BEIERHOLM
VI SKABER BALANCE

LB International Holding ApS

Vestre Havnepromenade 5, 9000 Aalborg

CVR no. 31 07 13 72

Annual report
for the financial year 01.07.18 - 30.06.19

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 21.11.19

Lars Bentzen
Dirigent

Table of contents

Group information etc.

The company

LB International Holding ApS
Secondary firm name: NTU International Holding ApS
Vestre Havnepromenade 5
Postboks 1111
9000 Aalborg
Tel.: 99 30 00 00
Registered office: Aalborg
CVR no.: 31 07 13 72
Financial year: 01.07 - 30.06

Executive Board

Lars Bentzen

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Banks

Nykredit Bank
Spar Nord Bank

Statement by the Executive Board on the annual report

I have on this day presented the annual report for the financial year 01.07.18 - 30.06.19 for LB International Holding ApS.

The annual report is presented in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In my opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 30.06.19 and of the results of the group's and parent's activities and of the group's cash flows for the financial year 01.07.18 - 30.06.19.

I believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Aalborg, November 21, 2019

Executive Board

Lars Bentzen

Independent auditor's report

To the Shareholder of LB International Holding ApS

Opinion

We have audited the consolidated financial statements and parent company financial statements of LB International Holding ApS for the financial year 01.07.18 - 30.06.19, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies for the group as well as for the parent company as well as the consolidated cash flow statement. The consolidated financial statements and parent company financial statements are prepared in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 30.06.19 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year 01.07.18 - 30.06.19 in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

Basis for conclusion

We conducted our audit in accordance with International Standards on Auditing 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 parent company financial statements" section of our report. We are independent of the group and the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these 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 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. Furthermore the Management is responsible for the 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.

In preparing the consolidated financial statements and 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 parent company financial statements unless management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the consolidated financial statements and parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and 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 International Standards on Auditing 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 parent company financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and 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 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 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 company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and 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 per-formance 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 regarding the management's review

Management is responsible for management's review.

Our opinion on the consolidated financial statements and 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 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 or 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 parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of management’s review.

Aalborg, November 21, 2019

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Jens Rytter Andersen	Thomas Skou Jacobsen
State Authorized Public Accountant	State Authorized Public Accountant
MNE-no. mne10408	MNE-no. mne33207

GROUPS FINANCIAL HIGHLIGHTS

Key figures

Figures in EUR '000	2018/19	2017/18
Profit/loss		
Revenue	20,484	19,869
Gross profit	3,534	2,821
Profit/loss before depreciation, amortisation, write-downs and impairment losses	1,426	952
Operating profit/loss	1,418	943
Total net financials	-59	-96
Profit before tax	1,223	827
Profit for the year	938	646
Balance		
Total assets	20,119	15,701
Current assets	20,064	15,638
Equity	3,600	2,660
Short-term payables	15,491	12,248
Cashflow		
Net cash flow:		
Operating activities	-94	2,041
Investing activities	-1	-2
Financing activities	-243	-195
Cash flows for the year	-338	1,844

Ratios

	2018/19	2017/18
Profitability		
Return on equity	30%	28%
Gross margin	17%	14%
Profit margin	7%	5%
Asset turnover	1	2
Equity ratio		
Equity interest	18%	17%

Ratios definitions

Return on equity: $\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$

Gross margin: $\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$

Profit margin: $\frac{\text{Operating profit/loss x 100}}{\text{Revenue}}$

Asset turnover: $\frac{\text{Revenue}}{\text{Avg. total assets}}$

Equity interest: $\frac{\text{Equity, end of year x 100}}{\text{Total assets}}$

The ratios have been computed in accordance with the recommendations of the Danish Society of Financial Analysts (Den Danske Finansanalytikerforening).

Primary activities

In relation to the preperation of the annual report for the group and parent company following information must be stated:

LB Internatonal Holding ApS objective is to hold investments in subsidiaries and associated companies, to conduct investment activities and other related activities at the discretion of the Executive Board.

NTU International A/S objective is to perform consultancy services within the engineering and economic disciplines including especially technical assistance to authorities and institutions.

Development in activities and financial affairs

The income statement for the period 01.07.18 - 30.06.19 shows a profit/loss of EUR 938,384 against EUR 646,412 for the period 01.07.17 - 30.06.18. The balance sheet shows equity of EUR 3,599,551.

The management considers the net profit for the year to be satisfactory and states that an increase in the activities and revenue is expected in the period 2019/20 - 2022. Further expansion is expected in the following years.

The earnings expectations for the financial year 01.07.18 - 30.06.19 were a net profit of EUR 750k - 800k. The objective was met primarily due to a better gross profit than expedted.

NTU International A/S has in the period 1 July 2018 – 30 June 2019 experienced positive growth in new development projects in the main markets – developing countries outside EU-28 countries. NTUI has initiated a range of strategic initiatives and projects that is expected to impact in the period 2019 - 2022. NTUI is a part of a range of networks and international consortia that results in new business areas such as general technical assistance, infrastructure, SMEs, Industry, Public Sector, Energy, Climate, Macroeconomics, Agriculture and regional development.

Outlook

The management in NTU Internatonal A/S has ensured participation in a range of projects that will be implemented in the period until 2022 through newly awarded international tenders, resulting in higher turnover in the years to come.

Knowledge resources

NTU International A/S continuously works through a meticulously planned knowledge management strategy where knowledge is consolidated in a data bank and spread to relevant professional resource personel

Branches abroad

NTU International A/S has established a branch in Albania during the financial year. The branch is in charge of consultancy services and technical assistance in the Albanian market.

Income statement

Note		Group 2018/19 EUR	Group 2017/18 EUR	Parent 2018/19 EUR	Parent 2017/18 EUR
	Revenue	**20,484,202**	**19,868,533**	**0**	**0**
	Cost of sales	-16,392,058	-16,542,665	0	0
	Other external expenses	-558,154	-505,228	-2,023	-2,079
	Gross profit	**3,533,990**	**2,820,640**	**-2,023**	**-2,079**
2	Staff costs	-2,107,675	-1,869,112	0	0
	Profit/loss before depreciation, amortisation, write-downs and impairment losses	**1,426,315**	**951,528**	**-2,023**	**-2,079**
	Depreciation and impairments losses of property, plant and equipment	-8,576	-8,592	0	0
	Other operating expenses	-136,126	-20,411	0	0
	Profit/loss before net financials	**1,281,613**	**922,525**	**-2,023**	**-2,079**
	Income from equity investments in group enterprises	0	0	939,487	647,131
	Financial income	10,866	897	621	893
	Financial expenses	-69,895	-96,625	-1	0
	Profit before tax	**1,222,584**	**826,797**	**938,084**	**645,945**
	Tax on profit or loss for the year	-284,200	-180,385	300	467
	Profit for the year	**938,384**	**646,412**	**938,384**	**646,412**

3 Distribution of net profit

Balance sheet

ASSETS

Note		Group 30.06.19 EUR	Group 30.06.18 EUR	Parent 30.06.19 EUR	Parent 30.06.18 EUR
	Other fixtures and fittings, tools and equipment	17,139	25,715	0	0
4	**Total property, plant and equipment**	**17,139**	**25,715**	**0**	**0**
5	Equity investments in group enterprises	0	0	4,018,106	3,077,119
6	Deposits	37,603	36,671	0	0
	Total investments	**37,603**	**36,671**	**4,018,106**	**3,077,119**
	Total non-current assets	**54,742**	**62,386**	**4,018,106**	**3,077,119**
7	Work in progress for third parties	12,328,042	9,664,157	0	0
	Trade receivables	5,062,371	2,985,693	0	0
10	Deferred tax asset	0	0	300	0
	Income tax receivable	0	0	2,744	2,748
	Other receivables	88,503	59,977	0	0
8	Prepayments	19,268	24,635	0	0
	Total receivables	**17,498,184**	**12,734,462**	**3,044**	**2,748**
9	**Cash**	**2,566,055**	**2,903,961**	**541**	**2,502**
	Total current assets	**20,064,239**	**15,638,423**	**3,585**	**5,250**
	Total assets	**20,118,981**	**15,700,809**	**4,021,691**	**3,082,369**

Balance sheet

EQUITY AND LIABILITIES

Note		Group 30.06.19 EUR	Group 30.06.18 EUR	Parent 30.06.19 EUR	Parent 30.06.18 EUR
	Share capital	16,748	16,773	16,748	16,773
	Reserve for net revaluation according to the equity method	0	0	3,601,082	2,659,474
	Retained earnings	3,582,803	2,642,894	-18,279	-16,580
	Total equity	**3,599,551**	**2,659,667**	**3,599,551**	**2,659,667**
10	Provisions for deferred tax	1,028,500	744,300	0	0
	Total provisions	**1,028,500**	**744,300**	**0**	**0**
	Subordinate loan capital	0	48,507	0	0
	Total long-term payables	**0**	**48,507**	**0**	**0**
	Short-term part of long-term payables	0	191,513	0	0
7	Prepayments received from work in progress for third parties	1,340,806	1,113,472	0	0
	Trade payables	13,664,776	10,363,942	3,685	1,678
	Payables to group enterprises	0	0	418,455	421,024
	Income taxes	106,546	106,704	0	0
	Other payables	353,374	438,139	0	0
11	Deferred income	25,428	34,565	0	0
	Total short-term payables	**15,490,930**	**12,248,335**	**422,140**	**422,702**
	Total payables	**15,490,930**	**12,296,842**	**422,140**	**422,702**
	Total equity and liabilities	**20,118,981**	**15,700,809**	**4,021,691**	**3,082,369**

12 Contingent liabilities
13 Charges and security
14 Related parties

Statement of changes in equity

Figures in EUR	Share capital	Reserve for net revaluation according to the equity method	Retained earnings
Group:			
Statement of changes in equity for 01.07.17 - 30.06.18			
Balance as at 01.07.17	16,809	0	1,996,446
Other changes in equity	-36	0	36
Net profit/loss for the year	0	0	646,412
Balance as at 30.06.18	16,773	0	2,642,894
Statement of changes in equity for 01.07.18 - 30.06.19			
Balance as at 01.07.18	16,773	0	2,642,894
Foreign currency translation adjustment of foreign enterprises	0	0	1,500
Other changes in equity	-25	0	25
Net profit/loss for the year	0	0	938,384
Balance as at 30.06.19	16,748	0	3,582,803
Parent:			
Statement of changes in equity for 01.07.17 - 30.06.18			
Balance as at 01.07.17	16,809	2,011,449	-15,004
Foreign currency translation adjustment of foreign enterprises	0	894	-893
Other changes in equity	-36	0	36
Net profit/loss for the year	0	647,131	-719
Balance as at 30.06.18	16,773	2,659,474	-16,580
Statement of changes in equity for 01.07.18 - 30.06.19			
Balance as at 01.07.18	16,773	2,659,474	-16,580
Foreign currency translation adjustment of foreign enterprises	0	2,121	-621
Other changes in equity	-25	0	25
Net profit/loss for the year	0	939,487	-1,103
Balance as at 30.06.19	16,748	3,601,082	-18,279

Consolidated cash flow statement

Note		Group 2018/19 EUR	Group 2017/18 EUR
	Profit for the year	**938,384**	**646,412**
15	Adjustments	351,805	305,116
	Change in working capital:		
	Receivables	-4,537,791	-1,999,355
	Trade payables	3,300,834	3,062,766
	Other payables relating to operating activities	-90,367	117,922
	Cash flows from operating activities before net financials	**-37,135**	**2,132,861**
	Interest income and similar income received	10,073	8
	Interest expenses and similar expenses paid	-67,375	-93,260
	Income tax paid	0	1,876
	Cash flows from operating activities	**-94,437**	**2,041,485**
	Purchase of investments	-994	-3,567
	Disposal of investments	62	1,315
	Cash flows from investing activities	**-932**	**-2,252**
	Repayment of other long-term payables	-242,537	-194,962
	Cash flows from financing activities	**-242,537**	**-194,962**
	Total cash flows for the year	**-337,906**	**1,844,271**
	Cash, beginning of year	2,903,961	1,059,690
	Cash, end of year	**2,566,055**	**2,903,961**
	Cash, end of year, comprises:		
	Cash	2,566,055	2,903,961
	Total	**2,566,055**	**2,903,961**

1. Special items

Special items are income and expenses that are special due to their size and nature. The following special items were recorded in the financial year:

Special items:	Recognised in the income statement in:	Group 2018/19 EUR	Group 2017/18 EUR	Parent 2018/19 EUR	Parent 2017/18 EUR
Loss on disposal of property, plant and equipment	Other operating expenses	0	-20,411	0	0
Loss on recourse guarantee commitment	Other operating expenses	-13,126	0	0	0
Total		-13,126	-20,411	0	0

2. Staff costs

	Group 2018/19 EUR	Group 2017/18 EUR	Parent 2018/19 EUR	Parent 2017/18 EUR
Wages and salaries	1,937,370	1,737,089	0	0
Pensions	25,115	17,028	0	0
Other social security costs	77,234	62,024	0	0
Other staff costs	67,956	52,971	0	0
Total	2,107,675	1,869,112	0	0
Average number of employees during the year	40	34	0	0

Remuneration for the management:

	Group 2018/19 EUR	Group 2017/18 EUR	Parent 2018/19 EUR	Parent 2017/18 EUR
Remuneration for the Executive Board and Board of Directors	511,978	662,849	0	0

3. Distribution of net profit

	Group 2018/19 EUR	Group 2017/18 EUR	Parent 2018/19 EUR	Parent 2017/18 EUR
Reserve for net revaluation according to the equity method	0	0	939,487	647,131
Retained earnings	938,384	646,412	-1,103	-719
Total	938,384	646,412	938,384	646,412

4. Property, plant and equipment

Figures in EUR	Other fixtures and fittings, tools and equipment
Group:	
Cost as at 01.07.18	42,877
Cost as at 30.06.19	42,877
Depreciation and impairment losses as at 01.07.18	-17,162
Depreciation during the year	-8,576
Depreciation and impairment losses as at 30.06.19	-25,738
Carrying amount as at 30.06.19	17,139

5. Equity investments in group enterprises

Figures in EUR	Equity investments in group enterprises
Parent:	
Cost as at 01.07.18	417,645
Foreign currency translation adjustment of foreign enterprises	-621
Cost as at 30.06.19	417,024
Revaluations as at 01.07.18	2,659,474
Foreign currency translation adjustment of foreign enterprises	2,121
Net profit/loss from equity investments	939,487
Revaluations as at 30.06.19	3,601,082
Carrying amount as at 30.06.19	4,018,106

Name and registered office:	Ownership interest	Equity EUR	Net profit/loss for the year EUR	Recognised value EUR
Subsidiaries:				
NTU International A/S, Aalborg	100%	4,018,106	939,487	4,018,106

6. Other non-current financial assets

Figures in EUR	Deposits
Group:	
Cost as at 01.07.18	36,672
Additions during the year	994
Disposals during the year	-63
Cost as at 30.06.19	37,603

	Group		Parent	
	30.06.19 EUR	30.06.18 EUR	30.06.19 EUR	30.06.18 EUR

7. Work in progress for third parties

Work in progress for third parties	29,077,505	27,563,542	0	0
On-account invoicing	-18,090,269	-19,012,857	0	0
Work in progress for third parties	10,987,236	8,550,685	0	0
Work in progress for third parties	12,328,042	9,664,157	0	0
Prepayments received from work in progress for third parties, short-term payables	-1,340,806	-1,113,472	0	0
Total	10,987,236	8,550,685	0	0

8. Prepayments

Prepaid insurance premiums	10,304	5,045	0	0
Prepaid interest	0	8,397	0	0
Prepaid membership fees and subscriptions	935	5,401	0	0
Prepaid lease payments	0	2,766	0	0
Prepaid rent	2,400	1,225	0	0
Prepaid project costs	5,629	1,801	0	0
Total	19,268	24,635	0	0

9. Cash

As security for engagement with credit institution NTU International A/S has made a deposit of EUR 116k on secure accounts.

	Group		Parent	
	30.06.19 EUR	30.06.18 EUR	30.06.19 EUR	30.06.18 EUR

10. Deferred tax

Deferred tax as at 01.07.18	744,300	670,614	0	-2,286
Deferred tax recognised in the income statement	284,200	73,686	-300	2,286
Deferred tax as at 30.06.19	1,028,500	744,300	-300	0

Deferred tax is distributed as below:

Property, plant and equipment	-1,500	-1,300	0	0
Receivables	1,125,900	746,400	0	0
Liabilities	-800	-800	0	0
Tax losses	-95,100	0	-300	0
Total	1,028,500	744,300	-300	0

11. Deferred income

Deferred income	25,428	34,565	0	0
Total	25,428	34,565	0	0

12. Contingent liabilities

Group:

Lease commitments

The group has concluded lease agreements with terms to maturity of 35 months and average lease payments of EUR 2k, a total of EUR 73k.

The company has rental leases for the premises of the operation. The leases are irredeemable until 30 September 2019 and 31 December 2020. The annual rent per 30 June 2019 is EUR 116k, a total of EUR 156k.

Parent:

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The total known tax liability for the jointly taxed companies is EUR 107k at the balance sheet date, of which EUR -3k is recognised in the balance sheet. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

13. Charges and security

Group:

The enterprise has provided a company charge of EUR 938k as security for guarantees of EUR 2,779k provided by credit institutions to third parties. As at 30.06.19, the company charge comprises the following assets with the following carrying amounts:

- Goodwill and intellectual property rights, EUR 0k
- Other plant, fixtures and fittings, tools and equipment, EUR 17k
- Inventories, EUR 0k
- Trade receivables, EUR 5,062k

As security for engagement with credit institutions the company has made a deposit on secure accounts of EUR 116k.

13. Charges and security - continued -

Parent:

To ensure all balances with Spar Nord Bank A/S for NTU International A/S, security has been provided in the share capital of NTU International A/S, nominally EUR 67k. The book value per 30.06.19 amounted to EUR 4,018k.

14. Related parties

Controlling influence	Basis of influence
Lars Bentzen, Skovbakkevej 4, 9000 Aalborg	Owner of LB International Holding ApS

	Group	Parent
Balances	30.06.19 EUR	30.06.19 EUR
Payables to group enterprises	0	-418,455

Payables to group companies recognised under short-term payables consist of balances which are settled on an ongoing basis and in accordance with the company's standard terms of agreement and payment. No write-downs have been made on the payables.

	Group	
	2018/19 EUR	2017/18 EUR
15. Adjustments for the cash flow statement		
Depreciation and impairments losses of property, plant and equipment	8,576	8,592
Other operating expenses	0	20,411
Financial income	-10,866	-897
Financial expenses	69,895	96,625
Tax on profit or loss for the year	284,200	180,385
Total	351,805	305,116

16. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for medium-sized groups and enterprises in reporting class C.

The accounting policies of the parent have changed which is stated in the 'Change in accounting policies' section.

No comparative figures have been provided as this is the group's first financial year.

Change in accounting policies

The company has changed its accounting policies in the following areas:

Reporting currency

The company has changed its reporing currency from DKK to EUR because its subsidiary uses EUR as reporting currency. The change in accounting policy has no impact on the net profit or loss for the year, equity or balance sheet total.

Except for the areas mentioned above, the accounting policies have been applied consistently with the previous year.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

16. Accounting policies - continued -

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control. Enterprises in which the group holds equity investments, between 20% and 50% of the voting rights and in which it has significant interest but not control, are considered associates.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

CURRENCY

The annual report is presented in EURO (EUR).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

LEASES

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

16. Accounting policies - continued -

INCOME STATEMENT

Revenue

Income from the delivery of services is recognised as delivery takes place, which means that revenue corresponds to the selling price of the work performed for the year stated on the basis of the stage of completion at the balance sheet date (percentage of completion method). Other income from services is recognised in step with delivery.

Cost of sales

Cost of sales comprises cost of sales for the year measured at cost.

Other external expenses

Other external expenses comprise selling costs, vehicle expenses, cost of premises and administrative expenses as well as other capacity costs, including bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation and impairment losses

The depreciation of property, plant and equipment aim at systematic depreciation over the expected useful lives of the assets. Assets are depreciated according to the straight-line method based on the following expected useful lives and residual values:

	Useful life, year	Residual value, per cent
Other plant, fixtures and fittings, tools and equipment	5	0

The basis of depreciation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Property, plant and equipment are impaired in accordance with the accounting policies referred to in the ‘Impairment losses on fixed assets’ section.

16. Accounting policies - continued -

Other operating expenses

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

Income from equity investments in group entreprises

For equity investments in subsidiaries that in the parent are measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Amortisation of capital losses and borrowing costs relating to financial liabilities is recognised on an ongoing basis as financial expenses.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Property, plant and equipment

Property, plant and equipment comprise other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

16. Accounting policies - continued -

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the ‘Depreciation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group entreprises

Equity investments in subsidiaries are measured in the balance sheet of the parent according to the equity method, meaning that these equity investments are measured at the proportionate share of the enterprises’ equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of positive or negative goodwill and gains and losses on transactions with the enterprises in question.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

16. Accounting policies - continued -

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Work in progress for third parties

Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some work in progress where the resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual piece of work in progress is used instead.
When the selling price of a piece of work in progress cannot be determined reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.

When it is likely that the total costs of the individual piece of work in progress will exceed total sales income, the total expected loss is recognised as a provision.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank accounts.

16. Accounting policies - continued -

Equity

The net revaluation of equity investments in subsidiaries is recognised in the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Current and deferred tax

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

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

With subordinate loan capital, the creditor has subordinated its claim to those of all other creditors of the company.

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

16. Accounting policies - continued -

Deferred income

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the parent's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables.

Cash and cash equivalents at the beginning and end of the year comprise cash and short-term payables to credit institutions.