Copenhagen Group A/S

Group Annual Report 2015

Copenhagen
CVR no.: 28 69 89 41

The Annual Report has been presented and approved at the Annual General Meeting of the Company April 21, 2016

Casper Moltke-Leth
Chairman

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Please note that Danish decimal and digit grouping symbols have been used in the Financial Statements.

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Statement by the Management

Today, the Board of Directors and the Executive Board presented the Annual Report for 2015 of Copenhagen Group A/S.

The Annual Report has been presented in accordance with the Danish Financial Statements Act.

We find the accounting policies applied appropriate, and the Annual Report therefore gives a true and fair view of the Company's assets, liabilities and equity, financial position and results.

In our opinion, the Management's Review includes a true and fair description of the matters mentioned in the review.

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

Copenhagen, April 11, 2016

Executive Board

Jeppe Handwerk
CEO

Anders Sejersdal
CFO

Board of Directors

Casper Moltke-Leth
Chairman

Jeppe Handwerk

Meta Birgitte Zachau Handwerk

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Independent Auditor's Reports

To the shareholders of Copenhagen Group A/S

Report on the consolidated financial statements and the Parent Company financial statements

We have audited the consolidated financial statements and the Parent Company financial statements of Copenhagen Group A/S for the financial year 1 January - 31 December 2015, which comprise summary of significant accounting policies, income statement, balance sheet, cash flow statement and notes for the Group as well as for the Parent Company.

The consolidated financial statements and the Parent Company financial statements are prepared in accordance with the Danish Financial Statements Act.

The management's Responsibility for the consolidated financial statements and the Parent Company financial statements

The management is responsible for the preparation of consolidated financial statements and Parent Company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as the management determines is necessary to enable the preparation of consolidated financial statements and Parent Company financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the Parent 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 about whether the consolidated financial statements and the Parent Company financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the Parent Company financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the consolidated financial statements and the Parent Company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of consolidated financial statements and Parent 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 the management, as well as the overall presentation of the consolidated financial statements and the Parent Company financial statements.

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

The audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and the Parent Company financial statements give a true and fair view of the Group´s and the Parent Company´s financial position at 31 December 2015 and of the results of the Group´s and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the management's review.

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We have not performed any further procedures in addition to the audit of the consolidated financial statements and the Parent Company financial statements. On this basis, it is our opinion that the information provided in the management's review is consistent with the consolidated financial statements and the Parent Company financial statements.

Copenhagen, April 11, 2016

Christensen Kjærulff
Statsautoriseret Revisionsaktieselskab

Elan Schapiro
State Authorized Public Accountant

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Key Figures

(DKK '000)	2015	2014	2013	2012	2011
Income Statement					
Revenue	216.777	239.102	132.571	184.838	169.119
Gross Profit	27.413	49.421	47.373	73.288	71.143
EBITDA	5.845	20.713	16.107	31.558	4.857
Operating profit (EBIT)	2.920	14.614	5.456	11.977	-18.703
Net Financial Expenses	1.070	-135	-4.447	-7.014	-8.202
Net Profit	4.236	11.408	2.049	4.881	-24.340
Balance Sheet					
Fixed Assets	7.608	9.686	13.456	21.583	40.493
Total Balance	78.331	71.971	47.016	48.462	110.061
Equity	14.973	18.333	12.320	10.357	5.247
Net Working Capital	22.387	5.776	9.249	5.759	34.634
Net Interest-bearing debt (NIBD)	17.715	-2.461	13.735	19.192	61.210
Cash Flow					
Cash flow from operations	-10.014	24.466	8.068	38.895	-16.021
Cash flow from investments	-468	-1.683	-2.364	-321	-6.673
Cash flow from financing activities	-5.272	-3.664	-10.571	-33.741	23.447
Employees					
Average full time equivalents	54	85	88	134	149
Financial Ratios					
Return on invested capital	3,9%	24,6%	11,4%	24,7%	Neg.
Equity Share	19,1%	25,5%	26,2%	21,4%	4,8%
Return on equity	25,4%	74,4%	18,1%	62,6%	Neg.
EBITDA margin	2,7%	8,7%	12,1%	17,1%	2,9%
EBIT margin	1,3%	6,1%	4,1%	6,5%	Neg.
NIBD/EBITDA	3,0	-0,1	0,9	0,6	12,6

Key figures are prepared in accordance with the Danish Society of Financial Analysts' "Recommendation and key figures 2010". The key figures are calculated as follows:

Return on Invested Capital (ROIC): $\frac{\text{EBIT x 100}}{\text{Average Balance}}$

EBITDA-margin: $\frac{\text{EBITDA x 100}}{\text{Revenue}}$

Equity Share: $\frac{\text{Equity end of year x 100}}{\text{Balance end of year}}$

EBIT-margin: $\frac{\text{EBIT x 100}}{\text{Revenue}}$

Return on Equity: $\frac{\text{Net Profit x 100}}{\text{Average Equity}}$

NIBD/EBITDA: $\frac{\text{NIBD end of year}}{\text{EBITDA}}$

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Management's review

Copenhagen Group's business activities

Copenhagen Group specializes in project management for international organizations in conflict and post-conflict areas as well as countries with civil unrest. The two largest accounts are the United Nations (UN) and the North Atlantic Treaty Organization (NATO) with whom we have a long-term relationship of prosperous business partnership.

The core competencies of Copenhagen Group are expertise in delivering goods and services under difficult conditions in often remote and inaccessible areas as well as experience in complex international tenders. These two conditions are a common factor for most of the Group's business areas along with high degree of convergence between customers and geography.

Copenhagen Group's activities lie within three business lines; Copenhagen Contractors (facility management), Copenhagen Election (electoral logistics support), Copenhagen Global (vehicle fleet supply) and Copenhagen Arctic (camp services in the arctic). In addition to this, the Group provides Horizontal Directional Drilling services in the Middle East under two subsidiary companies in Kuwait and Jordan.

The parent company, Copenhagen Group, provides top management and shared services to Copenhagen Contractors, Copenhagen Election and Copenhagen Global. These shared services include tender expertise, logistical support, IT and financial support (including credit facilities for project funding). This leaves the business lines free to focus entirely on their business from an operational perspective. This dual responsibility grants maximum agility and optimizes the return on our resources. It also allows a build-up of unique tendering competencies and other highly specialized skills.

In 2014 Copenhagen Arctic was established with the intention of pursuing business opportunities in the North Atlantic within facility management, most notably the maintenance contract for the Thule Air Base. By the end of 2015, this contract was not yet awarded after the recent tender process, as a number of legal disputes are pending in the US legal system. Copenhagen Arctic is a part of these disputes and Copenhagen Group remains confident that the ongoing court case will eventually result in the US Air Force having to re-evaluate the bids submitted or announce a re-tender. In any case, this can potentially have a positive outcome for Copenhagen Arctic.

Financial Highlights

In 2015, Copenhagen Group had a revenue of DKK 217m, which is a 10% drop from the all-time high in 2014. The main source for revenue was Copenhagen Global's delivery of vehicles to the UN, which continued its prosperous development from last year, whereas other business lines such as Copenhagen Election and HDD drilling experienced set-backs.

The net profit for 2015 amounted to DKK 4,2m, and though a drop in profit was anticipated, it is still unsatisfactory compared to the DKK 11,4m in 2014. The main reason for this change is a drop in the gross margin, as gross profit was cut from 49m to 27m. This is a logical and anticipated development, as Copenhagen Group's primary source of income has shifted from camp services in Afghanistan to the supply of various vehicles, which is a business area that imposes far less risk but at a reduced profit.

Going forward, it is Copenhagen Group's intention to mitigate this drop in gross margins through reduced overhead cost. However, this was only partly successful in 2015, as the external costs were burdened by extensive legal fees related to the US court case regarding the maintenance contract for the Thule Air Base.

On the positive side, it should be noted that depreciations dropped to a mere DKK 2,9m and the net financials provided an income of DKK 1,1m; the latter a result of a highly favorable development in exchange rates.

The total balance grew 9% from last year to DKK 78m which is the result of two large projects pending over the end of the year. Consequently, there was an expansion in the

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inventory (work-in-progress) and the trade receivables on the asset side and on the trade payables and short term bank debt (bridge-funding) on the liability side. This inflated the balance sheet for some months and had a significant impact on a number of key figures.

Net working capital increased from DKK 6m to DKK 23m which is entirely in conflict with Copenhagen Group's strict focus on cash management. However, this is a temporary stray from the path which is caused by a large order scheduled for delivery in early 2016 that required a large, albeit, short-lived build-up of inventories. Compared to last year, inventories grew from DKK 0,8m to DKK 13,8m.

The expansion in net working capital is funded by short-term bank loans granted as dedicated bridge-funding to these deliveries. Hence, the net interest bearing debt increased to DKK 17,7m by the end of 2015. This is also a temporary state and the bank debt will be significantly reduced in early 2016 when the related projects are concluded. In the long term, Copenhagen Group strives to keep net interest bearing debts at a level equal to the annual EBITDA in order to ensure a healthy solvency.

A proposed dividend from 2014 of DKK 7m was paid out in 2015, which reduced the equity with the same amount. With a net profit in 2015 of DKK 4,2m, the total equity amounted to DKK 15m as of 31 December 2015, which leaves the equity share at 19%. It is proposed to the annual assembly that a dividend of DKK 4,5m is paid for the fiscal year of 2015 (equal to DKK 1,50 per share).

Expectations for the future

Looking into 2016, Copenhagen Group is confident that the recent years' success with vehicle supply to UN missions around the world can continue. The supply of diverse trucks in partnership with Iveco is expected to remain stable with the vast majority of the deliveries going to Africa, especially to Somalia, Sudan and Mali. Moreover, a significant increase in the demand for armored 4x4 vehicles is anticipated to the same destinations.

In the future, Copenhagen Group will also target a new market for specialized high-performance boats for military or law enforcement purposes. These boats will be offered to existing or new customers for sale as well as in a turn-key leasing scheme.

Although Western military presence in Afghanistan has been down-sized, a strong demand for Copenhagen Group's services remains. Important facility management contracts at Kandahar Airfield base have been extended, and new business opportunities within our core competencies continue to emerge. It is evident that is still prosperous business to be done within facility management at NATO bases in Afghanistan.

Going forward, Copenhagen Group will seek to project its historical success and acquired competencies into new products and markets. New military missions under sponsorship of UN or NATO have appeared in Africa and the Middle East and more are likely to follow. In addition to exploring business opportunities in other conflict zones, Copenhagen Group will also strive to apply its capabilities by supporting Western governments in non-conflict zones, either camp deployment and facility management or fleet sale of various vehicles and crafts.

Financially, Copenhagen Group expects a revenue in 2016 that is roughly at the same level as 2015 with vehicle supply to UN missions in Africa as the main driver. It is expected that cost reductions will contribute to an increased profitability compared to 2015.

Risk management

Given the special markets and areas of business in which the group operates, an effective risk management is absolutely crucial. Copenhagen Group has historically proven that the group is capable of creating spectacular profits in these conditions, but has also encountered reminders of the grave consequences of failing to identify or manage the special risks that exist in a business of this nature.

Copenhagen Group's business model is based on the ability to carry out projects for demanding customers, often under extremely difficult conditions. To ensure the quality of project management, Copenhagen Group has worked systematically in recent years to strengthen internal processes and controls, and to develop and implement IT platforms to support this work. Additionally, Copenhagen Group and its subsidiaries are all ISO 9001, ISO 14001 and OSHAS 18001 certified. The work with the group's processes has ensured uniformity in processes, resulted in savings and ensured that projects are delivered on time.

The supplier side is also the subject of increased focus on the part of Copenhagen Group, since efficient and reliable sub-contractors and forwarding agents are vital for successful projects. The company is working to establish framework agreements with important suppliers and it has had great success with mirroring contractual terms relating to quality and delivery in agreements with partners. Copenhagen Group is confident that the strengthened internal processes and administrative procedures have enhanced rather than compromised the group's ability to meet customers' needs worldwide with speed and agility.

Since all the business lines frequently operate in less developed countries and often in connection with military operations, the group is exposed to frequent changes in legislation which alternately leads to either restrictions or changes in the way it runs its business (imports, mobility, duties and taxes, etc.).

As Copenhagen Group's business model largely builds on project-based business, there will always be periodic fluctuations in the balance and liquidity. This challenge is largely dealt with through agreements on payment terms with our customers and suppliers. It is also clear that Copenhagen Group's improved financial position has given the group significantly easier access to attractive project-based bank financing, which is sufficient to meet the intermediate financing needs. Moreover, Copenhagen Group is relying more on long-term contracts that provides a more steady cash flow.

Copenhagen Group's business transactions take place almost exclusively in USD, EUR or DKK. There usually is high degree of currency symmetry between costs and revenue so that our business transactions in themselves do not have any significant exposure to exchange rate fluctuations. Copenhagen Group also has the option of loan financing for projects in the same currency as the customer is invoiced in, further minimizing exposure to exchange rate fluctuations. Copenhagen Group never actively participates in any form of currency speculation.

Since Copenhagen Group's customers almost exclusively comprise large international organizations (UN, NATO, etc.) and western government, loss on debtors has never been an issue.

Copenhagen Contractors

Since 2006, Copenhagen Contractors has delivered specialized services of high quality to NATO and to the armed forces from NATO member states. The company's core competency is facility management, but it also offers service agreements and customized solutions for both buildings and vehicles.

At Kandahar Airfield, Copenhagen Contractors operates a forensic facility that supports the armed forces on the base. The contract has earned high customer satisfaction and has been extended in to 2016. Moreover, Copenhagen Contractors performs maintenance and repair tasks for facilities, vehicles and containers (RCRI), as well as construction work in Afghanistan and lease of construction equipment.

Copenhagen Contractors will continue to deliver services within Afghanistan and will pursue new business opportunities that emerge in the wake of the down-sizing of NATO presence, i.e. demolition, wash-down and logistics for which the company is well trained and equipped. Financially, Copenhagen Contractors performed well in 2015 and made a highly satisfactory contribution to the Group despite operating in a difficult and receding market. The company is expected to do the same in 2016.

Along with its continued presence in Afghanistan, Copenhagen Contractors is also following other regions where demand for the company's service is expected. In 2015 Copenhagen Contractors constructed base facilities in Kuwait for the Danish air force detachment participating in the intervention against ISIS.

Going forward, Copenhagen Contractors will develop its capabilities for rapid deployment of accommodation, canteens and medical care based on pre-fabricated containers and tents.

This concept is equally suited for military as for civilian purposes, wherever urgent demand for camp facilities emerge.

Copenhagen Global

Copenhagen Global sells vehicles and crafts to international customers that operate in crisis or conflict-torn areas. The company's most important customer is the UN, but other important customers include NATO and the Danish Ministry of Foreign Affairs. The products include trucks and armored vehicles.

The vehicles are provided by leading manufacturers, predominantly from Iveco and Toyota. Armored vehicles are delivered by long-term and certified partners who are able to meet the highest international quality standards (ISO 9001). Copenhagen Global covers most of the supply chain and delivers vehicles from stock or directly from production to the final destination, often to areas with challenging conditions. Moreover, the company provides full service package and worldwide mechanical support and warranty repairs.

Copenhagen Global has a framework agreement with UNPD (United Nations Procurement Division), which grants Copenhagen Global and Iveco exclusive supply of trucks for the UN's peace-keeping forces around the world for at least three years. This frame-agreement has been the foundation of the company's strong performance in recent years, but beyond the scope of this contract, Copenhagen Global has also made extensive up-sale of Iveco trucks with special specifications or urgent delivery times to various UN-branches.

Copenhagen Global has a similar agreement on certain types of armored Toyota Land Cruiser models. This contract has generated a satisfying demand since late 2015 and much is expected from this product-range in the future as demand for protected vehicles increase in the UN missions in Africa.

Along with sales of vehicles, Copenhagen Global provides a numbers of related specialized services such as wash-down of military equipment returning from international missions and driver's training courses for armored vehicles. Recently the company has also produced and delivered tailor-made mobile equipment for cleaning and storing hazardous materials.

Copenhagen Election

Copenhagen Election provides election equipment and solutions for international organizations. The company has specialized in the supply and production of all types of products used in elections. Copenhagen Election offers a wide selection of election materials, such as ballot boxes, voting screens, indelible ink and voter registration equipment. The company also provides a comprehensive logistics package and can thus facilitate elections worldwide. Moreover, the company's strong supplier network, combined with its extensive industry knowledge, means that delivery to customers is possible in high quality, with short notice at competitive prices.

Copenhagen Election works closely with international organizations that support and finance elections, and the company also delivers directly to national election commissions. Copenhagen Election has a three-year long-term contract with UNDP. In 2015, ballot boxes were provided for elections and referendums in a variety of African nations.

Copenhagen Election offers indelible ink for voter registration. The company's high-quality ink is designed, developed and produced by Copenhagen Election.

In the recent years Copenhagen Election has reworked its business model in order to improve response time and quality. Almost the entire product range is now manufactured in Denmark in a carefully selected supply network with first-class quality assurance. Furthermore, all ingredients and components are kept at stock for rapid response.

Horizontal Directional Drilling (HDD)

In 2010, Copenhagen Group established a company providing horizontal directional drilling (HDD) in connection with a project in Afghanistan under Copenhagen Contractors. The company accumulated competencies and equipment to conduct controlled underground drilling in sandy and rocky terrain, and then applied these competencies and equipment in Kuwait, where there are major investments in infrastructure.

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The Kuwaiti subsidiary is now successful as a recurring sub-contractor for a wide range of Kuwaiti contractors within power supply, water supply and fiber networks; all business areas with demand for the horizontal drilling technology that allows infrastructure to be constructed without the use of open-cut trenches.

In 2015 the company was affected by a general set-back in the entire region driven by the drop in oil prices and 2015 did not live up to the strong financial performance of 2014. However, already as of late 2015 momentum is regained and prospects for 2016 are promising. The company has top-range equipment and well-trained crews and most importantly a strong customer base.

In 2011 Copenhagen Group went on to establish another HDD subsidiary in Jordan. Despite some temporary successes, the company was never able to display long term sound profitability at a satisfactory level. Thus it has been decided to liquidate the Jordanian subsidiary and the assets have been either divested or transferred to Kuwait, where they can operate with much higher profitability.

Employees

The ability to attract and retain the right employees is of the utmost importance when operating in challenging environments and dealing with products where know-how and reliability are key. The specialized business areas require the company to continuously recruit talented and motivated employees within all areas of expertise. Copenhagen Group has established itself as an attractive workplace with healthy values. The company takes care of the employees with the same dedication as the employees are expected to take care of the business.

The group's efforts in recent years to develop processes and documentation are aimed at ensuring uniformity in the way Copenhagen Group is perceived outwardly and in the relationship with our business partners, as well as at minimizing the risk of errors and misunderstandings that could be detrimental to the company.

Copenhagen Group's core values are key to the group's success and it is a high priority to ensure that all employees of Copenhagen Group and its subsidiaries act in accordance with our high ethical standards at all times. These same high standards are expected from our suppliers and customers.

Social and environmental responsibility

Copenhagen Group is proud of its commitment to support the UN's Global Compact initiative. The company committed to aligning its operations and strategies with the principles of the UN Global Compact in 2009. Copenhagen Group is under no formal obligation to account for the company's Corporate Social Responsibility, but the group has taken the principles of the Global Compact into consideration in the development of the company, both in terms of relationships with external stakeholders and the policies that have an impact on employees.

In 2015, Copenhagen Group submitted its annual COP (Communication On Progress) report demonstrating focus and action in all issue areas of the Global Compact; Anti-Corruption, Human Rights, Labor and the Environment. Copenhagen Group will work to continue incorporating actions that support these principles in all our business areas throughout the coming year.

As a part of our environmental reporting, Copenhagen Group carefully monitors its carbon footprint and the company strives to minimize outlet from air freight and travelling. Also it is an integrated part of the business model to undertake remediation of camps sites and restore the local environment and habitat following the post-conflict withdrawal of international forces.

Events subsequent to the fiscal year

No events have occurred subsequent to the end of the fiscal year that could have a significant negative impact on the group's or the parent company's financial position.

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Subsidiary Companies

The Group report comprises of the following companies:

Copenhagen Group A/S
Denmark
Reporting currency: DKK
Parent Company

Copenhagen Contractors A/S
Denmark
Reporting currency: DKK
100% owned by Copenhagen Group A/S

Copenhagen Election A/S
Denmark
Reporting currency: DKK
100% owned by Copenhagen Group A/S

Copenhagen Global A/S
Denmark
Reporting currency: DKK
100% owned by Copenhagen Group A/S

Copenhagen Arctic A/S
Denmark
Reporting currency: DKK
70% owned by Copenhagen Group A/S

Copenhagen Contractors International Ltd.
Kuwait
Reporting currency: KWD
49% owned by Copenhagen Group A/S
(100% controlled and consolidated)

Copenhagen Contractors Ltd.
Jordan
Reporting currency: JOD
100% owned by Copenhagen Group A/S

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Group Income Statement

Notes		2015 (DKK)	2014 (DKK)
	Revenue	216.776.772	239.102.129
	Cost of goods sold	176.829.842	180.073.116
	Other external costs	12.533.999	9.608.457
	Gross Profit	**27.412.930**	**49.420.556**
1	Staff costs	21.568.097	28.707.770
2	Depreciations, amortizations and write-downs	2.925.018	6.099.243
	Operating profit (EBIT)	**2.919.815**	**14.613.543**
3	Financial income	2.271.732	1.524.401
4	Financial expenses	1.201.233	1.659.075
	Profit before tax	**3.990.314**	**14.478.869**
5	Tax on profit for the year	249.705	3.509.074
	Net profit before non-controlling interests	**3.740.609**	**10.969.795**
	Non-controlling interests' share	495.108	438.362
	Net profit	**4.235.718**	**11.408.157**

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Group Balance Sheet December 31

Assets

Notes		2015 (DKK)	2014 (DKK)
6	Intellectual property	412.269	785.440
	Intangible Assets	**412.269**	**785.440**
7	Land and buildings	1.773.410	1.798.742
8	Plant and machinery	4.223.644	5.274.110
9	Vehicles, equipment and other assets	533.301	999.075
10	Fixtures on leased premises	1.409	148.725
	Tangible Assets	**6.531.764**	**8.220.652**
	Deposits and securities	664.287	679.640
	Financial Assets	**664.287**	**679.640**
	TOTAL FIXED ASSETS	**7.608.321**	**9.685.733**
	Consumables and raw materials	1.592.513	193.219
	Work in Progress	677.301	177.660
	Goods for resale	3.085.425	514.882
	Prepayments to vendors	8.466.686	0
	Inventory	**13.821.926**	**885.761**
	Trade Receivables	46.790.667	35.965.889
11	Contract work in progress	0	2.123.846
	Intercompany receivable	3.165.276	695.276
	Deferred Tax Asset	2.970.000	2.640.999
	Other Receivables	1.020.497	380.877
12	Accruals	117.004	26.664
	Receivables	**54.063.444**	**41.833.550**
	Cash and Cash Equivalents	**2.837.756**	**19.566.302**
	TOTAL CURRENT ASSETS	**70.723.125**	**62.285.614**
	TOTAL ASSETS	**78.331.446**	**71.971.346**

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Group Balance Sheet December 31 - continued

Equity and Liabilities

Notes		2015 (DKK)	2014 (DKK)
	Share capital	3.000.000	3.000.000
	Retained earnings	7.472.794	8.332.687
	Proposed dividends	4.500.000	7.000.000
	TOTAL EQUITY	**14.972.794**	**18.332.687**
	NON-CONTROLLING INTERESTS	**309.375**	**54.456**
	Warranty liabilities	173.387	130.529
	TOTAL PROVISIONS	**173.387**	**130.529**
	Mortgage loans	1.140.583	1.186.422
	Long-term bank loans	4.418.621	6.469.842
13	**Non-current liabilities**	**5.559.204**	**7.656.264**
13	Short term share of long term debts	2.095.000	1.995.000
13	Debts to banks and credit institutions	12.898.905	7.453.608
	Prepayments from customers	43.903	121.630
	Trade payables	38.225.557	31.075.586
	Joint taxation payables	41.690	0
	Other debts	4.011.631	5.151.586
	Current liabilities	**57.316.686**	**45.797.410**
	TOTAL LIABILITIES	**62.875.890**	**53.453.674**
	TOTAL EQUITY AND LIABILITIES	**78.331.446**	**71.971.346**

14 Contingent assets and contingent liabilities
15 Assets charged or otherwise provided as security
16 Discontinued business

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Group Cash Flow Statement

	2015 (DKK)	2014 (DKK)
Cash flow from operating activities		
Operating profit before net financial expenses and tax	2.919.815	14.613.543
Depreciations, amortizations and write-downs	4.360.967	6.808.270
Reversal of profit and loss of fixed assets	-1.435.949	-709.027
Cash flow before change in working capital	**5.844.833**	**20.712.786**
Change in inventory	-12.936.129	-127.543
Change in debtors	-9.430.892	-13.127.494
Change in creditors	5.975.147	17.006.698
Cash flow before financial expenses	**-10.547.041**	**24.464.446**
Financial income received	2.271.732	1.524.401
Financial expenses paid	-1.201.233	-1.316.205
Corporate tax paid	-537.016	-206.849
Cash flow from operating activities	**-10.013.559**	**24.465.794**
Cash flow from investing activities		
Purchase of intangible assets	0	-263.952
Purchase of plant and machinery	-3.848.490	-61.214
Purchase of vehicles and equipment	-485.279	-2.093.566
Change in financial assets	15.353	-32.734
Sale and disposal for tangible assets	3.850.280	768.384
Cash flow from investing activities	**-468.137**	**-1.683.082**
Cash flow from financing activities		
Change in share capital	0	-3.000.001
Dividends paid	-7.000.000	-2.000.000
Capital from non-controlling interests	750.000	150.000
Change in bank debts	3.494.076	1.926.118
Change in intercompany debts	-2.470.000	-695.276
Change in other financial liabilities	-45.839	-44.585
Cash flow from financing activities	**-5.271.763**	**-3.663.744**
Exchange rate adjustment of cash and cash equivalents	-975.088	-1.041.413
Change in cash and cash equivalents	**-16.728.546**	**18.077.554**
Cash and cash equivalents at the beginning of the period	19.566.302	1.488.748
Cash and cash equivalents at the end of the period	**2.837.756**	**19.566.302**

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Group Statement of Change in Equity

2015

(DKK)	Share Capital	Retained earnings	Proposed dividends	Total equity
Equity January 1st	3.000.000	8.332.687	7.000.000	18.332.687
Net profit for the year	0	-264.282	4.500.000	4.235.718
Capital reduction	0	0	0	0
Dividends paid	0	0	-7.000.000	-7.000.000
Currency translation	0	-595.611	0	-595.611
Change in equity	**0**	**-859.894**	**-2.500.000**	**-3.359.894**
Equity December 31st	**3.000.000**	**7.472.794**	**4.500.000**	**14.972.794**

2014

(DKK)	Share Capital	Retained earnings	Proposed dividends	Total equity
Equity January 1st	6.000.001	4.319.630	2.000.000	12.319.631
Net profit for the year	0	4.408.157	7.000.000	11.408.157
Capital reduction	-3.000.001	0	0	-3.000.001
Dividends paid	0	0	-2.000.000	-2.000.000
Currency translation	0	-395.100	0	-395.100
Change in equity	**-3.000.001**	**4.013.057**	**5.000.000**	**6.013.056**
Equity December 31st	**3.000.000**	**8.332.687**	**7.000.000**	**18.332.687**

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Group Notes

1. Staff Costs	2015 (DKK)	2014 (DKK)
Total average number of employees	54	85
Total staff costs include:		
Salary	18.141.284	24.283.261
Pension contribution plans	0	380.180
Social security expenses	76.226	87.096
Other employees expenses	3.350.587	3.957.234
	21.568.097	**28.707.770**

2. Depreciations, amortizations and write-downs		
Intangible assets	373.149	365.315
Land and buildings	25.332	1.650.467
Plant and machinery	2.846.418	2.933.685
Vehicles and equipment	965.474	1.673.494
Fixtures on leased premises	150.594	185.308
Profit/loss on disposed or sold assets	-1.435.949	-709.027
	2.925.018	**6.099.243**

3. Financial income		
Exchange rate gain	2.251.980	1.523.678
Other financial income	19.752	723
	2.271.732	**1.524.401**

4. Financial expenses		
Interest expenses	863.346	853.340
Bank charges	260.663	337.187
Other financial expenses	77.223	468.549
	1.201.233	**1.659.075**

5. Tax on profit for the year		
Calculated tax on the profit for the year	537.016	206.849
Change in deferred tax	-12.580	26.579
Write-down of deferred tax asset	-274.731	2.855.503
Adjustment for change in tax rate	0	420.143
	249.705	**3.509.074**

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Group Notes - continued

	2015 (DKK)	2014 (DKK)
6. Intellectual property		
Cost at January 1	2.148.315	1.884.363
Additions	0	263.952
Sale and disposals	0	0
Cost at December 31	**2.148.315**	**2.148.315**
Amortizations at January 1	1.362.875	997.560
Amortizations for the year	373.171	365.315
Amortizations reversed on disposed assets	0	0
Amortizations at December 31	**1.736.046**	**1.362.875**
Carrying amount at December 31	**412.269**	**785.440**
7. Land and buildings		
Cost at January 1st	10.965.179	36.791.777
Additions	0	0
Sale and disposals	0	-25.826.598
Cost at December 31	**10.965.179**	**10.965.179**
Depreciations at January 1	9.166.437	33.314.827
Depreciations for the year	25.332	1.650.467
Depreciations reversed on disposed assets	0	-25.798.857
Depreciations at December 31	**9.191.769**	**9.166.437**
Carrying amount at December 31	**1.773.410**	**1.798.742**
8. Plant and machinery		
Cost at January 1	25.621.161	24.561.939
Exchange rate adjustment	1.265.191	1.384.441
Additions	3.848.490	61.214
Sale and disposals	-9.687.730	-386.434
Cost at December 31	**21.047.112**	**25.621.161**
Depreciations at January 1	20.347.051	16.986.117
Exchange rate adjustment	903.708	813.682
Depreciations for the year	2.846.418	2.933.685
Depreciations reversed on disposed assets	-7.273.709	-386.434
Depreciations at December 31	**16.823.468**	**20.347.051**
Carrying amount at December 31	**4.223.644**	**5.274.110**

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Group Notes – continued

	2015 (DKK)	2014 (DKK)
9. Vehicles, equipment and other assets		
Cost at January 1	13.148.403	12.429.267
Exchange rate adjustment	189.795	193.015
Additions	485.279	2.093.566
Sale and disposals	-598.588	-1.567.445
Cost at December 31	**13.224.889**	**13.148.403**
Depreciations at January 1	12.149.328	11.889.313
Exchange rate adjustment	175.374	153.966
Depreciations for the year	965.474	1.673.494
Depreciations reversed on disposed assets	-598.588	-1.567.445
Depreciations at December 31	**12.691.588**	**12.149.328**
Carrying amount at December 31	**533.301**	**999.075**

	2015 (DKK)	2014 (DKK)
10. Fixtures on leased premises		
Cost at January 1	1.049.608	1.039.109
Exchange rate adjustment	10.498	10.500
Additions	0	0
Sale and disposals	0	0
Cost at December 31	**1.060.107**	**1.049.608**
Depreciations at January 1	900.883	709.913
Exchange rate adjustment	7.221	5.662
Depreciations for the year	150.594	185.308
Depreciations reversed on disposed assets	0	0
Depreciations at December 31	**1.058.698**	**900.883**
Carrying amount at December 31	**1.409**	**148.725**

	2015 (DKK)	2014 (DKK)
11. Contract Work in Progress		
Current exit value of work in progress	0	2.123.846
Installment payments received	0	0
Contract work in progress, net	**0**	**2.123.846**
Classification as follows:		
Contract work in progress under assets	0	2.123.846
Prepayments received under liabilities	0	0
Contract work in progress, net	**0**	**2.123.846**

12. Accruals

Accruals consist of prepaid expenses related to the next fiscal year

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Group Notes - continued

13. Non-current liabilities

	Short-term (DKK)	Long-term (DKK)	2015 total (DKK)	2014 total (DKK)
Mortgage loan	45.000	1.140.583	1.185.583	1.231.422
Bank debts	14.948.905	4.418.621	19.367.526	15.873.450
	14.993.905	**5.559.204**	**20.553.109**	**17.104.872**
Maturity later than 5 years	0	985.000	985.000	1.022.510

14. Contingent assets and contingent liabilities

Copenhagen Group has accepted a recourse liability related to products sold. The liability amounts to max DKK 4.336.964. The Management finds that utilization of the liability will not cause a loss as the recourse liability is not expected to deviate materially from the net selling price of the products.

Copenhagen Group has a negative basis for tax calculation of DKK 27.637.021, which represents a tax value of DKK 6.080.145 at the 2015 Danish corporate tax rate of 22%. This basis stems from past losses as well as postponed tax depreciations and tax amortizations. This deferred tax asset is booked with a value of DKK 2.970.000, which is the minimum value that is expected to be realized within the next three fiscal year's profit.

Copenhagen Group has entered into office rental and server hosting contracts where the rental expense amounts to DKK 1.177.157 in the irrevocable notice period.

15. Assets charged or otherwise provided as security

Guarantee has been provided as security for the entities of Copenhagen Group A/S' account with the Danske Andelskassers Bank A/S with a net carrying amount of DKK -16.950.312 as of December 31, 2015.

As a security for Copenhagen Group's bank liaison the company charges of DKK 17.000.000 and DKK 1.500.000 for a total of DKK 18.500.000 has been claimed. The company charge covers all the company's receivables and inventories as well as tangible and intangible assets.

As a security for mortgage loan of DKK 1.185.583 mortgage has been granted on land and buildings representing a book value of DKK 1.773.410 as of December 2015.

Copenhagen Group's companies will frequently issue bid bonds when submitting tenders.

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Parent Income Statement

Notes		2015 (DKK)	2014 (DKK)
	Revenue	15.533.893	16.416.411
	Cost of goods sold	773.252	364.568
	Other external costs	5.820.489	5.649.340
	Gross Profit	**8.940.152**	**10.402.504**
1	Staff costs	8.796.372	10.196.069
2	Depreciations, amortizations and write-downs	358.831	455.051
	Operating profit (EBIT)	**-215.051**	**-248.617**
3	Income from investments in subsidiaries	2.818.625	13.462.741
4	Financial income	3.805.931	2.951.955
5	Financial expenses	2.408.673	3.090.142
	Profit before tax	**4.000.832**	**13.075.937**
6	Tax on profit for the year	-234.886	1.667.780
	Net profit	**4.235.718**	**11.408.157**

	2015 (DKK)	2014 (DKK)
Proposed distribution of net profit		
Dividend for the financial year	4.500.000	7.000.000
Retained earnings	-264.282	4.408.157
Distributed, total	**4.235.718**	**11.408.157**

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Parent Balance Sheet December 31

Assets

Notes		2015 (DKK)	2014 (DKK)
7	Intellectual property	205.721	422.009
	Intangible assets	**205.721**	**422.009**
8	Land and buildings	1.773.410	1.798.742
9	Vehicles, equipment and other assets	0	0
10	Fixtures on leased premises	0	117.211
	Tangible assets	**1.773.410**	**1.915.953**
11	Investments in subsidiaries	28.373.410	44.290.937
	Deposits and securities	526.250	513.415
	Financial Assets	**28.899.660**	**44.804.352**
	TOTAL FIXED ASSETS	**30.878.791**	**47.142.314**
	Trade Receivables	10.700	117.273
	Intercompany receivables	15.635.062	21.248.086
	Deferred Tax Asset	1.318.855	1.083.969
	Other Receivables	0	15.423
12	Accruals	116.647	26.995
	Receivables	**17.081.264**	**22.491.746**
	Cash and Cash Equivalents	**184.252**	**580.519**
	TOTAL CURRENT ASSETS	**17.265.516**	**23.072.265**
	TOTAL ASSETS	**48.144.307**	**70.214.579**

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Parent Balance Sheet December 31 - continued

Equity and Liabilities

Notes		2015 (DKK)	2014 (DKK)
	Share capital	3.000.000	3.000.000
	Retained earnings	7.472.794	8.332.687
	Proposed dividends	4.500.000	7.000.000
	TOTAL EQUITY	**14.972.794**	**18.332.687**
	Mortgage loans	1.140.583	1.186.422
	Long-term bank loans	4.418.621	6.469.842
13	**Non-current liabilities**	**5.559.204**	**7.656.264**
13	Short term share of long term debts	2.095.000	1.995.000
13	Debts to banks and credit institutions	3.479.805	2.010.500
	Prepayments from customers	43.903	0
	Trade payables	786.021	568.725
	Intercompany debts	19.564.434	37.928.303
	Other debts	1.643.146	1.723.099
	Current liabilities	**27.612.309**	**44.225.628**
	TOTAL LIABILITIES	**33.171.513**	**51.881.892**
	TOTAL EQUITY AND LIABILITIES	**48.144.307**	**70.214.579**

14 Contingent assets and contingent liabilities
15 Assets charged or otherwise provided as security
16 Ownership

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Parent Statement of Change in Equity

2015 (DKK)	Share Capital	Retained earnings	Proposed dividends	Total equity
Equity January 1st	3.000.000	8.332.687	7.000.000	18.332.687
Net profit for the year	0	-264.282	4.500.000	4.235.718
Capital reduction	0	0	0	0
Dividends paid	0	0	-7.000.000	-7.000.000
Currency translation	0	-595.611	0	-595.611
Change in equity	**0**	**-859.893**	**-2.500.000**	**-3.359.893**
Equity December 31st	**3.000.000**	**7.472.794**	**4.500.000**	**14.972.794**

2014 (DKK)	Share Capital	Retained earnings	Proposed dividends	Total equity
Equity January 1st	6.000.001	4.319.630	2.000.000	12.319.631
Net profit for the year	0	4.408.157	7.000.000	11.408.157
Capital reduction	-3.000.001	0	0	-3.000.001
Dividends paid	0	0	-2.000.000	-2.000.000
Currency translation	0	-395.100	0	-395.100
Change in equity	**-3.000.001**	**4.013.057**	**5.000.000**	**6.013.056**
Equity December 31st	**3.000.000**	**8.332.687**	**7.000.000**	**18.332.687**

Copenhagen Group has in 2014 reduced the share capital from DKK 6.000.001 to DKK 3.000.000 through a share annulment paid out to the shareholders.
Copenhagen Group has in 2012 increased the share capital from DKK 5.714.307 to 6.000.001 through a cash capital raise.
Copenhagen Group has in 2011 increased the share capital from DKK 5.000.000 to 5.714.307 through a cash capital raise.
Copenhagen Group has in 2009 increased the share capital from DKK 156.231 to DKK 5.000.000 through a bonus share issue.
There have been no other changes to the share capital since the company's establishment.

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Parent Notes

	2015 (DKK)	2014 (DKK)
1. Staff Costs		
Total average number of employees	10	11
Total staff costs include:		
Salary	7.497.855	8.662.829
Pension contribution plans	0	284.180
Social security expenses	64.674	75.307
Other employees expenses	1.233.843	1.173.753
	8.796.372	**10.196.069**
Management and Board of Directors	1.650.000	2.550.000

	2015 (DKK)	2014 (DKK)
2. Depreciations, amortizations and write-downs		
Intangible assets	216.288	242.435
Land and buildings	25.332	25.332
Vehicles and equipment	0	29.890
Fixtures on leased premises	117.211	157.394
	358.831	**455.051**

	2015 (DKK)	2014 (DKK)
3. Income from investments in subsidiaries		
Copenhagen Contractors A/S	7.201.421	14.623.602
Copenhagen Election A/S	-1.691.544	-1.981.431
Copenhagen Global A/S	4.209.456	2.960.118
Copenhagen Arctic A/S	-1.155.252	-1.365.770
Copenhagen Contractors Ltd. Kuwait	-865.830	1.674.142
Copenhagen Contractors Ltd. Jordan	-4.879.625	-2.447.922
	2.818.625	**13.462.741**

	2015 (DKK)	2014 (DKK)
4. Financial income		
Intercompany interests	1.607.183	1.081.100
Exchange rate gains	2.198.747	1.870.856
	3.805.931	**2.951.955**

	2015 (DKK)	2014 (DKK)
5. Financial expenses		
Intercompany interests	1.628.319	2.131.006
Interest expenses, banks	765.825	939.593
Other financial expenses	14.528	19.543
	2.408.673	**3.090.142**

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Parent Notes - continued

	2015 (DKK)	2014 (DKK)
6. Tax on profit for the year		
Change in deferred tax	336.020	-71.654
Write-down of deferred tax asset	-570.906	1.523.003
Adjustment for change in tax rate	0	216.431
	-234.886	**1.667.780**

	2015 (DKK)	2014 (DKK)
7. Intellectual property		
Cost at January 1	1.542.997	1.279.045
Additions	0	263.952
Sale and disposals	0	0
Cost at December 31	**1.542.997**	**1.542.997**
Amortizations at January 1	1.120.988	878.553
Amortizations for the year	216.288	242.435
Amortizations reversed on disposed assets	0	0
Amortizations at December 31	**1.337.276**	**1.120.988**
Carrying amount at December 31	**205.721**	**422.009**

	2015 (DKK)	2014 (DKK)
8. Land and Buildings		
Cost at January 1	1.900.000	1.900.000
Additions	0	0
Sale and disposals	0	0
Cost at December 31	**1.900.000**	**1.900.000**
Depreciations at January 1	101.258	75.926
Depreciations for the year	25.332	25.332
Depreciations reversed on disposed assets	0	0
Depreciations at December 31	**126.590**	**101.258**
Carrying amount at December 31	**1.773.410**	**1.798.742**

	2015 (DKK)	2014 (DKK)
9. Vehicles, equipment and other assets		
Cost at January 1	1.219.849	1.219.849
Additions	0	0
Sale and disposals	0	0
Cost at December 31	**1.219.849**	**1.219.849**
Depreciations at January 1	1.219.849	1.189.959
Depreciations for the year	0	29.890
Depreciations reversed on disposed assets	0	0
Depreciations at December 31	**1.219.849**	**1.219.849**
Carrying amount at December 31	**0**	**0**

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Parent Notes - continued

	2015 (DKK)	2014 (DKK)
10. Fixtures on leased premises		
Cost at January 1	888.759	888.759
Additions	0	0
Sale and disposals	0	0
Cost at December 31	**888.759**	**888.759**
Depreciations at January 1	771.548	614.154
Depreciations for the year	117.211	157.394
Depreciations reversed on disposed assets	0	0
Depreciations at December 31	**888.759**	**771.548**
Carrying amount at December 31	**0**	**117.211**
11. Investments in Subsidiaries		
Cost at January 1	48.492.120	46.999.223
Additions	11.859.459	1.492.898
Sale and disposals	0	0
Cost at December 31	**60.351.579**	**48.492.120**
Revaluation and impairment at January 1	-4.201.183	2.731.141
Exchange rate adjustments	-595.611	-395.100
Annual result	2.818.625	13.805.645
Other adjustments	0	-342.869
Dividends paid	-30.000.000	-20.000.000
Revaluation and impairment at December 31	**-31.978.169**	**-4.201.183**
Carrying amount at December 31	**28.373.410**	**44.290.937**

Key figures for subsidiary companies as of December 31st 2015:

	Equity	Annual result	Asset Value
Copenhagen Contractors A/S	15.325.005	7.201.421	15.325.005
Copenhagen Election A/S	3.696.614	-1.691.544	3.696.614
Copenhagen Global A/S	8.513.388	4.209.455	8.513.388
Copenhagen Arctic A/S	1.031.251	-1.650.360	721.876
Copenhagen Contractors Kuwait	-116.152	-865.830	-116.152
Copenhagen Contractors Jordan	232.679	-4.879.625	232.679

12. Accruals

Accruals consist of prepaid expenses related to the next fiscal year

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Parent Notes - continued

13. Non-current liabilities

	Short-term (DKK)	Long-term (DKK)	2015 total (DKK)	2014 total (DKK)
Mortgage loan	45.000	1.140.583	1.185.583	1.231.422
Bank debts	5.529.805	4.418.621	9.948.426	10.430.342
	5.574.805	**5.559.204**	**11.134.009**	**11.661.765**
Maturity later than 5 years	0	958.038	958.038	1.022.510

14. Contingent assets and contingent liabilities

Copenhagen Group has a negative basis for tax calculation of DKK 12.954.119, which represents a tax value of DKK 2.849.900 at the 2015 Danish corporate tax rate of 22%. This basis stems from past losses as well as postponed tax depreciations and tax amortizations. This deferred tax asset is booked with a value of DKK 1.318.855, which is the minimum value that is expected to be realized within the next three fiscal year's profit.

Handwerk Holding A/S being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax. The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends. Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

The Group has entered into office rental and server hosting contracts where the rental expense amounts to DKK 1.177.157 in the irrevocable notice period.

15. Assets charged or otherwise provided as security

Guarantee has been provided as security for the entities of Copenhagen Group A/S' account with the Danske Andelskassers Bank A/S with a net carrying amount of DKK -16.950.312 as of December 31, 2015.

As a security for the Group's bank liaison the company charges of DKK 17.000.000 and DKK 1.500.000 for a total of DKK 18.500.000 has been claimed. The company charge covers all the company's receivables and inventories as well as tangible and intangible assets.

As a security for mortgage loan of DKK 1.185.583 mortgage has been granted on land and buildings representing a book value of DKK 1.773.410 as of December 2015.

There are no assets charged or otherwise provided as security apart from those mentioned in the Annual Report.

16. Ownership

The following shareholders are registered in the Company's register of shareholders as being the owners of minimum 5% of the voting rights or minimum 5% of the share capital:

Handwerk Holding A/S, Copenhagen

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Accounting Policies

The consolidated financial statements of Copenhagen Group A/S for the period 1 January - 31 December 2015 has been presented in accordance with the provisions of the Danish Financial Statements Act regarding reporting class C companies.

The applied accounting policies are consistent with the previous year.

The company is part of the consolidated financial statements of Handwerk Holding A/S

Recognition and measurement
Income is recognized in the Income Statement as earned, including value adjustments of financial assets and liabilities. All expenses including depreciation/amortization and impairment losses are recognized in the Income Statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the Company and when the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that the future economic benefits will flow out of the Company and when the measurement of the value of the liability is reliable.

On initial recognition, assets and liabilities are recognized at cost. Subsequently, assets and liabilities are measured as described below for each item.

Certain financial assets and liabilities are measured at amortized cost where a constant effective interest is recognized over the maturity. Amortized cost is stated as original cost less any principal repayments and with the addition/deduction of the cumulative amortization of any difference between cost and nominal amount.

Allowances are made for predictable losses and risks that arise before the presentation of the Annual Report and that allowances confirm or invalidate circumstances that existed at the balance sheet date.

Consolidation policies
The consolidated financial statements include parent company Copenhagen Group A/S and entities in which the parent directly or indirectly holds the majority of the voting rights, or entities in which the parent through share interest or in other ways holds controlling interest. Entities in which the group holds between 20 % and 50 % of the voting rights, and moreover exercise material, however non-controlling interest are considered as associated entities.

At the consolidation homogeneous items are integrated. Intercompany income and costs, share interests, dividends and intercompany balances as well as actual and non-actual internal gains and losses at transactions between the consolidated entities are eliminated.

The parent's investments in the consolidated, group entities are eliminated by the parent's share of the group entities' financial net asset values assessed at the time of the establishment of the group structure.

THE INCOME STATEMENT

Revenue
Revenue related to sale of goods for resale and financial services is recognized in the Income Statement, if delivery and transfer of risk have taken place before the end of the year. Revenue is recognized less VAT and discounts are granted in connection with the sale.

Contract work in progress is recognized in line with the completion of the particular work by which net sales are equal to market value of performed work of the year (the percentage of completion method). Net sales are recognized when income and expenses of the contract and stage of completion on the balance sheet date can be recognized reliably, and when it is probable that the financial resources and payment will reach the company.

Other operating income and expenses
Other operating income and operating expenses include items of secondary nature compared to the Company's principal activities.

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Other external expenses
Other external expenses include selling and distribution costs, marketing, administrative expenses, expenses related to Company premises, bad debts and costs related to operating leases etc.

Net financials
Financial income and financial expenses are recognized in the Income Statement with the amounts related to the financial year. Financial income and financial expenses include interest receivable and payable, financial expenses related to finance leases, realized and unrealized gains and losses on securities, exchange gains and losses on debt and transactions denominated in foreign currencies, repayment of mortgage loans and charges and extra charges related to the Danish Scheme for Payment of Tax on Account etc.

Tax on results for the year
Tax on results for the year which comprises current tax and changes in deferred tax is recognized in the Income Statement with the portion of taxes related to the taxable income for the year whereas the portion attributable to equity is recognized directly in equity.

Joint taxation
The Company falls within the Danish regulation on statutory national joint taxation of the entities in the Copenhagen Group. The parent company, Handwerk Holding A/S, is managing company of the joint taxation, and thus settles all payments of taxes with the tax authorities.

The current company tax is allocated by the settlement of joint taxation contribution between the jointly taxed companies proportionately to the taxable income. In addition, enterprises with a tax loss, receive jointly taxation contribution from enterprises that are able to make use of their tax losses for a reduction of their own tax profit.

THE BALANCE SHEET

Intangible assets
Acquired software, intellectual property and goodwill is measured at cost price less accumulated amortization and is amortized by the straight-line method over the expected useful life estimated to three to five years.

Tangible assets
Land and buildings, leasehold improvements, plant and machinery, vehicles, equipment and other assets are measured at cost less accumulated depreciation.

The depreciable amount is cost less expected residual value after the end of the asset's useful life. Land is not depreciated.

Cost comprises acquisition price and costs directly related to acquisition until the time when the Company starts using the asset.

Assets are depreciated under the straight-line method over the expected useful lives of the assets. The depreciation periods are as follows:

Buildings and installations, Denmark	75 y
Buildings and installations, Afghanistan	3 y
Fixtures on leased premises	5 y
Plant and machinery	3-5 y
Vehicles, equipment and other assets	3-5 y

Assets with a purchase price not exceeding DKK 12.800 per unit are recognized as costs in the Income Statement in the year of acquisition.

Profits and losses arising from disposal of property, plant and equipment are stated as the difference between the selling price less the selling costs and the carrying amount of the asset at the time of the disposal. Profits and losses are recognized in the Income Statement under depreciation.

Financial assets
Investments in group enterprises are recognized in the Income Statement as the proportionate share of the net asset value with deduction or addition of non-realized intercompany profit and loss and amortization of goodwill.

Investments in group enterprises are recognized in the balance sheet as the proportionate share of the group enterprises' net asset value calculated according to the accounting policies of the parent.

Net revaluation of investments in group enterprises is recognized in the Equity as revaluation reserve under the equity method to

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the extent when the net asset value exceeds the acquisition price.

Group enterprises with a negative financial net asset value are recognized at DKK 0. Any receivables are written down with the parent's share of the negative financial net asset value if assessed uncollectible. Should the negative financial net asset exceed receivables, the remaining amount is recognized in provisions to the extent that the parent is liable to cover the subsidiary's negative balance.

Acquisitions or new enterprises are recognized in the Annual Report on the day of acquisition. Sold enterprises are recognized in the Financial Statements to the day of sale.

Profit or loss from disposal of group enterprises are measured as the difference between the disposal amount and the net asset value on the day of selling including non-amortized goodwill and expected costs for the disposal. Profit and loss are recognized in the Income Statement under financial income/expenses.

Inventories
Inventories are measured at cost using the first-in, first-out (FIFO) formula. Where net realizable value is lower than cost, inventories are written down to the lower value.

Cost of goods for resale as well as raw materials and consumables comprises the acquisition price plus landed costs.

The net realizable value of inventories is measured as the selling price less costs related to the completion of the products and cost related to the execution of sales. Furthermore, net realizable value is determined with regard to marketability, obsolescence and development in expected selling price.

Receivables
Receivables are measured at amortized cost which usually equals nominal value. Provisions made for bad debts reduce the value.

Contract work in progress
Contract work in progress is measured as the current market value of work performed. Current market value is measured on the basis of stage of completion on the balance sheet date and the total expected income of the particular work in progress.

Where the current exit value of a contract cannot be measured reliable, the current exit value is measured as the costs incurred or as net selling price, when lower.
The particular work in progress is recognized in the balance sheet under receivables or liabilities conditional on net value of selling price less on account invoices and prepayments.

Costs related to selling work and contracts are recognized in the income statement in line with payments.

Accruals
Accruals are recognized in the Balance Sheet and comprise incurred expenses related to the following financial year.

Provisions
Provisions are recognized where the entity owing to an event that had taken place at the balance sheet date at the latest has a legal or actual obligation, and when it is probable that financial advantages must be surrendered in order to meet the obligation. Other provisions include guarantee obligations for making good work within the guarantee period of one year. Provisions are measured and recognized on the basis of experience in guarantee work.

Dividends
Dividends expected distributed for the year are shown as a separate item under equity.

Tax payable and deferred tax
Current tax liabilities and current tax receivable are recognized in the Balance Sheet as tax calculated on the taxable income for the year adjusted for tax on previous years' taxable income and taxes paid on account/prepaid.

Deferred tax is measured according to the balance sheet liability method in respect of temporary differences between the carrying amount and the tax base of assets and liabilities. In cases, e.g. in respect of shares in which the statement of the tax base can be made according to alternative taxation rules, deferred tax is measured on the basis of the planned use of the asset or settlement of the liability, respectively.

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Deferred tax assets including the tax value of tax losses carried forward, are measured at the expected realizable value, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction. Any deferred net tax assets are measured at net realizable value.

Deferred tax is measured on the basis of the tax rules and tax rates in force at the balance sheet date when the deferred tax is expected to crystallize as current tax. In the period 2014 to 2016, the corporate tax rate will be reduced gradually from 25 % to 22 %, which will affect the deferred tax liabilities and deferred tax assets.

Liabilities other than provisions
Financial liabilities other than provisions are recognized initially at the proceeds received net of transaction expenses incurred. In subsequent periods, financial liabilities other than provisions are measured at amortized cost corresponding to the capitalized value using the effective interest method; consequently the difference between the proceeds and the nominal value is recognized in the Income Statement over the maturity period of the loan.

Other payables are measured at amortized cost corresponding to nominal value.

Translation policies
Transactions denominated in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising between the rate on the date of transaction and the rate on the payment day are recognized in the Income Statement as financial income or financial expenses. Where foreign exchange exposures are considered cash flow hedges, value adjustments are recognized directly in equity.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated by applying the exchange rates at the balance sheet date. Differences arising between the rate at the balance sheet date and the rate at the date of the arising of the receivable or payable are recognized in the Income Statement under financial income and expenses.

Fixed assets purchased in foreign currencies are measured at the rate of the date of transaction.

Cash Flow Statement
Cash Flow Statement includes the Company's cash flow for the year, distributed in operations, investments and financials for the year, adjustments of cash funds and bank debt as well as cash funds and bank debt at the beginning and at the end of the year.

Cash flow from operations is assessed as profit/loss for the year adjusted for non-cash operating items, changes in working capital and settled corporation tax.

Cash flow from investments includes payments in relation to acquisition and selling of entities and activities as well as acquisition and selling of intangible fixed assets, tangible fixed assets and financial fixed assets.

Cash flow from financials includes changes in the sum or the make-up of share capital and related costs. Moreover, cash flow includes borrowing, interest and repayments and payment of dividend to shareholders.

Cash funds and bank debt include cash funds and short-term investments that without obstruction can be converted into cash funds and with little risk of changes in value with deduction of bank debt.

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