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Grening Holding ApS

Sletten 21
6800 Varde
Central Business Registration
No 31933153

Annual report 01.05.2017 - 30.04.2018

The Annual General Meeting adopted the annual report on 28.08.2018

Chairman of the General Meeting

Name: Henrik Larsen

Contents

Entity details

Entity
Grening Holding ApS
Sletten 21
6800 Varde

Central Business Registration No (CVR): 31933153
Registered in: Varde
Financial year: 01.05.2017 - 30.04.2018

Board of Directors
Niels Kristensen, chairman of the board
Jan Bruun Jørgensen
Niels Grening Langerhuus

Executive Board
Niels Grening Langerhuus

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
Postbox 200
6701 Esbjerg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Grening Holding ApS for the financial year 01.05.2017 - 30.04.2018.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.04.2018 and of the results of its operations and cash flows for the financial year 01.05.2017 - 30.04.2018.

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

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

Varde, 28.08.2018

Executive Board

Niels Grening Langerhuus

Board of Directors

Niels Kristensen chairman of the board	Jan Bruun Jørgensen	Niels Grening Langerhuus

Independent auditor's report

To the shareholders of Grening Holding ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Grening Holding ApS for the financial year 01.05.2017 - 30.04.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.04.2017, and of the results of their operations and the consolidated cash flows for the financial year 01.05.2016 - 30.04.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's report

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Entity’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the consolidated financial statements and the parent 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 Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

- 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 the management commentary
Management is responsible for the management commentary.

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

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

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

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Esbjerg, 28.08.2018

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Henrik Harbo Andersen
State Authorised Public Accountant
Identification No (MNE) mne19699

Management commentary

	2017/18 DKK'000	2016/17 DKK'000	2015/16 DKK'000	2014/15 DKK'000	2013/14 DKK'000
Financial highlights					
Key figures					
Gross profit	51,246	49,048	36,396	47,075	43,072
Operating profit/loss	4,733	6,681	1,731	14,790	15,057
Net financials	(300)	(125)	(830)	(99)	310
Profit/loss for the year	2,947	4,562	190	10,754	11,221
Profit/loss for the year excl minority interests	2,318	3,984	(289)	10,724	11,225
Total assets	131,761	139,768	127,527	125,957	84,824
Investments in property, plant and equipment	8,803	8,244	6,886	42,881	5,616
Equity	71,177	69,230	64,769	66,579	56,825
Equity excl minority interests	69,420	68,102	64,219	66,508	56,784
Average invested capital incl goodwill	129,453	123,318	11,245	82,397	53,137
Net interest-bearing debt	37,230	46,004	38,599	31,361	0
Ratios					
Return on invested capital incl goodwill (%)	6.0	7.6	3.1	20.3	31.9
Financial gearing (%)	0.5	0.7	0.6	0.5	0.0
Return on equity (%)	3.4	6.8	0.3	17.4	21.3
Equity ratio (%)	52.7	48.7	50.4	52.8	66.9

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Return on invested capital incl goodwill (%)	$\frac{\text{EBITA x 100}}{\text{Average invested capital incl goodwill}}$	The return generated by the entity on the investors' funds.
Financial gearing	$\frac{\text{Net interest-bearing debt}}{\text{Equity excl minority interests}}$	The entity's financial gearing.
Return on equity (%)	$\frac{\text{Profit/loss for the year excl minority interests x 100}}{\text{Average equity excl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity excl minority interests x 100}}{\text{Total assets}}$	The financial strength of the entity.

EBITA (Earnings Before Interest, Tax and Amortisation) is defined as operating profit plus the year's amortisation of and impairment losses relating to intangible assets including goodwill.

Invested capital including goodwill is defined as net working capital plus the carrying amount of property, plant and equipment and intangible assets as well as accumulated amortisation of intangible assets including goodwill, and less other provisions and long-term operating liabilities. Accumulated impairment losses relating to goodwill are not added.

Net working capital is defined as inventories, receivables and other operating current assets net of trade payables and other short-term operating liabilities. Income taxes receivable and payable as well as cash are not included in net working capital.

Net interest-bearing debt is defined as interest-bearing liabilities, including income tax payable, net of interest-bearing assets, including cash and income tax receivable.

Management commentary

Primary activities
The group develops and constructs individual solutions, furthermore sale/service and rental of equipment for the industry of oil and gas, wind turbines and industrial segments.

Development in activities and finances
In 2017/18, the group realized a profit of 2,947 t.DKK against 4,562 t.DKK in 2016/17. The result is satisfactorily.

The equity of the group amount to 71,177 t.DKK at the 30^{th} April 2018.

Outlook
In 2018/19, the executive board expects the entity will achive a positive result.

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

Consolidated income statement for 2017/18

	Notes	2017/18 DKK'000	2016/17 DKK'000
Gross profit		**51,246**	**49,048**
Staff costs	1	(36,211)	(32,354)
Depreciation, amortisation and impairment losses	2	(10,015)	(9,682)
Other operating expenses		(287)	(331)
Operating profit/loss		**4,733**	**6,681**
Other financial income	3	995	1,060
Other financial expenses	4	(1,295)	(1,185)
Profit/loss before tax		**4,433**	**6,556**
Tax on profit/loss for the year	5	(1,486)	(1,994)
Profit/loss for the year	6	**2,947**	**4,562**

Consolidated balance sheet at 30.04.2018

	Notes	2017/18 DKK'000	2016/17 DKK'000
Acquired intangible assets		3,026	2,969
Goodwill		14,480	17,035
Intangible assets	7	**17,506**	**20,004**
Land and buildings		44,264	50,368
Investment property		8,000	0
Other fixtures and fittings, tools and equipment		12,392	12,564
Leasehold improvements		0	168
Property, plant and equipment	8	**64,656**	**63,100**
Deposits		591	591
Other receivables		427	455
Fixed asset investments	9	**1,018**	**1,046**
Fixed assets		**83,180**	**84,150**
Work in progress		959	4,605
Manufactured goods and goods for resale		22,363	21,736
Inventories		**23,322**	**26,341**
Trade receivables		21,155	24,140
Contract work in progress		0	23
Other receivables		684	309
Income tax receivable		0	724
Prepayments	10	294	224
Receivables		**22,133**	**25,420**
Cash		**3,126**	**3,857**
Current assets		**48,581**	**55,618**
Assets		**131,761**	**139,768**

Consolidated balance sheet at 30.04.2018

	Notes	2017/18 DKK'000	2016/17 DKK'000
Contributed capital		125	125
Retained earnings		68,295	66,977
Proposed dividend		1,000	1,000
Equity attributable to the Parent's owners		**69,420**	**68,102**
Share of equity attributable to minority interests		**1,757**	**1,128**
Equity		**71,177**	**69,230**
Deferred tax	11	2,842	2,691
Other provisions	12	1,535	645
Provisions		**4,377**	**3,336**
Mortgage debt		20,379	21,514
Bank loans		11,804	15,751
Non-current liabilities other than provisions	13	**32,183**	**37,265**
Current portion of long-term liabilities other than provisions	13	5,139	5,127
Bank loans		2,232	6,992
Trade payables		5,916	7,256
Income tax payable		0	1,201
Joint taxation contribution payable		731	0
Other payables		10,006	9,361
Current liabilities other than provisions		**24,024**	**29,937**
Liabilities other than provisions		**56,207**	**67,202**
Equity and liabilities		**131,761**	**139,768**
Unrecognised rental and lease commitments	15		
Assets charged and collateral	16		
Subsidiaries	17		

Consolidated statement of changes in equity for 2017/18

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Share of equity attributable to minority interests DKK'000
Equity beginning of year	125	66,977	1,000	1,128
Ordinary dividend paid	0	0	(1,000)	0
Profit/loss for the year	0	1,318	1,000	629
Equity end of year	**125**	**68,295**	**1,000**	**1,757**

	Total DKK'000
Equity beginning of year	69,230
Ordinary dividend paid	(1,000)
Profit/loss for the year	2,947
Equity end of year	**71,177**

Consolidated cash flow statement for 2017/18

	Notes	2017/18 DKK'000	2016/17 DKK'000
Operating profit/loss		4,733	6,681
Amortisation, depreciation and impairment losses		10,015	9,682
Other provisions		890	165
Working capital changes	14	4,887	(13,957)
Cash flow from ordinary operating activities		**20,525**	**2,571**
Financial income received		995	1,019
Financial income paid		(1,295)	(1,185)
Income taxes refunded/(paid)		(1,053)	(1,465)
Cash flows from operating activities		**19,172**	**940**
Acquisition etc of intangible assets		(540)	(2,540)
Acquisition etc of property, plant and equipment		(8,803)	(8,244)
Sale of property, plant and equipment		270	2,690
Loans		0	(540)
Repayments received		0	85
Other cash flows from investing activities		0	1,972
Cash flows from investing activities		**(9,073)**	**(6,577)**
Loans raised		0	10,000
Repayments of loans etc		(5,070)	(2,351)
Dividend paid		(1,000)	(101)
Cash flows from financing activities		**(6,070)**	**7,548**
Increase/decrease in cash and cash equivalents		**4,029**	**1,911**
Cash and cash equivalents beginning of year		(3,135)	(5,046)
Cash and cash equivalents end of year		**894**	**(3,135)**
Cash and cash equivalents at year-end are composed of:			
Cash		3,126	3,857
Short-term debt to banks		(2,232)	(6,992)
Cash and cash equivalents end of year		**894**	**(3,135)**

Notes to consolidated financial statements

	2017/18 DKK'000	2016/17 DKK'000
1. Staff costs		
Wages and salaries	32,487	28,722
Pension costs	2,906	2,938
Other social security costs	464	554
Other staff costs	354	140
	36,211	**32,354**
Average number of employees	**70**	**65**

	Remuneration of management 2017/18 DKK'000	Remuneration of management 2016/17 DKK'000
Total amount for management categories	1,946	1,866
	1,946	**1,866**

	2017/18 DKK'000	2016/17 DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	3,038	2,705
Depreciation of property, plant and equipment	7,071	7,255
Profit/loss from sale of intangible assets and property, plant and equipment	(94)	(278)
	10,015	**9,682**

	2017/18 DKK'000	2016/17 DKK'000
3. Other financial income		
Other interest income	59	30
Exchange rate adjustments	0	9
Fair value adjustments	0	41
Other financial income	936	980
	995	**1,060**

Notes to consolidated financial statements

	2017/18 DKK'000	2016/17 DKK'000
4. Other financial expenses		
Other interest expenses	1,169	1,036
Exchange rate adjustments	120	71
Other financial expenses	6	78
	1,295	**1,185**

	2017/18 DKK'000	2016/17 DKK'000
5. Tax on profit/loss for the year		
Current tax	1,379	1,202
Change in deferred tax	151	793
Adjustment concerning previous years	(44)	(1)
	1,486	**1,994**

	2017/18 DKK'000	2016/17 DKK'000
6. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	1,000	1,000
Retained earnings	1,318	2,984
Minority interests' share of profit/loss	629	578
	2,947	**4,562**

	Acquired intangible assets DKK'000	Goodwill DKK'000
7. Intangible assets		
Cost beginning of year	3,118	29,563
Additions	540	0
Cost end of year	**3,658**	**29,563**
Amortisation and impairment losses beginning of year	(149)	(12,528)
Amortisation for the year	(483)	(2,555)
Amortisation and impairment losses end of year	**(632)**	**(15,083)**
Carrying amount end of year	**3,026**	**14,480**

Notes to consolidated financial statements

	Land and buildings DKK'000	Investment property DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000
8. Property, plant and equipment				
Cost beginning of year	54,120	0	22,833	154
Transfers	(10,611)	8,000	0	0
Additions	2,444	0	6,359	0
Disposals	0	0	(606)	0
Cost end of year	**45,953**	**8,000**	**28,586**	**154**
Revaluations beginning of year	4,686	0	0	0
Transfers	(4,686)	0	0	0
Revaluations end of year	**0**	**0**	**0**	**0**
Depreciation and impairment losses beginning of year	(8,438)	0	(10,269)	14
Transfers	7,297	0	0	0
Depreciation for the year	(548)	0	(6,355)	(168)
Reversal regarding disposals	0	0	430	0
Depreciation and impairment losses end of year	**(1,689)**	**0**	**(16,194)**	**(154)**
Carrying amount end of year	**44,264**	**8,000**	**12,392**	**0**

The investment property compromise a industrial building located in Esbjerg. The investment property is measured at fair value, in accordance with accounting policies. The fair value is determined by applying the return-based model using the expcted cash flow from the property. The return-rate used in the model are 7,75% in 2017/18. A increase on the return-rate by 0,25% would reduce the fair value by 248 tDKK. For further information, please see description in accounting policies.

	Deposits DKK'000	Other receivables DKK'000
9. Fixed asset investments		
Cost beginning of year	591	455
Disposals	0	(28)
Cost end of year	**591**	**427**
Carrying amount end of year	**591**	**427**

Notes to consolidated financial statements

10. Prepayments

Prepayments contains insurance etc. paid in advance.

	2017/18 DKK'000	2016/17 DKK'000
11. Deferred tax		
Intangible assets	665	652
Property, plant and equipment	2,046	2,044
Inventories	237	146
Receivables	63	(5)
Provisions	(112)	(142)
Liabilities other than provisions	(57)	(4)
	2,842	**2,691**

Changes during the year	
Beginning of year	2,691
Recognised in the income statement	151
End of year	**2,842**

12. Other provisions

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

	Due within 12 months 2017/18 DKK'000	Due within 12 months 2016/17 DKK'000	Due after more than 12 months 2017/18 DKK'000	Outstanding after 5 years DKK'000
13. Liabilities other than provisions				
Mortgage debt	1,139	1,127	20,379	15,913
Bank loans	4,000	4,000	11,804	2,000
	5,139	**5,127**	**32,183**	**17,913**

	2017/18 DKK'000	2016/17 DKK'000
14. Change in working capital		
Increase/decrease in inventories	3,019	(9,464)
Increase/decrease in receivables	2,563	(2,694)
Increase/decrease in trade payables etc	(695)	(1,799)
	4,887	**(13,957)**

Notes to consolidated financial statements

	2017/18 DKK'000	2016/17 DKK'000
15. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**1,656**	**2,757**

16. Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties.

The carrying amount of mortgaged properties amounts to 52,264 t.DKK.

Bank debt are secured by way of a deposited mortgage deed registered to the mortgagor on plant of t.DKK 1,950 nominal.

The carrying amount of mortgaged properties amounts to 44,264 t.DKK.

Bank debt are secured by way of a mortgage of 9,000 t.DKK nominal (floating charge) registred to goodwill, other fixtures and fittings, toold and equipment, inventories, trade receivables etc.

The carrying amount of mortgaged assets amounts to 19,118 t.DKK.

	Registered in	Corpo-rate form	Equity inte-rest %
17. Subsidiaries			
Hytor A/S	Esbjerg	A/S	100.0
Ejendomsselskabet 3M ApS	Esbjerg	ApS	55.0
Hytor Oil & Gas Solutions A/S	Esbjerg	A/S	100.0
eptools A/S	Herning	A/S	100.0
EP Tools GmbH	Hamburg	GmbH	100.0
eptools Ltd	Essex	Limited	100.0

Parent income statement for 2017/18

	Notes	2017/18 DKK'000	2016/17 DKK'000
Gross profit		**319**	**261**
Staff costs	1	(500)	(500)
Operating profit/loss		**(181)**	**(239)**
Income from investments in group enterprises		2,293	4,048
Other financial income	2	290	327
Other financial expenses	3	(157)	(224)
Profit/loss before tax		**2,245**	**3,912**
Tax on profit/loss for the year	4	73	72
Profit/loss for the year	5	**2,318**	**3,984**

Parent balance sheet at 30.04.2018

	Notes	2017/18 DKK'000	2016/17 DKK'000
Investments in group enterprises		62,813	65,520
Other receivables		427	455
Fixed asset investments	6	**63,240**	**65,975**
Fixed assets		**63,240**	**65,975**
Receivables from group enterprises		12,733	7,580
Other receivables		28	25
Income tax receivable		648	724
Joint taxation contribution receivable		29	1,378
Receivables		**13,438**	**9,707**
Current assets		**13,438**	**9,707**
Assets		**76,678**	**75,682**

Parent balance sheet at 30.04.2018

	Notes	2017/18 DKK'000	2016/17 DKK'000
Contributed capital		125	125
Reserve for net revaluation according to the equity method		5,470	7,176
Retained earnings		62,825	59,801
Proposed dividend		1,000	1,000
Equity		**69,420**	**68,102**
Bank loans		7	725
Payables to group enterprises		6,519	4,600
Income tax payable		0	1,201
Joint taxation contribution payable		0	840
Other payables		732	214
Current liabilities other than provisions		**7,258**	**7,580**
Liabilities other than provisions		**7,258**	**7,580**
Equity and liabilities		**76,678**	**75,682**
Contingent liabilities	7		

Parent statement of changes in equity for 2017/18

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	125	7,176	59,801	1,000
Ordinary dividend paid	0	0	0	(1,000)
Profit/loss for the year	0	(1,706)	3,024	1,000
Equity end of year	**125**	**5,470**	**62,825**	**1,000**

	Total DKK'000
Equity beginning of year	68,102
Ordinary dividend paid	(1,000)
Profit/loss for the year	2,318
Equity end of year	**69,420**

Notes to parent financial statements

	2017/18 DKK'000	2016/17 DKK'000
1. Staff costs		
Pension costs	500	500
	500	**500**
Average number of employees	**1**	**1**

	2017/18 DKK'000	2016/17 DKK'000
2. Other financial income		
Financial income arising from group enterprises	262	244
Other interest income	28	30
Fair value adjustments	0	41
Other financial income	0	12
	290	**327**

	2017/18 DKK'000	2016/17 DKK'000
3. Other financial expenses		
Financial expenses from group enterprises	135	210
Other interest expenses	19	13
Other financial expenses	3	1
	157	**224**

	2017/18 DKK'000	2016/17 DKK'000
4. Tax on profit/loss for the year		
Current tax	(29)	1,202
Adjustment concerning previous years	(44)	(1)
Refund in joint taxation arrangement	0	(1,273)
	(73)	**(72)**

	2017/18 DKK'000	2016/17 DKK'000
5. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	1,000	1,000
Transferred to reserve for net revaluation according to the equity method	(1,706)	(1,953)
Retained earnings	3,024	4,937
	2,318	**3,984**

Notes to parent financial statements

	Investments in group enterprises DKK'000	Other receivables DKK'000
6. Fixed asset investments		
Cost beginning of year	52,343	455
Disposals	0	(28)
Cost end of year	**52,343**	**427**
Revaluations beginning of year	13,177	0
Amortisation of goodwill	(2,555)	0
Share of profit/loss for the year	4,848	0
Dividend	(5,000)	0
Revaluations end of year	**10,470**	**0**
Carrying amount end of year	**62,813**	**427**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

7. Contingent liabilities

The parent company has guaranteed the bank debt in Hytor A/S and Ejendomsselskabet 3M ApS. The bank debt is at 30th April 2018, 10,505 t.DKK.

The Entity serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

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

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

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

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

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

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

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group’s accounting policies.

Subsidiaries’ financial statement items are recognised in full in the consolidated financial statements. Minority interests’ proportionate share of profit or loss is presented as a separate item in Management’s proposal for distribution of profit or loss, and their share of subsidiaries’ net assets is presented as a separate item in group equity.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries’ net assets at the acquisition date, with net assets having been calculated at fair value.

Accounting policies

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

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

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

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Other operating income
Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Cost of sales
Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

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

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

Accounting policies

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

Other operating expenses
Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

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

Other financial income
Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

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

The parent company is jointly taxed with its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet
Goodwill
Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation periods used are usually ten years.

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

Intellectual property rights etc
Intellectual property rights etc comprise acquired intellectual property rights.

Accounting policies

Intellectual property rights acquired are measured at cost less accumulated amortisation. Straight-line deporeciation is made on the basis of the following estimated usefull lives of the assets:

Software	3-7 years

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Land and buildings are measured at cost plus revaluation and what concerns the buildings less accumulated depreciation and impairment losses. Revaluations are measured by regular, independent valuation of the fair value.

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

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

Buildings	30-50 years
Other fixtures and fittings, tools and equipment	2-7 years
Rental equipment	2-7 years

Estimated useful lives and residual values are reassessed annually.

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

Investment property
On initial recognition, investment properties are measured at cost consisting of the acquisition price of the properties plus directly related acquisition costs.

Subsequent to initial recognition, investment properties are measured at fair value which is equivalent to the amount at which the individual property may be sold to an independent buyer at the balance sheet date. Fair value is determined by applying the return-based model as the calculated value in use of expected cash flows from each property. The calculation is based on budgeted net earnings for the next year that has been

Accounting policies

adjusted to normal earnings, and using a required rate of return that reflects current market required rates of return for similar properties. The value is adjusted for factors not reflected in normal earnings, for example, actual vacancy rate, major refurbishments etc.

The financial year's adjustments of the properties' fair value are recognised in the income statement.

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

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straigth-line over its estimated useful life, which is normally ten years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

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

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

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

Contract work in progress
Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Accounting policies

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as financing costs are recognised in the income statement as incurred.

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

Cash
Cash comprises cash in hand and bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Minority interests
Minority interests consist of non-controlling interests' share of equity in subsidiaries not 100% owned by the Parent.

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

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

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

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

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

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Accounting policies

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Operating leases

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

Other financial liabilities

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

Income tax receivable or payable

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

Joint taxation contributions receivable or payable

Current joint taxation contributions receivable or joint taxation payable is recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash less short-term bank loans.