130,291 thousand)

Work and services received DKK 134,987 thousand (2015: DKK 169,393 thousand)

Receivables as at 31.12 DKK 8,033 thousand (2015: DKK 13,244 thousand)

Liabilities as at 31.12 DKK 118,967 thousand (2015: DKK 62,898 thousand)

Remuneration/fees to members of the Executive Board and the Board of Directors are reflected in note 4.

#### Consolidated financial statements

The Company is included in the group annual report of Strabag SE, Austria.

The group annual report of Strabag SE, Austria, may be obtained at the following address:

[www.strabag.com](http://www.strabag.com)

### 17 Fee to auditors appointed at the general meeting

ZÜBLIN A/S is recognised in the consolidated financial statement of Strabag SE in which information about fee to auditors is provided for the group.