

GHD Scandinavia ApS
Skanderborgvej 234, 1. th.
8260 Viby J
Central Business Registration No
28497792

Annual report 2016/17

The Annual General Meeting adopted the annual report on 30.11.2017

Chairman of the General Meeting

Name: Allan Træholt Andersen

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2016/17	7
Balance sheet at 30.06.2017	8
Statement of changes in equity for 2016/17	10
Notes	11
Accounting policies	12

Entity details

Entity

GHD Scandinavia ApS
Skanderborgvej 234, 1. th.
8260 Viby J

Central Business Registration No: 28497792

Registered in: Aarhus

Financial year: 01.07.2016 - 30.06.2017

Board of Directors

Anthony Patrick Davey
Allan Træholt Andersen

Executive Board

Allan Træholt Andersen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of GHD Scandinavia ApS for the financial year 01.07.2016 - 30.06.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2017 and of the results of its operations for the financial year 01.07.2016 - 30.06.2017.

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

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

Viby J, 30.11.2017

Executive Board

Allan Træholt Andersen

Board of Directors

Anthony Patrick Davey

Allan Træholt Andersen

Independent auditor's report

To the shareholders of GHD Scandinavia ApS

Opinion

We have audited the financial statements of GHD Scandinavia ApS for the financial year 01.07.2016 - 30.06.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 30.06.2017 and of the results of its operations for the financial year 01.07.2016 - 30.06.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary

Management is responsible for the management commentary.

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

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

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

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary 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 the management commentary.

Copenhagen, 30.11.2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Jan Larsen

State Authorised Public Accountant

Management commentary

Primary activities

The Company's primary activity consists of commercial and investing activities as well as related activities.

Development in activities and finances

Gross profit for the year amounts to DKK 16,164k against DKK 17,958k last year. Profit from ordinary activities after tax amounts to DKK 2,710k against DKK 6,239k last year. Management considers profit for the year satisfactory.

The Company's Management expects positive earnings for the next financial year.

Events after the balance sheet date

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

Income statement for 2016/17

	<u>Notes</u>	<u>2016/17</u> <u>DKK</u>	<u>2015/16</u> <u>DKK</u>
Gross profit		16.164.140	17.957.632
Staff costs	1	(13.748.948)	(12.709.445)
Depreciation, amortisation and impairment losses		<u>(406.540)</u>	<u>(625.622)</u>
Operating profit/loss		2.008.652	4.622.565
Income from investments in group enterprises		1.104.511	2.347.906
Other financial income from group enterprises		312.000	705.000
Other financial income		36.808	34.203
Other financial expenses		<u>(274.660)</u>	<u>(221.966)</u>
Profit/loss before tax		3.187.311	7.487.708
Tax on profit/loss for the year	2	<u>(477.754)</u>	<u>(1.248.775)</u>
Profit/loss for the year		<u>2.709.557</u>	<u>6.238.933</u>
Proposed distribution of profit/loss			
Transferred to reserve for net revaluation according to the equity method		1.134.813	2.245.093
Retained earnings		<u>1.574.744</u>	<u>3.993.840</u>
		<u>2.709.557</u>	<u>6.238.933</u>

Balance sheet at 30.06.2017

<u>Notes</u>	<u>2016/17</u> <u>DKK</u>	<u>2015/16</u> <u>DKK</u>
Acquired licences	41.306	53.320
Goodwill	0	161.806
Intangible assets	41.306	215.126
Other fixtures and fittings, tools and equipment	666.150	320.083
Leasehold improvements	173.190	117.175
Property, plant and equipment	839.340	437.258
Investments in group enterprises	6.712.953	5.742.250
Deposits	329.318	381.015
Fixed asset investments	7.042.271	6.123.265
Fixed assets	7.922.917	6.775.649
Manufactured goods and goods for resale	7.872.618	4.286.907
Inventories	7.872.618	4.286.907
Trade receivables	8.019.618	10.704.150
Receivables from group enterprises	3.644.825	1.412.557
Other receivables	152.171	92.075
Prepayments	483.867	296.751
Receivables	12.300.481	12.505.533
Cash	783.406	2.305.075
Current assets	20.956.505	19.097.515
Assets	28.879.422	25.873.164

Balance sheet at 30.06.2017

	<u>Notes</u>	<u>2016/17</u> <u>DKK</u>	<u>2015/16</u> <u>DKK</u>
Contributed capital		125.000	125.000
Reserve for net revaluation according to the equity method		6.776.859	5.642.046
Retained earnings		<u>10.775.590</u>	<u>9.391.456</u>
Equity		<u>17.677.449</u>	<u>15.158.502</u>
Deferred tax		119.000	121.300
Other provisions		<u>513.286</u>	<u>513.286</u>
Provisions		<u>632.286</u>	<u>634.586</u>
Bank loans		<u>23.007</u>	<u>73.778</u>
Non-current liabilities other than provisions		<u>23.007</u>	<u>73.778</u>
Current portion of long-term liabilities other than provisions		55.000	55.000
Trade payables		691.281	632.182
Payables to group enterprises		6.232.320	4.528.126
Income tax payable		1.243.373	2.732.778
Other payables		<u>2.324.706</u>	<u>2.058.212</u>
Current liabilities other than provisions		<u>10.546.680</u>	<u>10.006.298</u>
Liabilities other than provisions		<u>10.569.687</u>	<u>10.080.076</u>
Equity and liabilities		<u>28.879.422</u>	<u>25.873.164</u>
Unrecognised rental and lease commitments	3		
Mortgages and securities	4		
Group relations	5		

Statement of changes in equity for 2016/17

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	125.000	5.642.046	9.391.456	15.158.502
Exchange rate adjustments	0	0	(190.610)	(190.610)
Profit/loss for the year	0	1.134.813	1.574.744	2.709.557
Equity end of year	125.000	6.776.859	10.775.590	17.677.449

Notes

	2016/17	2015/16
	DKK	DKK
1. Staff costs		
Wages and salaries	12.338.840	11.333.294
Pension costs	559.815	537.272
Other social security costs	147.822	132.976
Other staff costs	702.471	705.903
	13.748.948	12.709.445
	2016/17	2015/16
	DKK	DKK
2. Tax on profit/loss for the year		
Tax on current year taxable income	480.054	1.258.275
Change in deferred tax for the year	(2.300)	(9.500)
	477.754	1.248.775

3. Unrecognised rental and lease commitments

The Company has entered into finance and operating leases on vans and cars with an average annual lease payment of DKK 835k. The leases run until 2020.

The Company has entered into rental agreements with an earliest termination date of 28 February 2019, which results in a residual liability of DKK 804k at the balance sheet date.

4. Mortgages and securities

Collateral security provided for subsidiaries and other group enterprises

The Entity has guaranteed the subsidiaries' (GHD Sverige AB) bankdebt.

5. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Jemella Group Ltd., Leeds, England.

Accounting policies

Reporting class

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

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

Recognition and measurement

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

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

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

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

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

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

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

Changes in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress comprise decreases or increases for the financial year in inventories of finished goods. This item includes ordinary writedowns of such inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Accounting policies

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income from group enterprises

Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

Other financial income

Other financial income comprises interest income, including tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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

Balance sheet

Goodwill

Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If it is not possible to estimate the useful life reliably, it is set at 10 years. Useful lives are reassessed on an annual basis. The amortisation period used are 10 year.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Accounting policies

Intellectual property rights etc

Intellectual property rights etc comprise acquired intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Software are amortised over the term of the agreement, but over no more than 4 years.

Property, plant and equipment

Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

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

Cars	3-5 years
Other fixtures and fittings, tools and equipment	4-5 years
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

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

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

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

Accounting policies

Inventories

Inventories are measured at the lower of cost using the weighted average prices method and net realisable value.

Cost consists of purchase price plus delivery costs.

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

Receivables

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

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

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

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments.

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

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

Other financial liabilities

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

Income tax receivable or payable

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