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BDO Statsautoriseret revisionsaktieselskab
Kystvejen 29
DK-8000 Aarhus C
CVR no. 20 22 26 70

OBTON HOLDING A/S

SILKEBORGVEJ 2, 8000 AARHUS C

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2016

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 27 June 2017

Anders Marcus

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 30 23 75 44

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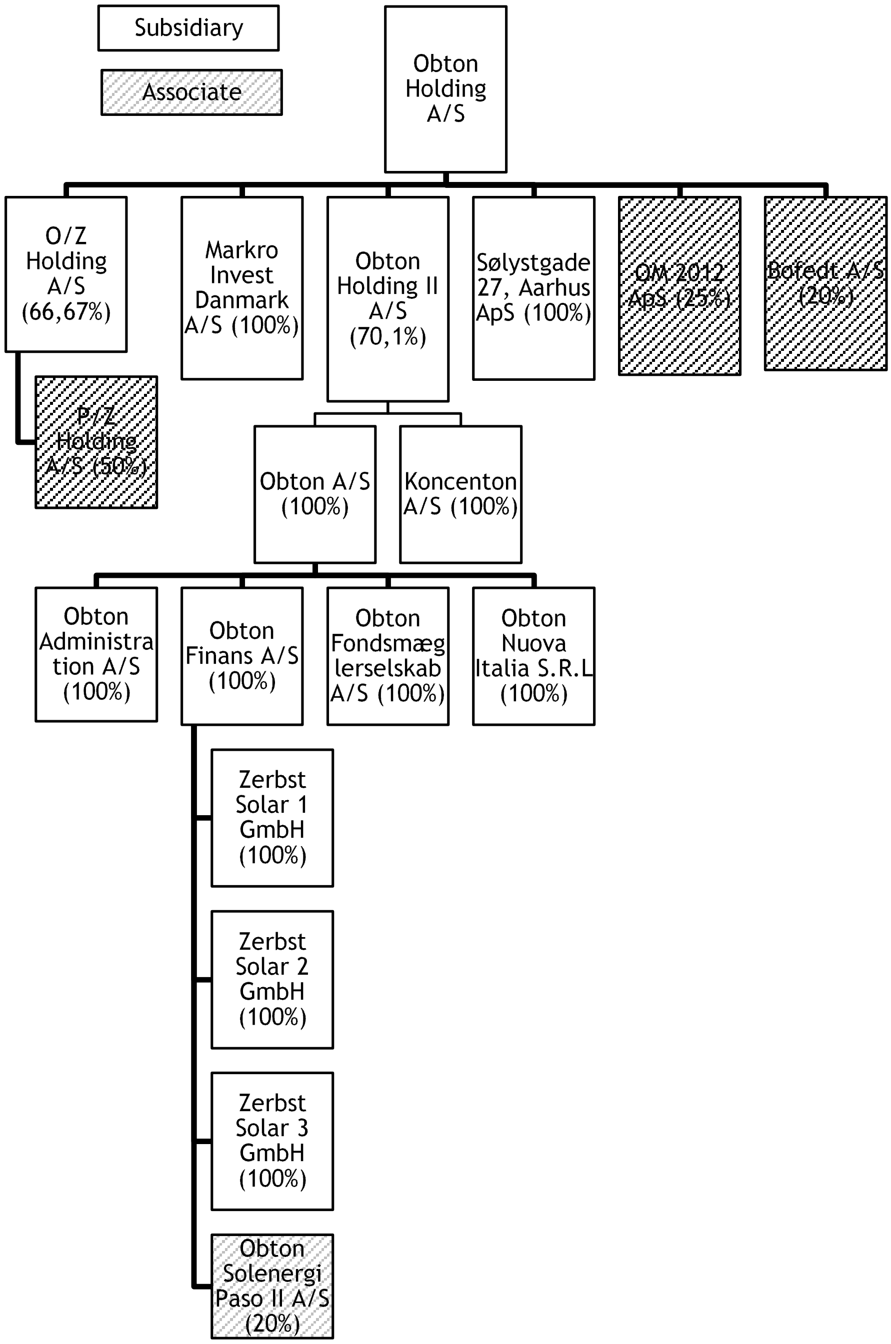
COMPANY DETAILS

Company	Obton Holding A/S Silkeborgvej 2 8000 Aarhus C CVR no.: 30 23 75 44 Established: 12 December 2006 Registered Office: Aarhus Financial Year: 1 January - 31 December
Board of Directors	Peter Krogsgaard Jørgensen, Chairman Anders Marcus Lars Bentsen
Board of Executives	Anders Marcus
Auditor	BDO Statsautoriseret revisionsaktieselskab Kystvejen 29 8000 Aarhus C
Bank	Nordea Bank Danmark A/S Skt. Clemens Torv 2-6 8000 Aarhus C Sydbank A/S Store Torv 12 8000 Aarhus C
Law Firm	Innova Advokatfirma Mindet 2 8000 Aarhus C

GROUP STRUCTURE



The following associated companies are not included in the consolidation but are recognised at equity value under the equity method:

Obton Solenergi Paso II A/S, Aarhus C
Bofedt A/S, Skjern
OM 2012 ApS, Aarhus
P/Z Holding A/S, Gentofte

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of Obton Holding A/S for the year 1 January - 31 December 2016.

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

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 Company's financial position at 31 December 2016 and of the results of the Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2016.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the review.

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

Aarhus, 20 June 2017

Board of Executives

Anders Marcus

Board of Directors

Peter Krogsgaard Jørgensen Chairman	Anders Marcus	Lars Bentsen

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Obton Holding A/S

Opinion
We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Obton Holding A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the assets, liabilities and financial position of the Group and the Parent Company at 31 December 2016 and of the results of the Group and the Parent Company operations as well as the consolidated cash flows of the Group for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

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

Management's Responsibility for the Consolidated Financial Statements and the Parent Company Financial Statements
Management is responsible for the preparation of Consolidated Financial Statements and the 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 management determines is necessary to enable the preparation of Consolidated Financial Statements and the Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Parent Company Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Consolidated Financial Statements and the Parent Company Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility for the Consolidated Financial Statements and the Parent Company Financial Statements
Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company Financial Statements.

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

INDEPENDENT AUDITOR'S REPORT

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Parent Company 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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Consolidated Financial Statements and the Parent Company 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 Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements and the Parent Company 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 Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and the Parent Company Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Our opinion on the Consolidated Financial Statements and the Parent Company Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements and the Parent Company Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Consolidated Financial Statements and the Parent Company Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

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

INDEPENDENT AUDITOR'S REPORT

Aarhus, 20 June 2017

BDO Statsautoriseret revisionsaktieselskab
CVR-nr. 20 22 26 70

Jesper L. Christensen
State Authorised Public Accountant

FINANCIAL HIGHLIGHTS OF THE GROUP

	2016 DKK '000	2015 DKK '000	2014 DKK '000	2013 DKK '000	2012 DKK '000
Income statement					
Gross profit	139.292	88.566	53.608	48.725	24.477
Operating profit	81.548	50.952	23.046	24.329	-1.611
Financial income and expenses, net	9.959	-7.720	-6.729	-5.999	18.841
Profit for the year before tax	70.653	41.721	15.552	25.531	15.144
Profit for the year	52.434	32.802	9.586	19.650	15.144
Balance sheet					
Balance sheet total	354.167	263.608	237.933	209.173	163.336
Equity incl. minority interests	145.946	94.412	58.979	46.005	55.355
Equity ex. minority interests	116.746	83.980	53.868	46.005	55.355
Investments in tangible fixed assets	3.025	-1.477	-9.497	-999	-145
Cash flows					
Cash flows from operating activities	-4.081	810	-10.515	37.088	11.801
Cash flows from investment-related activities	-11.171	6.897	26.542	-11.666	-5.782
Cash flows from financing activities	-10.250	-2.178	-34.355	-3.405	-12.243
Total cash flows	-25.502	5.529	-18.328	22.017	-6.224
Investment in tangible fixed assets	-3.281	-1.477	-9.497	-999	-145
Ratios					
Solvency ratio	41,2	35,8	24,8	22,0	33,9
Return on equity	43,6	42,8	19,2	38,8	28,6

The ratios stated in the list of key figures and ratios have been calculated as follows:

Solvency ratio: $\frac{\text{Equity incl. minorities, at year end x 100}}{\text{Total equity and liabilities, at year end}}$

Return on equity: $\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

The ratios follow in all material respects the recommendations of the Danish Finance Society.

MANAGEMENT'S REVIEW

Principal activities
The Group's principal activities are sale of consultancy services in connection with development, construction, financing, and sale of investment projects based on renewable energy and properties.

Development in activities and financial position
The results are considered satisfactory.

Profit/loss for the year compared to future expectations
The Group had a satisfactory year with increasing revenue throughout the year. The Group has in recent years expanded its activities to comprise properties, exclusively residential properties in the largest Danish cities, and wind energy in Germany. Again in 2016, a number of new staff were employed and considerable resources were invested in preparing the organisation for the handling of purchases/administration/financing/sale of an increasing number and larger investment projects in 2016.

The primary focus remaining on solar energy in Obton, and a very high and continued increasing level of activity in relation to properties in Koncenton, 2016 resulted in a considerable higher revenue, in aggregate and measured per employee. At the same time, considerable resources were invested in enabling the organisation to handle an increasing revenue in 2017. Investment projects have been realised of more than DKK 3 bn in 2016, concentrated on Denmark, Germany, France and the Benelux countries. In aggregate, the Group now manages investments of more than DKK 6.0 bn across seven countries.

Significant events after the end of the financial year
No events have occurred after the end of the financial year of material importance for the Group's financial position.

Special risks
The Group’s most significant operating risk is attached to the ability to be strongly positioned in the markets where the products are sold and to ensure that production prices are always competitive.

Price risks:
The Group is not subject to any special price risks.

Foreign exchange risks:
The Group's operating activities include transactions in EUR and the results, cash flows and equity are therefore affected by the exchange rate and interest development of EUR.

The foreign exchange risk is considered minimal in view of the foreign exchange cooperation.

Knowledge resources
It is essential to the Group's continued growth to attract and retain competent staff.

In order to secure high and competitive services and quality, the Group invests currently resources in improving the qualifications of the Group's staff.

Future expectations
A major pipeline was established in 2016 of projects in both the existing markets Denmark, Germany, the Netherlands, and France, and in new countries that are expected to be realised in 2017. Thus, additional growth is expected in both revenue and earnings in 2017, based on the existing markets and establishment in 1 to 2 new countries.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

		Group		Parent company	
	Note	2016 DKK '000	2015 DKK '000	2016 DKK '000	2015 DKK '000
GROSS PROFIT		**139.292**	**88.566**	**-5.196**	**-273**
Staff costs	1	-59.291	-36.286	0	0
Depreciation, amortisation and impairment		-1.272	-1.328	0	-6
Fair value adjustment of investment properties		2.819	0	0	0
OPERATING PROFIT		**81.548**	**50.952**	**-5.196**	**-279**
Result of equity investments in group and associat	2	1.504	1.989	46.602	25.969
Income from other equity investments and securitie		13.400	-3.117	0	0
Other financial income	3	1.735	1.724	133	38
Impairment of asset investments		-22.358	-3.500	0	0
Other financial expenses	4	-5.176	-6.327	-108	-371
PROFIT BEFORE TAX		**70.653**	**41.721**	**41.431**	**25.357**
Tax on profit/loss for the year	5	-18.219	-8.919	0	54
PROFIT FOR THE YEAR	6	**52.434**	**32.802**	**41.431**	**25.411**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group 2016 DKK '000	Group 2015 DKK '000	Parent company 2016 DKK '000	Parent company 2015 DKK '000
Intangible fixed assets acquired....		407	568	0	0
Goodwill..............................		350	0	0	0
Intangible fixed assets.............	7	**757**	**568**	**0**	**0**
Other plants, machinery, tools and equipment............................		3.158	1.665	0	0
Leasehold improvements...........		71	156	0	0
Investment properties...............		25.251	17.265	0	0
Tangible fixed assets...............	8	**28.480**	**19.086**	**0**	**0**
Equity investments in group enterprises............................		0	0	113.321	85.993
Equity investments in associated enterprises............................		24.246	4.736	3.219	2.810
Other securities......................		22.621	14.977	0	0
Receivables from group enterprises............................		0	0	4.667	0
Rent deposit and other receivables............................		23.866	28.339	0	0
Fixed asset investments...........	9	**70.733**	**48.052**	**121.207**	**88.803**
FIXED ASSETS.........................		**99.970**	**67.706**	**121.207**	**88.803**
Finished goods and goods for resale..................................		0	1.731	0	0
Inventories...........................		**0**	**1.731**	**0**	**0**
Trade receivables....................		37.132	10.991	0	0
Contract work in progress..........	10	15.709	0	0	0
Receivables from group enterprises............................		0	0	1.898	800
Receivables from associated enterprises............................		1.066	22	5	5
Other receivables....................		112.628	52.634	839	382
Receivables investor deposits.......		40.378	53.078	0	0
Joint tax contribution receivable..		0	0	0	9.774
Prepayments and accrued income.	11	4.423	2.225	0	0
Receivables..........................		**211.336**	**118.950**	**2.742**	**10.961**
Equity investments, group enterprises............................		500	0	0	0
Other securities and equity investments...........................		15.535	36.915	0	0
Current investments................		**16.035**	**36.915**	**0**	**0**
Cash and cash equivalents.........		**26.826**	**38.306**	**0**	**0**
CURRENT ASSETS....................		**254.197**	**195.902**	**2.742**	**10.961**
ASSETS................................		**354.167**	**263.608**	**123.949**	**99.764**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group 2016 DKK '000	Group 2015 DKK '000	Parent company 2016 DKK '000	Parent company 2015 DKK '000
Share capital	12	10.000	10.000	10.000	10.000
Reserve for net revaluation according to equity value method		2.479	1.738	43.030	60.375
Other reserves		1.420	450	0	0
Retained profit		102.847	69.782	63.717	11.595
Minority shareholders		29.200	12.442	0	0
EQUITY		**145.946**	**94.412**	**116.747**	**81.970**
Provision for deferred tax	13	1.910	227	0	0
Other provisions for liabilities	14	547	0	0	0
Provisions for equity investments in group enterpr.		0	0	0	690
PROVISION FOR LIABILITIES		**2.457**	**227**	**0**	**690**
Mortgage debt		14.359	17.405	0	0
Prepayments received from customers		173	374	0	0
Other liabilities		1.288	0	0	0
Accruals and deferred income		132	0	0	0
Subordinate loan capital		6.099	8.696	0	0
Long-term liabilities	15	**22.051**	**26.475**	**0**	**0**
Short-term portion of long-term liabilities	15	3.926	3.299	0	0
Bank debt		46.252	32.230	3.601	2.602
Trade payables		19.195	47.358	0	0
Payables to group enterprises		1.141	0	3.365	3.061
Corporation tax		40.091	7.612	-2.162	7.849
Payables to owners and management		1.708	93	1.696	3.289
Other liabilities		70.600	51.805	702	303
Accruals and deferred income	16	800	97	0	0
Current liabilities		**183.713**	**142.494**	**7.202**	**17.104**
LIABILITIES		**205.764**	**168.969**	**7.202**	**17.104**
EQUITY AND LIABILITIES		**354.167**	**263.608**	**123.949**	**99.764**

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EQUITY

	Group					
	Share capital	Reserve for net revaluation according to equity va	Other reserves	Retained profit	Minority shareholders	Total
Equity at 1 January 2016	10.000	1.738	0	70.231	12.442	94.411
Extraordinary dividend				-7.000		-7.000
Value adjustments of equity			1.420	-1.074	5.755	6.101
Proposed distribution of profit		741		40.690	11.003	52.434
Equity at 31 December 2016	**10.000**	**2.479**	**1.420**	**102.847**	**29.200**	**145.946**

	Parent company			
	Share capital	Reserve for net revaluation according to equity va	Retained profit	Total
Equity at 1 January 2016	10.000	60.375	11.595	81.970
Extraordinary dividend			-7.000	-7.000
Value adjustments of equity			346	346
Proposed distribution of profit		-17.345	58.776	41.431
Equity at 31 December 2016	**10.000**	**43.030**	**63.717**	**116.747**

The Group:
An extraordinary dividend of DKK('000) 7,000 was paid to Obton Holding A/S' owners in the 2016 financial year. The amount is deducted from Obton Holding A/S free reserves.

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group	
	2016 DKK '000	**2015** DKK '000
Profit/loss for the year	52.434	32.802
Reversed depreciation of the year	1.272	1.328
Unrealised adjustments of investments	-2.819	0
Profit/loss from associates	-1.504	-1.989
Adjustment of other financial expenses	22.358	0
Reversed tax on profit/loss for the year	18.219	8.919
Corporation tax paid	-10.323	-5.966
Change in inventory	1.731	-1.731
Change in receivables	-104.386	-9.438
Change in current liabilities (ex bank and tax)	18.937	-22.928
Other cash flows from operating activities	0	-187
CASH FLOWS FROM OPERATING ACTIVITY	**-4.081**	**810**
Purchase of intangible fixed assets	0	-103
Purchase of tangible fixed assets	-3.281	-1.477
Purchase of financial assets	-34.701	-16.328
Sale of financial assets	29.461	24.805
Other cash flows from investing activities	-2.650	0
CASH FLOWS FROM INVESTING ACTIVITY	**-11.171**	**6.897**
Changes in subordinated loan capital	-3.797	-2.178
Dividend paid in the financial year	-7.000	0
Other cash flows from financing activities	547	0
CASH FLOWS FROM FINANCING ACTIVITY	**-10.250**	**-2.178**
CHANGE IN CASH AND CASH EQUIVALENTS	**-25.502**	**5.529**
Cash and cash equivalents at 1. januar	6.076	547
CASH AND CASH EQUIVALENTS AT 31. DECEMBER	**-19.426**	**6.076**
Specification of cash and cash equivalents at 31 December:		
Cash and cash equivalents	26.826	38.306
Bank debt	-46.252	-32.230
CASH AND CASH EQUIVALENTS, NET DEBT	**-19.426**	**6.076**

NOTES

	Group		Parent company		
	2016 DKK '000	**2015** DKK '000	**2016** DKK '000	**2015** DKK '000	**Note**
Staff costs					1
Average number of employees Group: 50 (2015: 50) Parent company: 0 (2015: 0)					
Wages and salaries	51.507	31.529	0	0	
Pensions	4.659	2.240	0	0	
Social security costs	161	531	0	0	
Other staff costs	2.964	1.986	0	0	
	59.291	**36.286**	**0**	**0**	

As remuneration is paid to only one member of the management of Obton Holding, management fees are not shown in accordance with the law's possibility of omission.

Result of equity investments in group and associates					2
Result of equity investments in group enterprises	0	0	45.183	24.102	
Result of equity investments in associated enterprises	1.504	1.989	1.419	1.867	
	1.504	**1.989**	**46.602**	**25.969**	
Other financial income					3
Group enterprises	0	0	118	30	
Other interest income	1.735	1.724	15	8	
	1.735	**1.724**	**133**	**38**	
Other financial expenses					4
Group enterprises	0	0	0	90	
Other interest expenses	5.176	6.327	108	281	
	5.176	**6.327**	**108**	**371**	
Tax on profit/loss for the year					5
Calculated tax on taxable income of the year	17.583	9.559	0	-53	
Adjustment of tax for previous years	-189	0	0	-1	
Adjustment of deferred tax	825	-640	0	0	
	18.219	**8.919**	**0**	**-54**	

NOTES

	Group		Parent company		Note
	2016 DKK '000	2015 DKK '000	2016 DKK '000	2015 DKK '000	
Proposed distribution of profit					6
Proposed dividend for the year.......	0	1.738	0	0	
Extraordinary dividend................	7.000	0	7.000	0	
Allocation to reserve for net revaluation according to equity value methods..........................	741	450	-17.345	18.219	
Accumulated profit....................	33.690	23.224	51.776	7.192	
Minoritetsinteressernes andel af tilknyttede virksomheders resultat..	11.003	7.390	0	0	
	52.434	**32.802**	**41.431**	**25.411**	

Intangible fixed assets 7

	Group	
	Intangible fixed assets acquired	Goodwill
Cost at 1 January 2016...	806	1.750
Cost at 31 December 2016..	**806**	**1.750**
Amortisation at 1 January 2016......................................	238	1.050
Amortisation for the year..	161	350
Amortisation at 31 December 2016................................	**399**	**1.400**
Carrying amount at 31 December 2016...........................	**407**	**350**

Tangible fixed assets 8

	Group		
	Other plants, machinery, tools and equipment	Leasehold improvements	Investment properties
Cost at 1 January 2016.............................	3.136	20	17.908
Additions...	2.953	72	256
Disposals...	-245	0	0
Cost at 31 December 2016.......................	**5.844**	**92**	**18.164**
Depreciation and impairment losses at 1 January 2016..	2.227	16	643
Reversal of depreciation of assets disposed of..	-245	0	0
Depreciation for the year..........................	704	5	0
Depreciation and impairment losses at 31 December 2016....................................	**2.686**	**21**	**643**
Value adjustment of fair value at 1 January 2016..	0	0	4.911
Value adjustments of the year.....................	0	0	2.819
Value adjustment of fair value at 31 December 2016.....................................	**0**	**0**	**7.730**
Carrying amount at 31 December 2016.........	**3.158**	**71**	**25.251**

NOTES

Note

Fair value of residential property - Markro Invest Danmark ApS
The property is comprised of a rental property in Aarhus C, acquired in 2009. The housing value of the property is assessed by means of sales valuation by external expert and a return-based valuation model, where the value is calculated on the basis of the investment property's operating return and an individually defined return requirement.

The average operating return for the coming year is estimated to amount to DKK 379,000, which is based on an annual average rent per Square meter of DKK 1,445, annual operating expenses incl. Maintenance of 95 kr. And a rental rate of 100%.

The calculation uses a return of 3.5%, which is determined taking into account the prevailing conditions on the property market at the balance sheet date, the property type, the location of the property etc. The return requirement of 3.5% also corresponds to the general return requirement for corresponding older residential properties in Aarhus C.

Fair value of residential property - Sølystgade 27, Aarhus ApS
The property is set at a value which is subsequently assumed by a transfer of the company's shares in 2017. Thus, the recognized fair value of the property is calculated on the basis of an agreement between independent parties. The value of the property at 31 December 2016 is DKK 14,250.

Fixed asset investments 9

	Group	
	Equity investments in group enterprises	Equity investments in associated enterprises
Cost at 1 January 2016	0	1.072
Additions	0	21.027
Disposals	0	-333
Cost at 31 December 2016	**0**	**21.766**
Revaluation at 1 January 2016	0	1.820
Transferred	0	-677
Profit/loss for the year	0	1.470
Revaluation at 31 December 2016	**0**	**2.613**
Impairment losses and amortisation of goodwill at 1 January 2016	0	82
Amortisation of goodwill	0	51
Impairment losses and amortisation of goodwill at 31 December 2016	**0**	**133**
Carrying amount at 31 December 2016	**0**	**24.246**

NOTES

Note

	Group	
	Other securities	Rent deposit and other receivables
Cost at 1 January 2016	14.977	28.308
Additions	12.805	19.858
Disposals	-5.161	-24.300
Cost at 31 December 2016	**22.621**	**23.866**
Carrying amount at 31 December 2016	**22.621**	**23.866**

Goodwill
The Group has acquired investments in Obton Solenergi Paso A/S during the year. The cost price of the equity ratio amounts to DKK('000) 1,984. Goodwill of the year's purchase amounts to DKK('000) 129.

The Group has acquired investments in P/Z Holding A/S (with O/Z Holding A/S as owner of 50% of the shares) during the year. The cost price of the equity ratio amounts to DKK('000) 19,000. Goodwill of the year's purchase amounts to DKK('000) 9,777.

The totally amount of goodwill in associated enterprises at 31 December 2016 is DKK('000) 8.583.

NOTES

Note

	Parent company		
	Equity investments in group enterprises	Equity investments in associated enterprises	Receivables from group enterprises
Cost at 1 January 2016	25.227	1.072	0
Additions	87.524	0	4.667
Disposals	-30.621	-333	0
Cost at 31 December 2016	**82.130**	**739**	**4.667**
Revaluation at 1 January 2016	58.637	1.770	0
Dividend	-12.000	0	0
Profit/loss for the year	45.183	1.470	0
Equity movements	346	0	0
Disposals	-60.975	-677	0
Revaluation at 31 December 2016	**31.191**	**2.563**	**0**
Impairment losses and amortisation of goodwill at 1 January 2016	0	32	0
Amortisation of goodwill	0	51	0
Impairment losses and amortisation of goodwill at 31 December 2016	**0**	**83**	**0**
Carrying amount at 31 December 2016	**113.321**	**3.219**	**4.667**

Goodwill
The totally amount of goodwill in associated enterprises at 31 December 2016 is DKK ('000) 153.

Investments in subsidiaries (DKK '000)

Name and registered office	Equity	Profit/loss for the year	Ownership
O/Z Holding A/S, Aarhus	4.994	-6	66,67 %
Markro Invest Danmark A/S, Aarhus	2.400	2.112	100 %
Sølystgade 27, Aarhus ApS, Aarhus	4.467	473	100 %
Obton Holding II A/S, Aarhus	139.977	58.615	70,1 %
Obton A/S, Aarhus	111.233	29.872	100 %
Koncenton A/S, Aarhus	31.627	29.532	100 %
Obton Finans A/S, Aarhus	40.593	832	100 %
Zerbst Zolar 1 GmbH, Handewitt (DE)	19.331	-3.341	100 %
Zerbst Solar 2 GmbH, Handewitt (DE)	19.295	-2.162	100 %
Zerbst Solar 3 GmbH, Handewitt (DE)	16.189	-1.808	100 %
Obton Administration A/S, Aarhus	5.444	1.209	100 %
Obton Nuova Italia SRL, Italy	145	-4	100 %
Obton Fondsmægler A/S, Aarhus	4.428	2.075	100 %

NOTES

Note

Investments in associates (DKK '000)

Name and registered office	Equity	Profit for the year	Ownership
OM 2012 ApS, Aarhus................................	11.737	5.884	25 %
Bofedt A/S, Skjern..................................	656	16	20 %
P/Z Holding A/S, Gentofte.........................	38.086	201	50 %

	Group		Parent company		Note
	2016 DKK '000	2015 DKK '000	2016 DKK '000	2015 DKK '000	
Contract work in progress					10
Sales value of completed production	15.709	0	0	0	
Contract work in progress, net.....	**15.709**	**0**	**0**	**0**	
Recognised as follows:					
Contract work in progress (asset)....	15.709	0	0	0	
	15.709	**0**	**0**	**0**	
Prepayments and accrued income					11
Insurances...............................	36	0	0	0	
Costs......................................	4.387	624	0	0	
	4.423	**624**	**0**	**0**	

Prepayments and accrued income consists of the following:

Prepaid costs, relating to insurances, subscriptions, interest, etc. In addition, the termination items include the start-up costs incurred in connection with the purchase of new projects. Some projects extend over several years and Obton A/S may therefore have incurred costs that have not been completed and invoiced. Therefore, it is estimated that there will be additional start-up costs in subsequent financial years. Start-up costs are only incurred for projects where billable fees are invoiced. If the project is not sold in the relevant financial year, the costs associated with the project in question will be capitalised. Of the above balance, there are timing differences in the primary start-up costs.

			Note
Share capital			12
Specification of the share capital:			
A-shares, 10.000.000 in the denomination of 1 DKK...............	10.000	10.000	
B-shares, 0 in the denomination of 1 DKK...........................	0	0	
C-shares, 0 in the denomination of 1 DKK...........................	0	0	
D-shares, 0 in the denomination of 1 DKK...........................	0	0	
	10.000	**10.000**	

NOTES

Note

Provision for deferred tax 13

Provision for deferred tax comprises deferred tax on intangible fixed assets, tangible fixed assets, contract work in progress, prepayments and accrued income and borrowing costs.

Deferred tax concerns:				
Intangible fixed assets acquired......	112	0	0	0
Other plant, machinery, tools and equipment..............................	78	0	0	0
Leasehold improvements.............	3	0	0	0
Contract work in progress............	1.936	0	0	0
Prepayments and accrued income...	960	0	0	0
Investment properties.................	1.785	0	0	0
Other assets and liabilities...........	-2.964	0	0	0
	1.910	**0**	**0**	**0**
Deferred tax, 1 January 2016.........	227	867	0	0
Provisions for the year................	1.683	-640	0	0
Provision for deferred tax 31 December 2016........................	**1.910**	**227**	**0**	**0**

As a result of the entry requirement from 2016, comparative figures are not disclosed. It is estimated that it will require disproportionate resources to provide the basis for the Group

Other provisions for liabilities 14

0-1 år....................................	547	0	0	0

Other provisions for liabilities include Q&M costs relating to Q4 2016.

Long-term liabilities 15

	Group			
	1/1 2016 total liabilities	**31/12 2016 total liabilities**	**Repayment next year**	**Debt outstanding after 5 years**
Mortgage debt..........................	17.579	14.535	176	0
Prepayments received from customers...............................	0	173	0	0
Other liabilities.........................	0	2.538	1.250	0
Accruals and deferred income........	374	132	0	0
Subordinate loan capital..............	11.821	8.599	2.500	0
	29.774	**25.977**	**3.926**	**0**

NOTES

	Group		Parent company		
	2016	2015	2016	2015	Note
	DKK '000	DKK '000	DKK '000	DKK '000	

Accruals and deferred income 16

Accruals and deferred income consist of prepayments received regarding income in subsequent years.

Contingencies etc. 17

The Group has tenancy commitments with an annual rent of DKK ('000) 2,338. The tenancy agreement is non-terminable until 31 March 2020 and results in a total liability of DKK ('000) 9,352.

The Group has entered into a currency swap agreement with Nordea Bank Danmark A/S, which runs until 29 December 2017. The swap has a trading value per. 31 December 2016 of DKK -16, Which amount is recognized in the consolidated financial statements as a liability.

The Parent Company has secured a nominal amount of Nom. DKK ('000) 9,45 shares in unlisted group companies for collateral for debts to banks.

For collateral for debt to mortgage banks, DKK ('000) 14,360, securities have been made in investment properties whose carrying amount at 31 December 2016 amounts to DKK ('000) 25,250.

The Group has undertaken to subscribe for shares in projects conveyed by Koncenton A/S. The none subscribed part per 31.12.16 is in total DKK ('000) 11,7.

The group is involved in a pending case with the French tax authorities. The company's management has calculated a preliminary claim from the French tax authorities. The requirement, however, is still uncertain of size and outcome. It is not known when the case ends.

Joint liabilities

The Danish companies of the group is jointly and severally liable for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the group's jointly taxed income amounts to DKK ('000) 40.091 at the balance sheet date. *The payable fo the group´s jointly taxed income to the Dansih authorities is DKK ('000) 13.672 and the payment to foreign tax authorities is DKK ('000) 26,419 at the balance date.*

Charges and securities 18

The company has provided security in the form of a business charge of a nominal amount of DKK 10,000,000 for account with bank. The business charge includes ordinary debt, inventories, fixtures, equipment, receivables and goodwill etc.

NOTES

Note

Charges and securities 18

	Group		Parent company	
	Carrying amount of assets	Nominal value of mortgage or outstanding debt	Carrying amount of assets	Nominal value of mortgage or outstanding debt
	DKK '000	DKK '000	DKK '000	DKK '000
The following assets are set as security for debt				
Other plant, machinery, tools and equipment	3.158	0	0	0
Leasehold improvements	71	0	0	0
Trade receivables	14	0	0	0
Receivables, investor deposits	40.378	0	0	0

The carrying amount of charged assets is shown entirely in accordance with the allocation used in the financial statements.

Related parties 19

Controlling interest

None.

Other related parties having performed transactions with the company

The company's related parties having a significant influence comprise subsidiaries and associates as well as the companies' Board of Directors, Board of Executives and executive officers and their relatives. Related parties include also companies in which the above mentioned group of persons has material interests.

Transactions with related parties

Obton Holding A/S did not carry out any substantial transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

Consolidated financial statements 20

The company is included in the consolidated financial statements of Obton Holding A/S, Silkeborgvej 2, 8000 Aarhus C, CVR no. 30 23 75 44.

ACCOUNTING POLICIES

The annual report of Obton Holding A/S for 2016 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium enterprise.

With effect from 1 January 2016, the Company has implemented Law No. 738 of June 1, 2015. This entails the following changes for recognition and measurement for:

1. Annual reassessment of residual values on tangible assets

It is the company's first fiscal year, so there are no comparative figures.

The Annual Report is prepared consistently with the accounting principles used last year.

Consolidated financial statements
The consolidated financial statements include the parent company Obton Holding A/S and its subsidiaries in which Obton Holding A/S directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the group structure.

The consolidated financial statements consolidate the financial statements of the parent company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, internal balances and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

New acquired or established enterprises are recognised in the consolidated financial statements from the time of acquisition. Sold or wound up enterprises are recognised in the consolidated income statement up to the time of disposal. Comparative figures are not adjusted for new acquired, sold or wound up enterprises.

Acquired enterprises are recognised in the consolidated financial statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods. Upon calculation of the fair value of properties used in the business a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor’s opinion, built on an overall assessment of the production equipment.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries’ market value of net assets and liabilities at the acquisition date.

Positive differences between acquisition value and market value of acquired and identified assets and liabilities are recognised in intangible fixed assets as goodwill and amortised systematically in the income statement under an individual assessment of the useful life. Negative differences are recognised in the income statement upon acquisition. Differences from acquired enterprises amount to DKK (‘000).

Investments in associates are measured in the balance sheet at the proportional share of the value of the enterprises, calculated under the accounting policies of the parent company and eliminating proportionally any unrealised intercompany gains and losses. The proportional share of the results of the associates is recognised in the income statement after elimination of the proportional share of internal gains and losses.

Minority interests
The accounting items of the subsidiaries are recognised in full in the consolidated financial statements. The minority interests’ proportional share of the results and equity of the subsidiaries is stated as separate items in the allocation of profit/loss and in individual main items under equity.

ACCOUNTING POLICIES

INCOME STATEMENT

Net revenue
Net revenue from sale of administration and consultancy services and vendor fee is recognised in the income statement if delivery and transfer of risk have taken place before the end of the year. The project sum for sale of A/S, K/S and P/S projects is not recognised as revenue because Obton A/S is just considered to be vendor. Own projects, where Obton A/S has entered into a final binding agreement with purchaser and equity investments, are not transferred at the balance sheet date. Obton A/S is considered to bear the risk and is therefore exceptionally recognised as revenue and cost of sales, respectively. Net revenue is recognised exclusive of VAT, duties and with deduction of any discounts.

Where products with a high degree of individual adjustments are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total costs and expenses regarding the contract and the degree of completion at the balance sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the company.

When the result of contract work cannot be assessed reliably, revenue is only recognised corresponding to related costs to the extent that it is likely that they will be recovered.

Other operating income
Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible fixed assets.

Cost of sales
Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses
Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operating lease expenses, etc.

Payments related to operating lease expenses and other lease agreements are recognised in the income statement during the continuance of the contract. The company’s total liability concerning operating and other lease agreements are stated under contingencies, etc.

Staff costs
Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company’s employees. Repayments from public authorities are deducted from staff costs.

Value adjustment of investments properties
The value adjustment of investments properties is recognised in the income statement. Improvements are added to the carrying amount of the investment assets and the basis for the value adjustments of the year is the fair value at beginning of the year with addition of improvements.

Investments in subsidiaries and associates
The proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill is recognised in the income statement of the parent company.

The proportional share of the results of each associate after proportional elimination of intercompany profits/losses and deduction of amortisation of goodwill is recognised in the income statement of the owner company.

Revenue from other securities
Revenue from other securities includes interest income, and realised and unrealised gains and losses.

ACCOUNTING POLICIES

Financial income and expenses
Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

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

BALANCE SHEET

Intangible fixed assets
Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 5 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific conditions.

Software is measured at the lower of cost with deduction of accumulated amortisation and recoverable value. Software is amortised over 5 years.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Tangible fixed assets
Leasehold improvements and other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plant, fixtures and equipment	3-5 years	0 %
Leasehold improvements	5 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

ACCOUNTING POLICIES

Investment properties are initially measured at cost, which includes the purchase price of the property and any directly related costs. Investment properties are subsequently measured at fair value corresponding to the commercial value of the properties. Changes in fair value are recognized in the income statement.

The fair value of investment properties is assessed using a return-based valuation model, where the value is calculated based on the investment returns of the investment property and an individually defined return requirement, as well as by obtaining an external expert's valuation.

Subsequent costs are attributable to acquiring the amount of the investment property when it is probable that the event will result in future economic benefits for the company. Other costs for repair and maintenance are recognized in the income statement at the time of the expenses are incurred.

Fixed asset investments
Investments in subsidiaries and associates are measured in the company's balance sheet under the equity method.

Investments in subsidiaries and associates are measured in the balance sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill.

Acquired enterprises are recognised in the consolidated financial statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods. At calculation of the fair value of properties used in the business a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, built on an overall assessment of the production equipments.

Consolidated goodwill is amortised over the expected useful life determined on the basis of management's experience within the individual lines of business. Consolidated goodwill is amortised on a straight-line basis over the period of amortisation which is estimated to 5 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific condition.

Net revaluation of investments in subsidiaries and associates is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Subsidiaries and associates with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds accounts receivable, the residual amount is recognised under provision for liabilities to the extent that the company's has a legal or actual liability to cover the subsidiary's and associates' deficit.

ACCOUNTING POLICIES

Impairment of fixed assets
The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, the assets are written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories
Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, the inventories are written down to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables
Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.

Contract work in progress
Work in progress on contract is measured at the sales value of the work performed. The sales value is measured on the basis of the degree of completion on the balance sheet date and the total anticipated revenue related to the specific piece of work in progress.

The specific piece of work in progress is recognised in the balance sheet as receivables or payables, depending on the net value of the selling price less progress invoicing and progress payments.

Costs relating to sales work and obtaining of contracts are recognised in the income statement as and when they are incurred.

Accruals, assets
Accruals recognised as assets include costs incurred relating to the subsequent financial year.

ACCOUNTING POLICIES

Securities and investments
Securities and investments, recognised as current assets, comprise A/S, K/S and P/S projects which were started before the balance sheet date but which are not yet fully subscribed/completed.

As regards projects for which the investors have subscribed more than 50% of the capital, a proportional share of the expected profit is recognised.

As regards projects for which the investors have not subscribed more than 50% of the capital, equity investments for resale are measured at the lower of costs incurred and the net realisable value.

Costs related to sales work and winning of contracts are recognised in the income statement as and when they are incurred.

Cash and cash equivalents
Cash equivalents comprise cash at bank deposits.

Other provisions for liabilities
Other provisions for liabilities include the expected cost of warranty commitments, loss on work in progress, restructuring etc. and deferred tax.

Warranty commitments include liabilities for improvement of work within the warranty period of 1 to 5 years. The provision for liabilities is measured and recognised on the basis of experience with warranty work.

When it is likely that the total costs will exceed the total income on the contract work in progress, a provision is made for the total loss that is anticipated for the contract. The provision is recognised as a cost under production costs.

Tax payable and deferred tax
Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the on account tax scheme. Joint taxation contributions receivable and payable are recognised in the balance sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities
Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Amortised cost of current liabilities usually corresponds to nominal value.

ACCOUNTING POLICIES

Accruals, liabilities
Accruals recognised as liabilities include payments received regarding income in subsequent years.

Foreign currency translation
Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognised directly in the equity.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

On recognition of foreign subsidiaries that are not independent entities, but integrated entities, monetary items are translated at the exchange rate on the balance sheet date. Non-monetary items are translated at the rate at the time of acquisition or at the time of subsequent revaluation or writedown of the asset. The items of the income statement are translated at the rate on the transaction date, items derived from non-monetary items being translated at the historic rates of the non-monetary item.

The income statements of foreign subsidiaries and associates fulfilling the criteria for being independent entities are translated at an average exchange rate for the month and balance sheet items are translated at the rate of exchange on the balance sheet date. Exchange differences arising from translation of the equity of foreign subsidiaries at the beginning of the year to the rates of the balance sheet date and from translation of income statements from average rate to the rates of the balance sheet date are recognised directly in the equity.

Exchange adjustment of intercompany accounts with foreign subsidiaries that are deemed to be an addition to or deduction from the equity of independent subsidiaries are recognised directly in the equity.

CASH FLOW STATEMENT

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:
Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:
Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:
Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

ACCOUNTING POLICIES

Cash and cash equivalents:
Cash and cash equivalents include bank overdraft and cash in hand.