



KMG - Kliplev Motorway Group A/S

Hæstvej 46D
8380 Trige
CVR no. 32 76 52 46

Annual report 2017

Adopted at the annual general meeting on 28/5 2018

A handwritten signature in blue ink, appearing to read 'Klaus-Dieter Pertl', written over a horizontal line.

Klaus-Dieter Pertl
Chairman

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Statement by Management on the annual report

The Board of Directors and Executive Board have today discussed and approved the annual report of KMG - Kliplev Motorway Group A/S for the financial year 1 January - 31 December 2017.

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

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and of the Company's financial position.

Management recommends that the annual report should be approved at the annual general meeting.

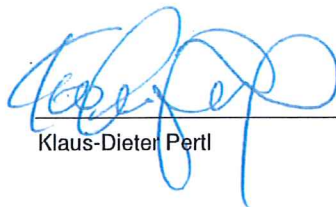
Aarhus, 24 May 2018

Executive Board

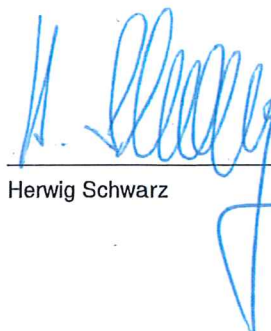


Stefan Propst

Board of Directors



Klaus-Dieter Pertl



Herwig Schwarz



Stefan Propst

Independent auditor's report

To the shareholder of KMG - Kipleve Motorway Group A/S

Opinion

We have audited the financial statements of KMG - Kipleve Motorway Group A/S for the financial year 1 January - 31 December 2017, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017, and of the result of the Company's operations for the financial year 1 January - 31 December 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 financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of 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 rules and requirements.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the 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 financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent auditor's report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

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

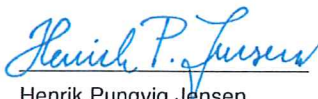
Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Aarhus, 24 May 2018

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Henrik Pungvig Jensen

state authorised public accountant

MNE-no.: mne24825

Company details

Name	KMG - Kiplev Motorway Group A/S
Address	Hæstvej 46D, 8380 Trige
Website	www.kmggroup.dk
CVR-no.	32 76 52 46
Financial year	1 January - 31 December
Incorporated	3 February 2010
Domicile	Aarhus
Board of Directors	Klaus-Dieter Pertl Herwig Schwarz Stefan Propst
Executive Board	Stefan Propst
Auditors	ERNST & YOUNG Godkendt Revisionspartnerselskab Værkmestergade 25 8000 Aarhus C

Management's review

Activities are to enter into and discharge all obligations under the agreement on the design, construction, finance, operation and maintenance of the Kliplev Sønderborg Motorway in a public private partnership model and any other activity deemed related thereto.

Financial review

In 2017 the Company's revenue amounted to DKK 14,953 thousand against DKK 17,513 thousand last year, the effect of reduced revenue was almost entirely offset by reduced costs, profit after tax amounts to DKK 4,417 thousand.

The management considers the performance adequate and in line with the expectations.

Operations of the Company have run to the satisfaction of the management. The general setup of major subcontractors for operations and maintenance of the motorway has not changed in the financial year. Major replanting works have been subcontracted and the 5 year inspection with the Road Directorate and the municipalities of Sønderborg and Aabenraa were completed as initially scheduled 5 years after opening of the motorway and major parts of the secondary roads. All rectification works in relation to the 5 year inspection have been subcontracted to STRABAG AG Germany and have no financial impact on KMG, as those works fall within the obligation of the main subcontractor STRABAG AG. Works are scheduled for Q1 and Q2 2018.

Impact on external requirement

At the time of this report the Company is in full compliance of the OPP Contract and all required environmental regulations. The Company has renewed all required audits in 2018 and has updated its audit documentation were required under the STRABAG group's regulations. To demonstrate further our commitment to the STRABAG's group code of conduct and business ethics, the Company has made the compliance documentation available on its website www.kmggroup.dk.

Outlook

The Company expects a stable outlook on business operations with no major deviations compared to the current financial year, no major maintenance works are expected for 2018.

Income statement 1 January - 31 December

Note	2017 TDKK	2016 TDKK
Revenue	14.953	17.513
Construction materials, consumables and services used	-8.202	-10.753
Other external expenses	-1.034	-774
Profit/loss before financial income and expenses	5.717	5.986
Financial income	0	0
Financial costs	-56	-70
Profit/loss before tax	5.661	5.916
2 Tax on profit/loss for the year	-1.244	-1.305
Net profit/loss for the year	4.417	4.611
3 Distribution of profit/loss		

Balance sheet 31 December

Note	2017	2016
	TDKK	TDKK
ASSETS		
	5.137	4.957
4	911	581
	<u>6.048</u>	<u>5.538</u>
	17.427	15.397
	<u>23.475</u>	<u>20.935</u>
	<u>23.475</u>	<u>20.935</u>

Balance sheet 31 December

Note	2017 TDKK	2016 TDKK
EQUITY AND LIABILITIES		
Share capital	500	500
Retained earnings	10.132	9.715
Dividend proposed for the year	4.000	3.040
5 Equity	14.632	13.255
Prepayments received from customers	4.140	2.640
6 Long-term liabilities	4.140	2.640
Trade payables	48	37
Payables to group companies	2.466	1.964
Corporation tax	1.576	1.560
Other payables	613	1.479
Current liabilities	4.703	5.040
EQUITY AND LIABILITIES TOTAL	23.475	20.935
7 Contingent assets, liabilities and other financial obligations		
8 Related parties		

Statement of changes in equity

	Share Capital	Retained earnings	Dividend proposed for the year	Total
Equity beginning of year	500	9.715	3.040	13.255
Net profit/loss for the year	-	417	4.000	4.417
Dividend distributed	-	-	-3.040	-3.040
Equity end of year	500	10.132	4.000	14.632

Notes

1 Accounting policies

The annual report of KMG - Kliplev Motorway Group A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies applied by the Company are consistent with those of last year.

The annual report for 2017 is presented in DKK thousand.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Revenue comprising a 26-year service agreement has been concluded on the maintenance of the motorway involving quarterly payment for this service. The amount is recognised in the financial year in question.

Construction materials, consumables and services used

Expenses for construction materials, consumables and services used include both direct and indirect costs incurred to generate revenue for the year as well as expected losses.

Other external expenses

Other external expenses include expenses related to administration, management etc.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amount relating to the financial year. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Cash

Cash comprise bank deposits.

Notes

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Financial liabilities

Financial liabilities are measured at net realisable value.

	2017 TDKK	2016 TDKK
2 Tax on profit/loss for the year		
Current tax for the year	-1.575	-1.558
Deferred tax for the year	330	253
Adjustment of tax concerning previous years	1	0
	<u>-1.244</u>	<u>-1.305</u>
3 Distribution of profit/loss		
Retained earnings	417	1.571
Proposed dividend recognised under equity	4.000	3.040
	<u>4.417</u>	<u>4.611</u>
4 Deferred tax asset		
Deferred tax at 1 January	581	328
Deferred tax adjustments in the year	330	253
Deferred tax asset at 31 December	<u>911</u>	<u>581</u>
5 Equity		

The Company's share capital has remained DKK 500 thousand over the past 5 years.

Notes

	2017	2016
	TDKK	TDKK
6 Long-term liabilities		
Long-term liabilities are expected to mature within		
0-1 year	0	0
1-5 years	0	0
> 5 years	4.140	2.640
	<u>4.140</u>	<u>2.640</u>

7 Contingent assets, liabilities and other financial obligations

The Company is jointly taxed with the other Danish companies in the STRABAG Group. The company has joint and several unlimited liability together with the other enterprises for Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation unit. Any subsequent corrections to the joint taxation income or withholding taxes, etc. may entail the Company's liability will increase.

The Company has no mortgages or collateral. Collateral in relation to the contract with the Danish State has been provided by the Company's parent company.

8 Related parties

KMG - Kiplev Motorway Group A/S' related parties comprise the following:

Controlling interest

Parent company Strabag SE, Triglavstr. 9, 9500 Villach/Austria.

Consolidated financial statements

The company is included in the group annual report of STRABAG SE, Austria.

The group annual report of STRABAG SE, Austria, may be obtained at the following address: www.strabag.com.