

FM-Søkjær Entreprise A/S

Plutovej 3, DK-8700 Horsens

CVR no. 26 86 62 86

Financial statements for the year ended 31 December 2015

Approved at the Company's annual general meeting on 31 May 2016

Chairman:



Peter Ahlers Sørensen

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of FM-Søkjær Entreprise A/S for the financial year 1 January - 31 December 2015.

The annual report has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

It is our opinion that the financial statements and the company financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2015.

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

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

Horsens, 31 May 2016

Executive Board:


Ejvin Legaard
CEO

Board of Directors:


Steffen Martin Baungaard
Chairman


Jesper Svendsen


Søren Haugaard

Independent auditors' report

To the shareholders of FM-Søkjær Entreprise A/S

Independent auditors' report on the financial statements and the company financial statements

We have audited the financial statements and the company financial statements of FM-Søkjær Entreprise A/S for the financial year 1 January - 31 December 2015, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies for the company. The financial statements and the company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

Management's responsibility for the financial statements and the company financial statements

Management is responsible for the preparation of financial statements and company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements and company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements and the company 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 as to whether the financial statements and the company 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 and the company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements and the company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements and company 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 Company'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 evaluating the overall presentation of the financial statements and the company financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements and the company financial statements give a true and fair view of the company's financial position at 31 December 2015 and of the results of the company's operations and cash flows for the financial year 1 January - 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

Independent auditors' report

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements and the company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements and the company financial statements.

Aarhus, 31 May 2016

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Steen Skorstengaard
State Authorised
Public Accountant



Lone Nørgaard Eskildsen
State Authorised
Public Accountant

Management's review

The Group's key activities

As in previous years, the Group's primary activities include the construction and sale of houses, primarily single-family houses at the customers own account in Denmark, Sweden and Germany.

Group structure and new owner

In the financial year, EQT acquired HusCompagniet's ultimate parent, HC TopCo A/S, via the company Diego HC A/S - closing date was 18 August 2015. Diego HC TopCo A/S, which is the ultimate parent company of the Group and owned by EQT's foundation VI, is the owner of Diego HC A/S.

The new ownership is positive seen in relation to the Company's strategy for which growth and continued focus on the customers will still be decisive to the Company's development.

As the closing date was 18 August 2015, the ultimate parent company, Diego HC TopCo A/S, presented financial statements for the four-month period 1 September 2015 - 31 December 2015. A purchase price allocation has been made in the parent company into the relevant assets, just as the depreciation policy has been determined for the various assets. Goodwill is allocated into the relevant CGUs, which are determined to be country level.

In this review we have primarily commented on the operational elements in HusCompagniet Group.

Development of the business in 2015

As in the recent years, 2015 showed continued progress. The Group handed over 1,151 houses compared to 1,010 houses in 2014, and revenue totalled DKK 2,228 million compared to DKK 1,775 million in 2014, an increase of DKK 453 million, corresponding to 26% for the full year 2015.

The volume of orders of HusCompagniet at 31 December 2015 was higher than at 31 December 2014, and is deemed to form a sound basis for further growth in 2016.

The Group generated an operating profit before depreciation and amortisation, interest and special items in 2015 (EBITDA) of DKK 229 million (2014: DKK 189 million) in accordance with IFRS accounting policies, which is considered satisfactory.

The Company incurred non-recurring special costs of DKK 30 million (2014: DKK 0 million), which are deemed to be extraordinary costs. The costs are directly or indirectly related to the acquisition of HC TopCo A/S by Diego HC A/S (EQT VI), primarily organisational costs and advisory services costs.

The profit for 2015 showed a positive cash flow from operations of DKK 118 million (2014: DKK 235 million).

Management's review

In 2012, HusCompagniet established a branch in Handewitt, Germany. The expansion in Germany continued in 2014 and another branch was established in Neumünster, which is the Group's largest branch. In 2015, yet another branch was opened in Hamburg, and the Group now has three branches in Germany.

There is considerable interest for HusCompagniet's houses in Germany and long-term prospects are promising. In 2015, sales in Germany showed an upward trend and the level is satisfactory.

In Sweden, the Group is still working from the branches in Malmö and Gothenburg. Focus on the market surrounding Gothenburg has been intensified, and the Group expects this branch to make a higher contribution to growth in Sweden.

Overall, Management considers the profit realised in 2015 satisfactory.

The Group's market share in Denmark is deemed to be 20% - 30% at present.

Financing

The Group's solvency ratio is 51% and the cash balance is DKK 262 million. Furthermore, the Group has drawing rights through revolving credit facilities in the Group's bank of DKK 200 million. See "Financial risks" for more details.

As part of the financing of Diego HC's purchase of HusCompagniet group, two long-term loans with a total principal amount of DKK 900 million have been taken.

Uncertainty of recognition and measurement

The Group's holding of land plots is valued at the lower of cost and net realisable value. In general, the land is developed by HusCompagniet before start-up of the building projects, and the individual plots are assessed individually.

Employee relations

In 2015 new employees were hired, which has strengthened the Group's knowledge base and qualifications. During the year, capacity adjustments were made to reflect the level of activities.

Average number of employees 2014	231
Average number of employees 2015	260

In order to deliver competitive products at a fair price and of good quality, it is decisive that the Group is able to recruit and retain its employees.

Events after the balance sheet date

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

Expected development

In 2016, Management expects revenue to grow in line with the market. Expected earnings are still affected by the investments made and costs incurred in connection with HusCompagniet's expansion in the Swedish and German markets.

Management's review

Corporate governance

Diego HC TopCo's Board of Directors and Executive Board always aim at ensuring that the Group's management structure and control systems are appropriate and function satisfactorily. Management assesses on an ongoing basis whether this is the case.

Management's tasks are among other things based on the Danish Companies Act, the Danish Financial Statements Act, IFRS, the Company's Articles of association and ethical guidelines as well as good practice for enterprises of the same size and with the same reach as HusCompagniet. Furthermore being owned by a private equity fund, the Company complies with DVCA's guidelines on responsible ownership and corporate governance. Based on this, a number of internal procedures have been developed and they are regularly updated in order to ensure an active, safe and profitable management of the Group.

Risks

General risks

The most significant operating risk of the Company relates to general development in macroeconomics, market conditions, primarily the number of new single-family houses built.

Financial risks

Due to its operations, investments and financing, the Group is exposed to changes in interest rates. The parent company manages the Group's financial risks centrally and coordinates the Group's cash management, including new funding and placement of excess liquidity. The Group follows a finance policy approved by the Board of Directors which operates with a low risk profile; accordingly interest and credit risks only arise from commercial activities.

Management assesses on a regular basis whether the Group's capital structure is adequate.

Subsequent to EQT VI's acquisition of the Group, Diego HC A/S became the owner of HC TopCo A/S. As a part of the new ownership new interest-bearing loans have been taken in Diego HC A/S.

No changes to the Group's guidelines and procedures for management of the capital structure and the administration hereof have been made in 2015.

Statutory report on corporate social responsibility

Statutory report on corporate social responsibility in accordance with section 99a of the Danish Financial Statements Act.

Customer confidence, security and satisfaction are key issues for HusCompagniet. Operating in the building industry, HusCompagniet has to comply with various legislation and a number of rules that put high demands on the Company in all phases of the building process, ranging from the contract with the customer to working environment at the building site and from indoor climate of the house to energy consumption.

HusCompagniet supports such regulations that provide more security and satisfaction to the customers and a better working place for its employees and sub-suppliers. HusCompagniet operates within the rules and regulations in force at all times.

HusCompagniet continuously focuses on providing the best conditions for its customers' satisfaction living in the houses by using sound materials that are processed in a socially acceptable manner and ensures a healthy indoor climate.

The Company has no written policies that relate to section 99a.

Management's review

Stakeholders

HusCompagniet seeks to develop and maintain good relations with its stakeholders on an on-going basis, as such relations are assessed to have a significant and positive effect on the Group's development.

Based on this a communication policy has been made together with specific policies for various key areas such as employees and responsibility towards customers and the society in general.

The communication policy and related procedures are made to ensure that information relevant to investors, employees and authorities are available to them and made public in accordance with rules and agreements.

It is the Board of Directors' responsibility to ensure compliance and to regularly adjust the policies in accordance with the development in and around the Company.

Recommendations for active ownership and corporate governance for private equity funds

In June 2011, the Danish Venture And Private Equity Association ("DVCA") issued guidelines for responsible ownership and corporate governance for private equity funds and companies controlled by them.

The recommendations contain guidelines for the description of a number of matters in the Management commentary, including corporate governance, financial risks, employee matters and strategy.

Being a company owned by a private equity fund, HusCompagniet must either follow those recommendations or explain why the recommendations are not followed in whole or in part. HusCompagniet's corporate governance, which is described above, complies in general with DVCA's recommendations except for the recommendation made according to which the annual report must include a description of the Company's revenue and earnings expectations, which only has been made to a limited extent as the Company works in a market characterised by considerable uncertainty and for competitive reasons.

Report on the gender composition of the management

The target figure for the Board of Directors only includes the members elected by the annual general meeting, and consequently, employee representatives are not included.

As to the Board of Directors, the target figure previously laid down for the share of female members on the Board of Directors was 20% (corresponding to 1 person). In connection with EQT's acquisition of the HC TopCo Group, changes have been made to the ultimate Group Board of Directors, as at present there are no female members of the Board of Directors.

Other executive levels of the Group are represented by approx. 5% female managers. The aim is to have diversity in the recruitment process and to make recruitments at a high qualification level and at the same time to reflect the society which we are a part of.

The target remains 10% female employees at key positions. The Group considers this as an ambitious target in an industry dominated by male employees.

Shareholder relations

The Board of Directors assesses on an on-going basis whether the Company's capital structure is in accordance with the Company's and its partners' interests. The overall aim is to ensure a capital structure which supports a long-term profitable growth.

Diego HC TopCo A/S' share capital is divided into three share classes. A shares that carry no voting rights, B shares that carry 10 votes per share and C shares that carry one vote per share.

Management's review

A shares have preferential rights of distribution, corresponding to a maximum of 9% p.a. (incl. compound interest). B shares and C shares receive the amount remaining after the A shares' preferential right.

EQT exercises control over the Company. EQT VI is represented on the Board of Directors through the board member, Andreas Aschenbrenner and Mads Ditlevsen. Moreover, EQT has appointed Tore Thorstensen (Chairman), Allan Jørgensen, Matthew Russell and Jan Buck-Emden for the Board of Directors.

The Board of Directors' role and responsibilities

The Boards of Directors of Diego HC TopCo A/S and its subsidiaries ensure that the Executive Boards comply with the Boards of Directors' aims, strategies and business procedures. Information from the Executive Boards of the individual companies is given systematically at meetings and through written and oral reporting. This reporting e.g. comprises the development in the Company's surroundings, the Company's development and profitability and the financial position.

The Board of Directors of Diego HC TopCo A/S holds meetings according to a fixed schedule at least six times a year. Usually one strategy seminar is held once a year during which the Company's vision, goals and strategy are settled. In the period between the ordinary meetings of the Board of Directors, the Board of Directors receive, on a regular basis, written information on the Company's and the Group's financial position, and extraordinary meetings are held if required.

The Board of Directors may set up a committee for special assignments. An audit committee has been set up to attend to accounting and audit assignments on a regular basis.

Management remuneration

In order to attract and maintain the Group's managerial qualifications, the members of the Executive Board and executive employees' remuneration is set according to tasks, value created and terms in comparable companies. Remuneration includes incentive programmes which should ensure shared interest of the Company's Management and the shareholders as the schemes consider both short-term as well as long-term goals.

In addition to the usual performance-related bonus scheme, certain employees of the Group take part in the Group's share investment programme. Remuneration of the Board of Directors and the Executive Board is disclosed in a note to the annual report. Some of the members of the Board of Directors of Diego HC TopCo A/S take part in the Company's share investment programme.

The Board of Directors' direct shareholdings (as a Group)

At the end of 2015, members of the Board of Directors held 77,460 shares in Diego HC TopCo A/S, corresponding to 0.54% of the total share capital.

Management review

Corporate information

Registered office	FM-Søkjær Entreprise A/S Plutovej 3 DK-8700 Horsens
CVR no.	26 86 62 86
Financial year	1 January - 31 December
Webpage	www.huscompagniet.dk
Board of directors	Steffen Martin Baungaard, Chairman Jesper Svendsen Søren Haugaard
Executive board	Ejvin Legaard, CEO
Bank	Nordea Bank Danmark A/S
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, DK-8000 Aarhus C

Management review

Key figures

DKK'm	2015	2014	2013*	2012*	2011*
Revenue	17	20	25	26	26
Gross profit	1	-1	-2	1	2
Operating profit before depreciation and special items (EBITDA)	-	-4	-2	1	2
Operating profit	-1	-4	-2	1	1
Financial items	-	-	-	-	-
Net profit	-1	-3	-1	1	1

Total assets	7	7	9	8	7
Equity	-	1	4	5	4

Cash flow from operating activities before interest and tax	0	0	-1	1	2
Cash flow from operating activities	1	2	-2	1	1

Key figures

Gross margin	6.5	-5.5	-6.9	5.3	7.8
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Average number of employees	36	50	53	45	49
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*The key figures for 2011, 2012 and 2013 is prepared in accordance with Danish GAAP, and has not been restated in accordance with IFRS as adopted by the EU.

Financial statements 1 January - 31 December

Income Statement for the year ended 31 December

Notes	DKK'000	2015	2014
7	Revenue	16,532	20,462
	Production costs	15,458	21,580
	Gross profit	1,074	-1,118
	Other operating income	376	74
8	Staff costs	0	0
	Other operating expenses	1,899	2,621
	Operating profit before depreciation and amortisation and special items (EBITDA before special items)	-449	-3,665
9	Depreciation and amortization	723	640
	Special items, net	0	0
	Operating profit	-1,172	-4,305
10	Finance costs	62	87
11	Finance income	22	39
	Profit before tax	-1,212	-4,353
12	Income tax	-281	-1,058
	Profit for the year	-931	-3,295
	Profit for the year		
	Attributable to		
	Equity holders of the parent	-931	-3,295

Statement of other comprehensive income for the year ended 31 December

Notes	DKK'000	2015	2014
	Profit for the year	-931	-3,295
	Other comprehensive income, net of tax	0	0
	Total comprehensive income for the year, net of tax	-931	-3,295
	Total comprehensive income attributable to:		
	Equity holders of the parent	-931	-3,295

Financial statements 1 January - 31 December

Statement of financial position as at 31 December

Notes	DKK'000	2015	2014	1/1 2014
	Assets			
	Non-current assets			
13	Property, plant and equipment	2,643	2,133	2,492
	Total non-current assets	2,643	2,133	2,492
	Current assets			
14	Construction contracts	0	1,899	3,278
19	Trade and other receivables	0	0	608
	Receivables from affiliated companies	4,231	3,130	2,321
16	Income tax receivables	0	426	1,013
	Total current assets	4,231	5,455	7,220
	Total assets	6,874	7,588	9,712
	Equity and liabilities			
15	Equity			
	Share capital	500	500	500
	Retained earnings	-541	390	3,685
	Total equity	-41	890	4,185
	Non-current liabilities			
11	Deferred tax liabilities	96	429	60
	Total non-current liabilities	96	429	60
	Current liabilities			
16	Income tax payable	452	0	0
	Other liabilities	2,654	3,305	1,772
18	Bank overdrafts	3,472	2,758	3,305
	Payables to affiliated companies	117	129	260
19	Trade and other payables	124	77	130
	Total current liabilities	6,819	6,269	5,467
	Total liabilities	6,915	6,698	5,527
	Total equity and liabilities	6,874	7,588	9,712

Financial statements 1 January - 31 December

Statement of cash flows for the year ended 31 December

Notes	DKK'000	2015	2014
	Operating activities		
	Profit before tax	-1,212	-4,353
21	Other adjustments	387	614
	Working capital adjustments:		
	Increase in construction contracts and inventory	-1,899	1,987
	Increase in trade and other payables	-604	1,480
	Net cash flows from operating activities before interest and tax	470	-272
	Interest received	22	39
	Interest paid	-62	-87
	Income tax paid	826	2,014
	Net cash flows from operating activities	1,256	1,694
	Investing activities		
	Purchase of property, plant and equipment	-857	-207
	Net cash flows used in investing activities	-857	-207
	Financing activities		
	Prepayment/ Proceeds from payables to affiliated companies	-1,113	-940
	Net cash flows from/(used in) financing activities	-1,113	-940
	Net increase in cash	-714	547
	Cash at 1 January	-2,758	-3,305
18	Cash at 31 December	-3,472	-2,758

Financial statements 1 January - 31 December

Statement of changes in equity

for the year ended 31 December 2015

DKK'000	Issued capital	Retained earnings	Foreign currency translation reserve	Total equity
As at 1 January 2015	500	390	0	890
Comprehensive income for the year				
Profit for the year	-	-931	-	-931
Other comprehensive income	-	-	-	-
Total comprehensive income	0	-931	0	-931
Transactions with owners of the company				
Dividends	-	-	-	-
Total transactions with owners of the company	0	0	0	0
At 31 December 2015	500	-541	0	-41

for the year ended 31 December 2014

DKK'000	Issued capital	Retained earnings	Foreign currency translation reserve	Total equity
As at 1 January 2014	500	3,685	0	4,185
Comprehensive income for the year				
Profit for the year	-	-3,295	-	-3,295
Other comprehensive income	-	-	-	-
Total comprehensive income	0	-3,295	0	-3,295
Transactions with owners of the company				
Dividends	-	-	-	-
Total transactions with owners of the company	0	0	0	0
At 31 December 2014	500	390	0	890

Financial statements 1 January - 31 December

Notes to the financial statements

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Financial statements 1 January - 31 December

Notes to the financial statements

1 Corporate information

The financial statements of FM-Søkjær Entreprise A/S for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 31 May 2016. FM-Søkjær Entreprise A/S (the Company or the parent) is a limited company incorporated and domiciled in Denmark. The registered office is located at Plutovej 3, 8700 Horsens.

The Company is principally engaged in construction and sale of single-family-houses in Denmark, Sweden and Germany.

2 Basis of preparation

These financial statements are the first financial statements prepared by the Company in accordance with International Financial Reporting Standards as adopted by the EU ('IFRS'). IFRS 1 (transition disclosures) is stated in note 6 below.

The financial statements are expressed in DKK, as this is the Company's functional and presentation currency. All values are rounded to the nearest thousand DKK'000 where indicated.

The financial statements have been prepared on a historical cost basis, except as noted in the various accounting policies.

Applied materiality

The financial statements are a result of processing large numbers of transactions and aggregating those into classes according to their nature or function. The aggregated transactions are presented in classes of similar items in the financial statements. Line items not individually material are aggregated with other items of a similar nature in the financial statements or in the notes.

IFRS disclosure requirements are substantial. Management provides specific disclosures required by IFRS unless the information is considered immaterial to the financial decision-making of the users of these financial statements and otherwise not warranted or not applicable.

3 Summary of significant accounting policies

Foreign currencies

The financial statements are presented in DKK.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Financial statements 1 January - 31 December

Notes to the financial statements

3 Summary of significant accounting policies (continued)

Income taxes

Current income tax

The company is jointly taxed with the Company and all Danish subsidiaries. The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. The jointly taxed companies are taxed under the on-account tax scheme.

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit (loss) for the year is recognized in the income statement, and the tax expense relating to amounts recognized in other comprehensive income is recognized in other comprehensive income.

Current tax payable is recognized in current liabilities and deferred tax is recognized in non-current liabilities. Tax receivable is recognized in current assets and deferred tax assets are recognized in non-current assets.

Deferred tax

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable values.

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

Revenue recognition

Sale of completed (non-contracted)

Revenue from sale of completed non-contracted houses is recognised when the significant risks and rewards have been transferred to the buyer, which is on delivery of the house to the customer.

Sales of houses before or during construction (contracted)

Sale of contracted houses, when the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage-of-completion method of revenue recognition is applied. For such contracts, revenue is recognised as work progresses.

Financial statements 1 January - 31 December

Notes to the financial statements

3 Summary of significant accounting policies (continued)

Continuous transfer of work in progress is applied when:

- The buyer controls the work in progress, typically when the land plot on which the development takes place is owned by the final customer, and
- All significant risks and rewards of ownership of the work in progress in its present state are transferred to the buyer as construction progresses, typically, when buyer cannot put the incomplete property back to the Company

In such situations, the percentage of work completed is measured based on the costs

Production costs

Production costs include direct and indirect costs of raw materials and consumables incurred in generating the revenue for the year.

Other operating expenses

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

Other operating income

Other operating income includes income from secondary activities such as gains/losses from sale of property, plant and equipment.

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.

Special items

Special items include significant income and costs of a special nature in terms of the Company's revenue-generating operating activities which cannot be attributed directly to the Company's ordinary operating activities. Such income and costs include the cost related to significant restructuring of processes and fundamental structural adjustment, as well as gains or losses arising in this connection, and which are significant over time.

Special items also include items, that by nature are non-recurring, specifically impairment of goodwill, gains and losses on the disposal of activities and transaction cost in a business combination.

These items are classified separately in the income statement, in order to provide a more accurate and transparent view of the Company's recurring operating profit.

Financial items

Financial income and expenses comprise interest income and expenses, cost of permanent loan facilities, gains and losses on securities, receivables, payables, and transactions denominated in foreign currencies, amortisation of financial assets and liabilities, etc.

Financial statements 1 January - 31 December

Notes to the financial statements

3 Summary of significant accounting policies (continued)

Intangible assets

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, other plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and costs of materials, components, suppliers, direct wages and salaries and indirect production costs until the date when the asset is available for use.

Depreciation is provided on a straight-line basis over the expected useful lives, which are 3-5 years for operating assets and equipment, and 3-5 for leasehold improvements.

Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition, are accounted for, as follows:

- Raw materials: purchase cost on a first-in/first-out basis
- Work in progress and finished houses (non-contracted construction): cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Financial statements 1 January - 31 December

Notes to the financial statements

3 Summary of significant accounting policies (continued)

Construction contracts

Construction contracts are measured at the sales value of the work performed.

Construction contracts are characterised by the manufactured products containing a high degree of individualisation in terms of design. Furthermore, it is a requirement prior to the commencement of the work that a binding contract has been entered into, which is compensated at cancellation.

The sales value is measured based on the level of completion at the balance sheet date and the total expected income from the individual contract work. The percentage of completion is calculated on the basis of an assessment of the completed work, normally calculated as the relationship between the costs and the total expected costs for the construction contract.

When it is likely that the total construction costs for a construction contract will exceed the total construction income, the expected loss on the construction contract is immediately included as an expense.

When the sales value of a construction contract cannot be measured reliably, the sales value is measured as the costs to be spent on the construction which the Company considers to be the most probable to recover.

Construction contracts for which the sales value of the work performed exceeds the invoicing on account and expected loss are recognised as receivables. Construction contracts for which invoicing on account and expected losses exceed the sales value, are recognised as a liability.

Prepayments from customers are recognised as a liability.

Expenses in connection with sales work and obtaining contracts are recognised in the income statement as incurred.

Trade and other receivables

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date on which the Company commits to purchase or sell the asset.

The Company's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables.

Other receivables are deposits on leaseholds. On initial recognition, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR) less impairment. The EIR amortisation is included in financial income in the income statement. The losses arising from impairment are recognised in the income statement in financial expenses.

Financial statements 1 January - 31 December

Notes to the financial statements

3 Summary of significant accounting policies (continued)

Financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

The Company's financial liabilities comprise other payables, which primarily consist of staff-related costs not due for payment.

Cash and short-term deposits

Cash and short-term deposits comprise cash at banks and on hand and demand deposits.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Provisions

Provisions differ from other liabilities in that there is a degree of uncertainty concerning when payment will occur or concerning the size of the amount required to settle the provision. Provisions are recognized in the balance sheet when a legal or informal commitment exists due to an event that has occurred, it is probable that an outflow of resources will be required to settle the commitment and the amount can be estimated reliably.

Other financial liabilities

Loans and other financial liabilities, such as accounts payable, are included in this category. Liabilities are recognized at amortized cost.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

Financial statements 1 January - 31 December

Notes to the financial statements

4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reporting in these financial statements and the accompanying notes. These estimates are based on historical experiences, other relevant information available at the reporting date and expectation of future events that are believed to be reasonable under the circumstances and as such, actual results could differ from those estimates.

In the process of applying the Company's accounting policies, management has made estimates and assumption related to the following:

Percentage-of-completion profit recognition

A fundamental condition for being able to estimate percentage-of-completion profit recognition is that project revenues and project costs can be established reliably. This reliability is based on such factors as compliance with the Company's systems for project control and that project management has the necessary skills.

The assessment of project revenues and project costs is based on a number of estimates and assessments that depend on the experience and knowledge of project management in respect of project control, training and the prior management of projects. There is a risk that the final result will differ from the profit accrued based on percentage-of-completion. At year-end, recognized revenues amounted to DKK 17 million (2014: 20 million), refer to Note 16 Construction contracts.

Guarantee commitments

At year-end, the guarantee provision amounted to DKK 3 million (2014: 3 million), refer to Note 18 Provisions. Provisions for future costs due to guarantee commitments are recognized at the amount expected to be required to settle the commitment on the balance-sheet date. This estimate is based on calculations, assessments by company management and experiences gained from past transactions.

Guarantee obligations, legal disputes, etc.

Within the framework of its regular business operations, The Company occasionally becomes a party to legal disputes. In such cases, an assessment is made of the Company's obligations and the probability of a negative outcome for the Company. The Company's assessment is made on the basis of the information and knowledge currently possessed by the company. In some cases, these are difficult assessments and the final outcome could differ from the estimation made.

5 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are as follows: IFRS 9, IFRS 14, IFRS 15, IFRS 16, amendments to IFRS 11, amendments to IAS 16 and IAS 38, amendments to IFRS 10 and IAS 28, annual improvements to 2012-2014 cycle, amendments to IAS 1 and amendments to IFRS 10, IFRS 12 and IAS 28.

In the opinion of the management, all new standards and interpretations will not materially impact recognition and measurement of assets and liabilities in annual reports in the coming financial years.

Financial statements 1 January - 31 December

Notes to the financial statements

6 First-time adoption of IFRS

These financial statements, for the year ended 31 December 2015, are the first the Company has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with local generally accepted accounting principle (Danish GAAP).

Accordingly, the Company has prepared financial statements that comply with IFRS applicable as at 31 December 2015, together with the comparative period data for the year ended 31 December 2014, as described in the summary of significant accounting policies. In preparing the financial statements, the Company's opening statement of financial position was prepared as at 1 January 2014, the Company's date of transition to IFRS. This note explains the principal adjustments made by the Company in restating its Danish GAAP financial statements, including the statement of financial position as at 1 January 2014 and the financial statements for the year ended 31 December 2014.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

The estimates at 1 January 2014 and at 31 December, 2014 are consistent with those made for the same dates in accordance with Local GAAP (after adjustments to reflect any differences in accounting policies).

The estimates used by the Company to present these amounts in accordance with IFRS reflect conditions at 1 January 2014, the date of transition to IFRS and as at 31 December 2014.

Financial statements 1 January - 31 December

Notes to the financial statements

6 First-time adoption of IFRS (continued)

Reconciliation of equity as at 1 January 2014 (date of transition to IFRS)

DKK'000	Danish GAAP	Recognition and measure- ment	IFRS as at 1 January 2014
Assets			
Non-current assets			
Property, plant and equipment	2,492	-	2,492
Total non-current assets	2,492	0	2,492
Current assets			
Construction contracts	2,603	675	3,278
Trade and other receivables	1,621	-	1,621
Receivables from affiliated companies	2,321	-	2,321
Total current assets	6,545	675	7,220
Total assets	9,037	675	9,712
Equity and liabilities			
Equity			
Share capital	500	-	500
Retained earnings	3,158	527	3,685
Total equity	3,658	527	4,185
Non-current liabilities			
Deferred tax liabilities	-88	148	60
Total non-current liabilities	-88	148	60
Current liabilities			
Bank overdrafts	3,305	-	3,305
Trade and other payables	130	-	130
Payables to affiliated companies	260	-	260
Other liabilities	1,772	-	1,772
Total current liabilities	5,467	0	5,467
Total liabilities	5,379	148	5,527
Total equity and liabilities	9,037	675	9,712

Financial statements 1 January - 31 December

Notes to the financial statements

6 First-time adoption of IFRS (continued)

Reconciliation of equity as at 31 December 2014

DKK'000	Danish GAAP	Recognition and measurement	IFRS as at 31 December 2014
Assets			
Non-current assets			
Property, plant and equipment	2,133	-	2,133
Total non-current assets	2,133	0	2,133
Current assets			
Trade and other receivables	426	-	426
Construction contracts	1,524	375	1,899
Receivables from affiliated companies	3,130	-	3,130
Total current assets	5,080	375	5,455
Total assets	7,213	375	7,588
Equity and liabilities			
Equity			
Share capital	500	-	500
Retained earnings	97	293	390
Total equity	597	293	890
Non-current liabilities			
Deferred tax liabilities	347	82	429
Total non-current liabilities	347	82	429
Current liabilities			
Provisions	3,305	-	3,305
Bank overdrafts	2,758	-	2,758
Constructions contracts	-	-	-
Trade and other payables	77	-	77
Payables to affiliated companies	129	-	129
Total current liabilities	6,269	0	6,269
Total liabilities	6,616	82	6,698
Total equity and liabilities	7,213	375	7,588

Financial statements 1 January - 31 December

Notes to the financial statements

6 First-time adoption of IFRS (continued)

Reconciliation of total comprehensive income for the year ended 31 December 2014

DKK'000	Danish GAAP	Recognition and measurement	IFRS for the year ended 31 December 2014
Revenue	21,841	-1,379	20,462
Production costs	22,660	-1,080	21,580
Gross profit	-819	-299	-1,118
Other operating income	74	-	74
Employee and personnel costs	0	-	0
Other operating expenses	2,621	-	2,621
Operating profit before special items (EBITDA before special items)	-3,366	-299	-3,665
Depreciation and amortization	640	-	640
Special items, net	0	-	0
Operating profit	-4,006	-299	-4,305
Finance costs	87	-	87
Finance income	39	-	39
Profit before tax	-4,054	-299	-4,353
Income tax	-992	-66	-1,058
Profit for the year	-3,062	-233	-3,295
Profit for the year			
Attributable to			
Equity holders of the parent	-3,062	-233	-3,295
Statement of other comprehensive income for the year ended 31 December			
Profit for the year	-3,062	-233	-3,295
Other comprehensive income Items that may be reclassified to the income statement			
Equity adjustments on foreign currency translation (net of tax, nil)	-	-	-
Other comprehensive income	0	0	0
Total comprehensive income for the year, net of tax	-3,062	-233	-3,295
Total comprehensive income attributable to: Equity holders of the parent	-3,062	-233	3,295

Financial statements 1 January - 31 December

Notes to the financial statements

6 First-time adoption of IFRS (continued)

Notes to the reconciliation of equity as at 1 January 2014 and 31 December 2014 and total comprehensive income for the year ended 31 December 2014

A Revenue and construction contracts

Under Danish GAAAP, the Company has recognised revenue from sale of houses, when construction has ended, and significant risk and rewards has been transferred to the customer. According to IFRS, revenue from sale of houses, where the buyer controls the work in progress, and where risks and rewards of ownership of the work in progress are transferred to the buyer as construction progresses, should be recognised under the percentage-of-completion method. Accordingly, constructions contracts should be measured at the sales value of the work in progress.

B Deferred tax

The various transitional adjustments lead to different temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

C Statement of cash flows

The transition from Danish GAAP to IFRS has not had a material impact on the statement of cash flows or key figures.

7 Revenue

	Contracted sales	Non-contracted sales	Total Revenue
2015 DKK'000			
Sales value houses sold on customers building sites	16,532	-	16,532
Sales value houses sold on own building sites	-	-	-
Sales of land plots	-	-	-
Other revenue	-	-	-
	<u>16,532</u>	<u>0</u>	<u>16,532</u>
2014 DKK'000			
Sales value houses sold on customers building sites	20,462	-	20,462
Sales value houses sold on own building sites	-	-	-
Sales of land plots	-	-	-
Other revenue	-	-	-
	<u>20,462</u>	<u>0</u>	<u>20,462</u>

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Notes to the financial statements

DKK'000	2015	2014
8 Staff costs		
Wages and salaries	15,262	20,396
Pensions, defined contribution plans	1,214	1,487
Other social security costs	270	365
Other staff costs	177	197
Transfer to production cost	-16,923	-22,445
	<u>0</u>	<u>0</u>
Number of employees	<u>36</u>	<u>50</u>

Remuneration to the Executive Management Board and the Board of Directors

By reference to section 98 b (3), (iii), of the Danish Financial Statements Act, remuneration to management and Board is not disclosed.

In 2015, Diego HC TopCo A/S and FM-Søkjær Entreprise A/S have issued a Management Participation programme (MPP) through which Management and selected key employees have received an opportunity to purchase shares in Diego HC TopCo A/S subject to certain market conditions.

DKK'000	2015	2014
9 Depreciation and amortization		
Depreciation of property, plant and equipment	723	640
	<u>723</u>	<u>640</u>
10 Finance costs		
Interests paid to banks	57	86
Other financial cost	5	1
	<u>62</u>	<u>87</u>

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2015	2014
11 Finance income		
Other financial income	22	39
	<u>22</u>	<u>39</u>
12 Income taxes		
Current tax		
Income tax	52	-1,426
Movement in deferred tax	-333	368
	<u>-281</u>	<u>-1,058</u>
Profit before tax	<u>-1,212</u>	<u>-4,353</u>
Tax rate, Denmark	23.5%	24.5%
Tax at applicable rate	-285	-1,066
Non-taxable income	-19	-28
Adjustments relating to prior years	-	70
Effect of change in tax rate	23	-34
Other	-	-
	<u>-281</u>	<u>-1,058</u>
Effective tax rate, %	<u>23.2%</u>	<u>24.3%</u>

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	<u>2015</u>	<u>2014</u>
12 Income taxes (continued)		
Deferred tax		
Deferred tax 1 January	429	61
Recognised in income statement	<u>-333</u>	<u>368</u>
Deferred tax 31 December	<u>96</u>	<u>429</u>
Deferred tax is presented in the statement of financial position as follows:		
Deferred tax assets	-	-
Deferred tax liabilities	<u>96</u>	<u>429</u>
	<u>96</u>	<u>429</u>
Deferred tax related to:		
Tangible assets	96	11
Construction contracts	<u>-</u>	<u>418</u>
	<u>96</u>	<u>429</u>

Financial statements 1 January - 31 December

Notes to the financial statements

13	Property, plant and equipment DKK'000	<u>Total</u>
	Cost at 1 January 2015	8,344
	Additions	1,234
	Disposals	<u>-2,826</u>
	Cost at 31 December 2015	6,752
	Depreciation and impairment at 1 January 2015	6,211
	Depreciation	724
	Reversal of depreciation and, impairment of disposals	<u>-2,826</u>
	Depreciation and impairment at 31 December 2015	4,109
	Carrying amount 31 December 2015	<u>2,643</u>
	Cost at 1 January 2014	8,486
	Additions	282
	Disposals	<u>-424</u>
	Cost at 31 December 2014	8,344
	Depreciation and impairment at 1 January 2014	5,995
	Depreciation	640
	Reversal of depreciation and impairment of disposals	<u>-424</u>
	Depreciation and impairment at 31 December 2014	6,211
	Carrying amount 31 December 2014	<u>2,133</u>

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2015	2014
14 Construction contracts		
Selling price of construction contracts	-	1,899
Invoicing on account	-	-
	<u>0</u>	<u>1,899</u>
Calculated as follows		
Construction contracts (assets)	-	1,899
Construction contracts (liabilities)	-	-
	<u>0</u>	<u>1,899</u>
Prepayments from customers regarding construction contracts not yet started	<u>0</u>	<u>0</u>

15 Equity

Capital Management

The primary objective of FM-Søkjær Entreprise A/S's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. FM-Søkjær Entreprise A/S manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, FM-Søkjær Entreprise A/S may adjust the dividend payments to shareholders, acquire its own shares or issue new shares.

Share Capital

	Issued shares			
	Number of shares		Nominal value (DKK'000)	
	2015	2014	2015	2014
1 January 2015	1,000	1,000	500	500
31 December 2015 - fully paid	<u>1,000</u>	<u>1,000</u>	<u>500</u>	<u>500</u>

Financial statements 1 January - 31 December

Notes to the financial statements

16 Tax payable

DKK'000	<u>2015</u>	<u>2014</u>
Tax payable at 1 January	-426	-1,013
Tax at the applicable rate	52	-1,426
Tax paid for the year	<u>826</u>	<u>2,013</u>
Tax payable 31 December	<u><u>452</u></u>	<u><u>-426</u></u>

Financial statements 1 January - 31 December

Notes to the financial statements

17 Contingent assets, contingent liabilities, collateral and leases

Contingent liabilities

The Company is continuously involved in minor disputes, but no significant per 31 December 2015.

The Company is jointly taxed with its parent, Diego HC A/S, which acts as Management Company for the other Danish group entities. The Company is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income years 2013 and withholding taxes falling due for payment on or after 1 July 2012 in the group of jointly taxed entities.

Leases

The Company has no leases

DKK'000	2015	2014
18 Cash		
Cash	-	-
Bank overdraft	-3,472	-2,758
	<u>-3,472</u>	<u>-2,758</u>

Financial statements 1 January - 31 December

Notes to the financial statements

19 Financial instruments and risks

Financial risk managements

HusCompagniet's activities and capital structure is exposed to a variety of financial risks: market risks (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Group management oversees the management of these risks in accordance with the Group's risk management policies.

Market risks	Expected impact	Description of risk	Risk Management	Outcome	Sensitivity
Interest rate risk	Low	HusCompagniet is exposed towards fluctuations in market interest rates primarily related to the Group's long-term loan with floating rates.	The Group's aims to a reasonable part of its borrowings at fixed rates of interest. At 31 December 2015 the Group's long-term debt is kept at floating rates. The Group has in 2015 entered into an interest rate cap and an interest rate swap effective from February 2016 to address the exposure towards interest fluctuations.	At 31 December 2015, the Group has placed all its long-term borrowings at floating rates of interests.	If the interest rate increased (decreased) by 1% the effect on interest during 2015 would have been DKK 3.1 (3.5) million.
Currency risk	Low	The primarily exposure towards currency fluctuations relates to the Group's activities in Germany and Sweden.	Management continuously assesses the significance of the Group's activities denominated in foreign currencies.	Total revenue generated in SEK and EUR for 2015 amounted to 156 million.	Management considers The Group's exposure to SEK and EUR as low.
Credit risk	Low	HusCompagniet is exposed towards customers' inability to meet their financial obligations.	The Group obtains a bank guarantee from all customers before construction is initiated. Consequently, the Group's exposure towards credit risk is limited to the customers' changes to the house after construction has started.	Total impairment of trade receivables amounted to nil in 2015 and 2014.	Management considers the Group's exposure to credit risk as low.
Liquidity risk	Low	HusCompagniet does not receive payment until construction is finished and the house is handed over to the client. Accordingly, the Group needs sufficient facilities to fund ongoing constructions.	The Group aims to have a undrawn credit of minimum DKK 200 million to ensure that the Group is able to meet its obligations.	The Group has an undrawn credit facility of DKK 200 million to ensure that the Group is able to meet its obligations.	Management considers the exposure as being low.

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Notes to the financial statements

20 Related parties

The ultimate Parent

The ultimate parent of the Group is EQT Foundation VI, Guernsey. There were no transactions between the Company and the ultimate company.

Other related parties

Other related parties include the following affiliated companies:

Name	<u>Country of incorporation</u>
HusCompagniet Midt- og Nordjylland A/S	Denmark
HusCompagniet Sjælland A/S	Denmark
HusCompagniet Fyn A/S	Denmark
HusCompagniet Sønderjylland A/S	Denmark
Svenska HusCompagniet AB	Sweden
Die Haus-Compagnie GmbH	Germany
HusCompagniet A/S	Denmark
HC NewCo I A/S	Denmark
LejlighedsCompagniet A/S	Denmark
HC TopCo A/S	Denmark
Diego HC A/S	Denmark
Diego HC TopCo A/S	Denmark

Transactions with other related parties include management fee DKK 300 thousand (2014: DKK 300 thousand), and revenue DKK 16,532 thousand (2014: DKK 20,462 thousand).

Transactions with key management personnel in 2015

Transactions with key management personnel include transactions with companies controlled by the key management personnel.

No direct payroll costs have been paid to key management personnel, but indirectly in the form of management fees for executive management services.

DKK'000	<u>2015</u>	<u>2014</u>
21 Other adjustments		
Depreciation, amortisation and impairment	723	640
Gains/losses from sale of property, plant and equipment	-376	-74
Movements in provisions recognised in the income statement	0	0
Non-cash financial items	40	48
	<u>387</u>	<u>614</u>
22 Events after the balance sheet date		
No significant events have occurred subsequent to the financial year.		
23 Fee to the auditors appointed by the Company in general meeting		
Fee regarding statutory audit	43	22
Tax assistance	-	3
Other assistance	-	10
	<u>43</u>	<u>35</u>