

# **BMS**

## **Heavy Cranes A/S**

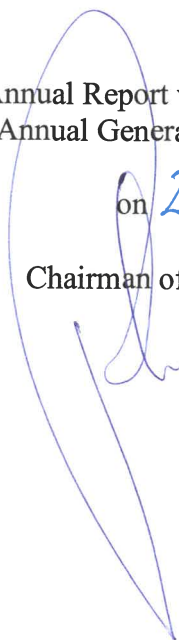
**Troldholm 8, 9400 Nørresundby**  
**CVR no. 33 49 96 39**

### **Annual report 2018**

The Annual Report was presented and adopted at  
the Annual General Meeting of the Company

on 28 / 5 2019

Chairman of the general meeting

A large, stylized handwritten signature in blue ink, written over the text of the chairman's name and date.

## Contents

**Page**

<b>Statement by Management on the annual report .....</b>	<b>3</b>
<b>Independent Auditor's Report.....</b>	<b>4</b>
<b>Management's Review</b>	
Company Information.....	7
Group chart .....	8
Financial Highlights for the Group.....	9
Management's Review .....	10
<b>Consolidated financial statements and parent company financial statements 1 January - 31 December</b>	
Income statement .....	13
Balance sheet .....	14
Statement of changes in equity .....	16
Cash flow statement.....	18
Notes .....	19

## Statement by Management on the annual report

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of BMS Heavy Cranes A/S for the financial year 1 January - 31 December 2018.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2018 and of the results of the Group's and the Parent Company's operations and the consolidated cash flows for the financial year 1 January – 31 December 2018.

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

We recommend that the annual report be approved at the annual general meeting.

Nørresundby, March 27<sup>th</sup> 2019

### Executive Board



Jens Enggaard  
CEO



Morten Kammer

### Board of directors



Jørgen Enggaard  
Chairman



Søren Enggaard



Jens Enggaard



John Mikkelsen



Asger Enggaard

## **Independent auditor's report**

**To the shareholders of BMS Heavy Cranes A/S**

### **Opinion**

We have audited the consolidated financial statements and the parent company financial statements of BMS Heavy Cranes A/S for the financial year 1 January – 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for both the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2018 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Statements Act.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "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 Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and 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 consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as 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 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 financial statements unless Management either intends to liquidate the Group or the Parent 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 as to 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.

## Independent auditor's report

As part of an audit conducted in accordance with ISAs and 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 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 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

## Independent auditor's report

### 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 Statements Act.

Based on the work we have performed, 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.

Aalborg, March 27<sup>th</sup> 2019

**Ernst & Young**  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Allan Terp  
State Authorized Public Accountant  
mne33198



Henrik K. Andersen  
State Authorized Public Accountant  
mne36193

## Management's review

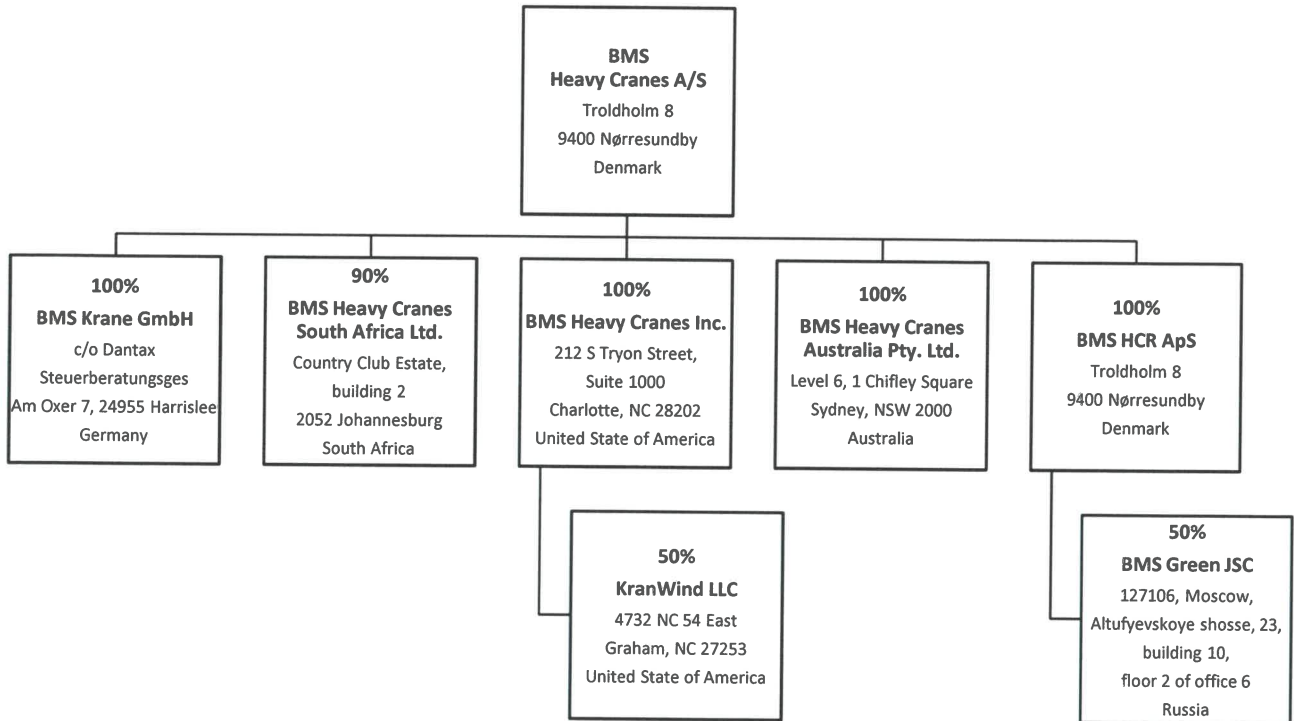
### Company Information

<b>Company</b>	BMS Heavy Cranes A/S Trolldholm 8 9400 Nørresundby Denmark
	CVR no.: 33 49 96 39
	Municipality of reg. office: Aalborg
	Formation of the Company: 16 February 2011
	Financial period: 1 January - 31 December
	Telephone: +45 70 137 138
	Telefax: +45 44 57 07 41
	E-mail: info@bms.dk
	Website: www.bms.dk
<b>Board of Directors</b>	Jørgen Enggaard (chairman) Søren Enggaard Jens Enggaard John Mikkelsen Asger Enggaard
<b>Executive Board</b>	Jens Enggaard (CEO) Morten Kammer
<b>Auditor</b>	Ernst & Young Godkendt Revisionspartnerselskab Vestre Havnepromenade 1A 9100 Aalborg



**Management's review**

**Group chart**





## Management's review

### Financial Highlights for the Group

In DKK millions	2018	2017	2016	2015	2014
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#### Key figures

Revenue	542,7	505,1	402,9	446,2	362,1
Gross profit/loss	65,5	61,0	44,0	49,0	43,8
Profit/loss from ordinary activities	20,1	30,7	17,6	27,7	25,0
Profit/loss from net financials	-3,9	-8,8	-4,7	-4,0	-4,6
Profit/loss before tax	16,3	21,9	12,9	23,7	20,4
Profit/loss for the year	12,4	16,8	9,8	18,3	15,5

Non-current assets	226,2	198,0	197,7	151,4	107,9
Current assets	241,5	216,6	179,1	149,9	152,0
Total assets	467,7	414,6	376,9	301,3	259,9
Portion relating to investments in items of property, plant and equipment	-63,9	-25,4	-68,0	-80,1	-6,5
Equity	128,8	115,9	95,4	90,2	69,7
Non-current liabilities	172,4	141,3	149,0	104,0	70,4
Current liabilities	166,4	155,8	132,1	105,2	117,8

Cash flows from operating activities	0,1	33,4	17,5	16,5	17,4
Cash flow from investing activities	-55,4	-25,8	-68,0	-55,9	-6,5
Cash flows from financing activities	50,8	-2,8	50,9	36,6	-15,8
Total Cash flows	-4,5	4,8	0,4	-2,8	-4,9

#### Key figures in %:

Gross margin	12,1	12,1	10,9	11,0	12,0
Profit margin	3,7	6,1	4,4	6,2	6,9
Return on assets	4,6	7,9	5,2	9,9	11,2
Return on invested capital	6,2	11,3	7,2	15,0	16,4
Solvency ratio	27,7	28,0	25,3	29,9	26,8
Return on equity	10,1	15,9	10,6	22,9	24,7

Average number of full-time employees	120	105	90	93	79
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The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

## Management's review

### Principal activities of the Group

The Group's main activity is providing crane services and other related services.

### Unusual events

The financial position at 31 December 2018 of the Group and the results of the activities of the Group for the financial year for 2018 have not been affected by any unusual events.

### Development in the financial year

The income statement of the Group for 2018 shows a profit of DKK 12.416 thousand, and at 31 December 2018 the balance sheet of the Group shows equity of DKK 128.847 thousand.

### The past year and follow-up on development expectations from last year

The result for the year is slightly lower than last year's result where expectations were announced at a level equal to the previous year. The result for the year is considered satisfactory.

### Expectations for the next year

The Management's expect the Group to generate a profit in the next year at a level equal to 2018.

### Intellectual capital

It is important for the Group's continued growth and development to be able to attract and retain highly-educated and experienced employees, including fieldwork and administrative employees specialized in crane service industry.

### Special risks - operating risks and financial risks etc.

#### *Operating risks*

The Group is exposed to risks related to its activities and financial position that are normal for the crane service industry. On an on-going basis Management take into consideration the risks that Group faces due to its activities.

#### *Financial risks*

Due to the Group's activities, investments and financing it is exposed to changes in foreign exchange rates and changes in interest rates. The Group's policy is not to speculate in such changes nor make profit of hedging transactions based on speculations. The Group's financial management aims only to minimize the financial risks of activities, investments and financing.

#### *Foreign exchange and interest risks*

A large part of the Group's trade and financing takes place in foreign currency. The Company does, when relevant, hedge this risk on an ongoing basis by entering offsetting agreements, swaps, etc.

### External environment

The Group believes that it is in compliance with applicable laws and regulations at all times and strives to reduce the environmental impact of its activities.

### Research and development

No research and development activities were performed in or for the Group.

## Management's review

### Subsequent events

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

### Corporate Social Responsibility

#### *Business model*

The Group is a global supplier specialized in all kinds of heavy lifting from simple lifting jobs to the most complex projects. Most of the Group's activities relates to the windfarm industry for both offshore port handling projects and onshore windfarms including service jobs for established windfarms.

The figure below illustrates the Group's business model and the CSR-related issues that are particularly important in the value chain, and which together create an economic sustainability.



#### Agreement and planning

- Project knowledge
- Compliance with applicable law
- Security and employee relations
- Responsible business management including anti-corruption



#### Execution

- Security and employee relations
- Quality
- Energy consumption
- Efficient use of resources



#### Customers and employees

- Customer and employee satisfaction

The Group acts as a professional and responsible partner and have a high level of experience and knowledge within its industry, which is reflected in the solution of customer tasks - where quality is essential as well as current legislation.

From agreement and planning to the actual execution of customer tasks, the Group focuses on efficiency and its overall goals within health, security, environment and quality ("HSEQ").

#### *Environment*

The Group is aware of the general challenges associated with the environment and the climate, including climate changes.

The Group is compliant with all environmental laws and regulations and is responsible for its business conduct. The Group does not have a formal policy regarding the environment and climate conditions since operational conditions have been prioritized, with the aim of continuously limiting the impact on the environment. It is the Group's goal to minimize its CO<sub>2</sub> emissions by constantly focusing on energy consumption. In addition, the Group encourage all employees to act environmentally at all times and do their best to minimize waste of resources.

When operating in the heavy lifting industry there is a risk that the Group contribute to environmental and climate impacts. In order to minimize the risk the Group invest in new equipment and machinery continuously to improve the security and to minimize its environmental impact. As an example, the Group has invested in diesel particulate filters for all vehicles and cranes to reduce the emission of CO<sub>2</sub> as well as oil waste-kits as standard equipment to minimize pollution.

#### *Social- and employee rights*

The risk of accidents at work are inherently considered significant when working in the heavy lifting industry. The Group aims to be an attractive employer and partner by delivering a high level of security and quality. According to the Group's "HSEQ" policy, the Group has undertaken to register and investigate the most significant health and safety impacts, and thereby prevent injuries and work-related illness.

## **Management's review**

Among other things, the Group has set up due diligence processes to avoid and to deal with work accidents. In 2018 the Group succeeded in having a maximum of one accident that has resulted in sickness absence.

To deliver high level of safety and quality the Group make sure to train and educate its employees on a continuously basis. By doing that, the risk of accidents at work that can affect the execution of customer tasks is minimized, and the risk of lack of employee skills is reduced.

The Group wants to promote a good work place environment. In 2018, an assessment was carried out, which showed that the majority of the respondents thrive at work. Based on the assessment, action plans are being prepared to improve the work place environment.

### ***Human rights***

The Group operates in several countries and has employees from different cultures. It is important to the Group to ensure that employees, neither customers nor other stakeholders experience any form of discrimination regardless of religion, culture, gender, age or sexual orientation.

The Group values diversity and offers equal conditions and opportunities for everyone for the purposes of recruitment and promotion regardless of gender or culture. There is no formal policy in relation to human rights, since the Group have focused on executing its values and principles rather than formalization thereof.

With activities that crossing borders combined with collaborations with and perform of work for different industries, there may be a risk that some of the partners do not have the same view of securing and respecting human rights as the Group. The Group does its best to consider this in its activities in countries and industries where it is considered a risk of non-compliance with human and labor rights.

### ***Anti-corruption and bribery***

Corruption is criminal and harmful to society. Corruption and bribery are also an obstacle to the development of a responsible and sustainable business. The Group is committed to comply with legal and other requirements that it is subject to and the Group expects the same of subcontractors.

The risk of corruption and bribery is considered low in the Group as it has a good knowledge of the majority of its partners. The Group does and will do its best to ensure that partners comply with applicable rules and laws, and the Group undertakes not to offer, promise, grant or receive any forms of bribery, which is supported by the Group's approval hierarchies. As a result there has not been observed any violation with the Group's anti-corruption policies.

### ***Gender diversity***

The Group acknowledge the strength of diversity among its employees and is working on enhancing the number of female leaders. The Group has established a goal that 20% of the board of directors should be female at the end of 2022. At the end of 2018, no female was represented as board member of the Group.

The Danish Companies Act section 139 a, paragraph 2 requires that the Group implement a policy to favorably treat employees based on gender, in order to promote the underrepresented gender in the additional management levels. The Company does not employ, promote or dismiss employees based on their ethical origin, religion, political views, sexual orientation, age or gender but alone focus on the skill set of the individual. When employing and recruiting for management positions, the Group aims to have both male and female candidates despite the circumstance that the Group operates in an environment, which traditionally is male dominated. When considering two equally qualified candidates the desire for diversity will prevail. It is the Groups policy that the percentage of female employees is reflected at management level at the end of 2022 the latest. The number of females at management level us unchanged compared to last year.

**Consolidated financial statements and parent company  
financial statements 1 January - 31 December**

**Income statement**

DKK'000	Note	Group		Parent	
		2018	2017	2018	2017
<b>Revenue</b>		<b>542.685</b>	<b>505.081</b>	<b>503.785</b>	<b>486.808</b>
Production costs	2	-477.173	-444.083	-443.582	-433.598
<b>Gross profit/loss</b>		<b>65.512</b>	<b>60.998</b>	<b>60.203</b>	<b>53.210</b>
Administrative expenses	2-3	-45.406	-30.293	-33.532	-29.369
<b>Profit/loss from ordinary activities</b>		<b>20.106</b>	<b>30.705</b>	<b>26.671</b>	<b>23.841</b>
Share of net profit/loss in subsidiaries	8	0	0	-6.602	3.974
Share of net profit/loss in associates	8	-1.410	-473	0	0
Financial income	4	2.591	1.024	2.671	1.389
Financial expenses	5	-5.035	-9.382	-4.648	-8.937
<b>Profit/loss before tax</b>		<b>16.252</b>	<b>21.874</b>	<b>18.092</b>	<b>20.267</b>
Tax on profit/loss for the year	6	-3.835	-5.060	-5.638	-3.453
<b>Net profit/loss for the year</b>		<b>12.416</b>	<b>16.814</b>	<b>12.454</b>	<b>16.814</b>
<b>Breakdown of the consolidated results of operations:</b>					
Shareholders, BMS Heavy Cranes A/S		12.454	16.814		
Non-controlling interests		-38	0		
		<b>12.416</b>	<b>16.814</b>		



**Consolidated financial statements and parent company  
financial statements 1 January - 31 December**

**Balance sheet**

Assets	Note	Group		Parent	
		2018	2017	2018	2017
DKK'000					
Plant and machinery		221.715	192.827	214.087	183.505
Fixtures and fittings, plant and equipment		2.468	2.516	1.183	775
<b>Property, plant and equipment</b>	7	<b>224.183</b>	<b>195.343</b>	<b>215.270</b>	<b>184.280</b>
Equity investments in subsidiaries		0	0	3.651	2.180
Equity investments in associates		1.426	2.631	0	0
Deferred tax asset	9	556	0	0	0
<b>Other non-current assets</b>	8	<b>1.982</b>	<b>2.631</b>	<b>3.651</b>	<b>2.180</b>
<b>Non-current assets</b>		<b>226.165</b>	<b>197.974</b>	<b>218.921</b>	<b>186.460</b>
Trade receivables		177.876	184.041	134.798	184.041
Receivables from group entities		54.902	17.526	94.523	27.270
Receivables from associates		2.298	1.163	2.298	1.163
Other receivables		3.262	6.866	2.275	6.535
Prepayments		644	0	643	0
<b>Receivables</b>		<b>238.982</b>	<b>209.596</b>	<b>234.537</b>	<b>219.009</b>
<b>Cash</b>		<b>2.523</b>	<b>7.040</b>	<b>12</b>	<b>1.348</b>
<b>Current assets</b>		<b>241.505</b>	<b>216.636</b>	<b>234.549</b>	<b>220.357</b>
<b>Total assets</b>		<b>467.670</b>	<b>414.610</b>	<b>453.470</b>	<b>406.817</b>

**Consolidated financial statements and parent company  
financial statements 1 January - 31 December**

**Balance sheet**

Liabilities and equity	Note	Group		Parent	
		2018	2017	2018	2017
DKK'000					
Share capital		12.500	12.500	12.500	12.500
Retained earnings		116.475	103.437	116.475	103.437
<b>Equity holders' share of equity, BMS Heavy Cranes A/S</b>		<b>128.975</b>	<b>115.937</b>	<b>128.975</b>	<b>115.937</b>
Non-controlling interests		-128	0	0	0
<b>Total equity</b>		<b>128.847</b>	<b>0</b>	<b>128.975</b>	<b>0</b>
Deferred tax	9	0	1.607	1.581	1.458
Debt to mortgage credit institutions	10	4.196	5.242	4.196	5.242
Lease obligations	10	168.187	136.059	162.063	136.059
<b>Non-current liabilities</b>		<b>172.383</b>	<b>142.908</b>	<b>167.840</b>	<b>142.759</b>
Debt to mortgage credit institutions	10	1.058	999	1.058	999
Lease obligations	10	24.202	18.419	23.367	18.419
Debt to credit institutions		27.411	13.708	27.411	12.489
Trade payables		60.739	60.836	58.237	60.699
Payables to group entities		29.422	42.812	28.505	37.395
Income tax		5.223	2.184	5.174	2.184
Other payables		18.385	16.807	12.902	15.936
<b>Current liabilities</b>		<b>166.440</b>	<b>155.765</b>	<b>156.654</b>	<b>148.121</b>
<b>Liabilities</b>		<b>338.823</b>	<b>297.066</b>	<b>324.495</b>	<b>289.422</b>
<b>Total liabilities and equity</b>		<b>467.670</b>	<b>414.610</b>	<b>453.470</b>	<b>406.817</b>
Accounting policies	1				
Staff costs	11				
Contractual obligations and contingencies	12				
Mortgages and collateral	13				
Currency and interest rate risks and use of derivative financial instruments	14				
Related parties	15				
Appropriation of profit/loss	16				



**Consolidated financial statements and parent company  
financial statements 1 January - 31 December**

**Statement of changes in equity**

	Group				
	Share capital	Retained earnings	Total	Non- controlling in- terests	Total equity
DKK'000					
Equity 1 January	12.500	103.437	115.937	0	115.937
Issues of new shares in subsidiaries	0	0	0	-92	-92
Distribution of profit/loss	0	12.454	12.454	-38	12.416
Foreign exchange adjustments, foreign subsidiary	0	146	146	2	148
Reversal of value adjustment of hedging instruments, beginning of year	0	2.965	2.965	0	2.965
Value adjustment of hedging instruments, year-end	0	-2.404	-2.404	0	-2.404
Tax on equity transactions	0	-123	-123	0	-123
<b>Equity 31 December</b>	<b>12.500</b>	<b>116.475</b>	<b>128.975</b>	<b>-128</b>	<b>128.847</b>

**Consolidated financial statements and parent company  
financial statements 1 January - 31 December**

**Statement of changes in equity**

	<b>Parent</b>		
	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total</b>
DKK'000			
Equity 1 January	12.500	103.437	115.937
Distribution of profit/loss	0	12.454	12.454
Foreign exchange adjustments, foreign subsidiary	0	146	146
Reversal of value adjustment of hedging instruments, beginning of year	0	2.965	2.965
Value adjustment of hedging instruments, year-end	0	-2.404	-2.404
Tax on equity transactions	0	-123	-123
<b>Equity 31 December</b>	<b>12.500</b>	<b>116.475</b>	<b>128.975</b>

The share capital comprises 12.500 class A shares of DKK 1.000 each.

The share capital has remained unchanged for the past five years.

**Consolidated financial statements and parent company  
financial statements 1 January - 31 December**

**Cash flow statement**

DKK'000

	<b>Group</b>		<b>Parent</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit/loss before tax	16.251	21.874	18.092	20.267
Amortisation/depreciation charges	26.431	25.185	24.438	23.199
Profit/loss on disposal of property, plant and equipment	-473	-176	-518	-176
Income taxes	-2.333	-4.734	-2.184	-4.507
Share of net profit/loss in subsidiaries and associates	1.410	473	6.602	-3.974
	<b>41.286</b>	<b>42.622</b>	<b>46.430</b>	<b>34.809</b>
Change in receivables	-25.950	-32.659	-19.933	-34.396
Change in trade payables	-3.997	20.105	-6.362	21.559
Change in other payables	-11.813	-1.221	-11.924	1.771
Fair value adjustments of hedging instruments recognised in equity	562	4.522	562	4.522
<b>Cash flows from operating activities</b>	<b>89</b>	<b>33.369</b>	<b>8.773</b>	<b>28.265</b>
Acquisition of property, plant and equipment	-63.924	-25.445	-55.529	-25.445
Disposal of property, plant and equipment	8.535	2.793	618	2.736
Acquisition of subsidiaries, associates and activities	0	-3.104	-85	-6
<b>Cash flows from investing activities</b>	<b>-55.389</b>	<b>-25.756</b>	<b>-54.996</b>	<b>-22.715</b>
Unrealised value adjustments in the year etc.	156	221	0	0
Increase in debt to credit institutions	56.207	12.991	48.924	12.991
Repayment of non-current liabilities	-19.283	-18.494	-18.959	-18.494
Overdraft facilities	13.703	2.493	14.922	1.268
<b>Cash flows from financing activities</b>	<b>50.783</b>	<b>-2.789</b>	<b>44.887</b>	<b>-4.235</b>
<b>Total changes in cash flow</b>	<b>-4.517</b>	<b>4.824</b>	<b>-1.336</b>	<b>1.315</b>
Cash and cash equivalents at 1 January	7.040	2.216	1.348	33
<b>Cash and cash equivalents at 31 December</b>	<b>2.523</b>	<b>7.040</b>	<b>12</b>	<b>1.348</b>

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements.

## **Consolidated financial statements and parent company financial statements 1 January - 31 December**

### **Notes**

#### **1 Accounting policies**

The annual report of BMS Heavy Cranes A/S for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The financial statements have been prepared in accordance with the same accounting policies as last year.

#### **Consolidated financial statements**

##### *Control*

The consolidated financial statements comprise the Parent Company BMS Heavy Cranes A/S and subsidiaries controlled by BMS Heavy Cranes A/S.

Control means the power to exercise decisive influence over a subsidiary's financial and operating decisions. Moreover, the possibility of yielding a return from the investment is required.

In assessing if the Parent Company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity may become empowered to exercise decisive influence over another entity's financial and operating decisions.

##### *Significant influence*

Entities over whose financial and operating decisions the group exercises significant influence are classified as associates. Significant influence is assumed to exist if the Parent Company directly or indirectly holds or controls 20% or more of the voting power of the investee, but does not control the investee.

The existence of potential voting rights which may currently be exercised or converted into voting rights is considered when assessing if significant influence exists.

##### *Joint arrangements*

Joint arrangements are activities or entities of which the group and one or more other parties have joint control based on cooperation agreements. Joint control implies that decisions on relevant activities require unanimous consent among the parties jointly controlling the arrangement.

Jointly controlled arrangements are classified either as joint operations or joint ventures. Joint operations are activities where the participants have direct rights over assets and are subject to direct liability, whereas joint ventures are activities where the participants solely have rights over the net assets.

The Management's review includes a group chart.

## **Consolidated financial statements and parent company financial statements 1 January - 31 December**

### **Notes**

#### **1 Accounting policies (continued)**

##### *Preparation of consolidated financial statements*

The consolidated financial statements have been prepared as a consolidation of the Parent Company's and the individual subsidiaries' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains unless they do not reflect impairment.

In the consolidated financial statements, the items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the Group's profit/loss and equity, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Equity investments in associates and joint ventures are recognised in the consolidated financial statements using the equity method.

The Group's activities in joint operations are recognised in the consolidated financial statements on a line-by-line basis.

##### **Business combinations**

Recently acquired entities are recognised in the consolidated financial statements from the date of acquisition. Entities sold or otherwise disposed of are recognised up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities. Discontinued operations are presented separately, see below.

The date of acquisition is the date when the Group actually obtains control of the acquiree.

The purchase method is applied to acquisitions of new businesses over which the Group obtains control. The acquired businesses' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill under "Intangible assets". Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of the economic life of the asset.

Negative differences (negative goodwill) are recognised in the income statement at the date of acquisition.

## **Consolidated financial statements and parent company financial statements 1 January - 31 December**

### **Notes**

#### **1 Accounting policies (continued)**

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the presentation currency used in the consolidated financial-statements are accounted for as assets and liabilities belonging to the foreign entity and are, on initial recognition, translated into the foreign entity's functional currency using the exchange rate at the transaction date.

The consideration paid for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed terms, such part of the consideration is recognised at fair value at the date of acquisition. Subsequent adjustments of contingent considerations are recognised in the income statement.

Expenses incurred to acquire entities are recognised in the income statement in the year in which they are incurred.

Where, at the date of acquisition, the identification or measurement of acquired assets, liabilities, contingent liabilities or the determination of the consideration is associated with uncertainty, initial recognition will take place on the basis of provisional values. If it turns out subsequently that the identification or measurement of the purchase consideration, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement will be adjusted retrospectively, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Hereafter, any adjustments are recognised as misstatements.

Gains or losses from divestment or winding-up of subsidiaries which imply that control is no longer maintained are calculated as the difference between, on the one hand, the selling price less selling expenses and, on the other hand, the proportionate share of the carrying amount of net assets. If the entity still holds equity investments in the divested entity, the remaining proportionate share of the carrying amount forms the basis for the measurement of equity investments in associates or securities and equity investments.

#### **Non-controlling interests**

On initial recognition, non-controlling interests are measured at the fair value of the non-controlling interests' ownership share or at the non-controlling interests' proportionate share of the fair value of the acquired entity's identifiable assets, liabilities and contingent liabilities.

In the former scenario, goodwill relating to the non-controlling interests' share in the acquired entity is thus recognised, while, in the latter scenario, goodwill relating to the non-controlling interests' share is not recognised. Measurement of non-controlling interests is chosen on a transaction-by-transaction basis.

#### **Intra-group business combinations**

The book value method is applied to business combinations such as acquisition and disposal of equity investments, mergers, demergers, additions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are taken directly to equity.



## **Consolidated financial statements and parent company financial statements 1 January - 31 December**

### **Notes**

#### **1 Accounting policies (continued)**

##### **Foreign currency translation**

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rate at the transaction date and the rate 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 closing rates. 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.

Foreign subsidiaries and associates are considered separate entities. Items in such entities' income statements are translated at average exchange rates for the year, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign entities to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Foreign exchange adjustments of balances with separate foreign subsidiaries which are considered part of the total investment in the subsidiary are taken directly to equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

On recognition of foreign subsidiaries which are integral entities, monetary items are translated at closing rates. Non-monetary items are translated at the exchange rates at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Income statement items are translated at the exchange rates at the transaction date, although items derived from non-monetary items are translated at the historical exchange rates applying to the non-monetary items

##### **Derivative financial instruments**

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with fair value adjustments of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity must be transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously recognised in equity must be transferred to the income statement in the period in which the hedged item affects the income statement.



## **Consolidated financial statements and parent company financial statements 1 January - 31 December**

### **Notes**

#### **1 Accounting policies (continued)**

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on a current basis.

Fair value adjustments of derivative financial instruments held to hedge net investments in separate foreign subsidiaries or associates are recognised directly in equity.

#### **Segment information**

Disclosure of activity and geographic information are not included in the annual report since there are no reasonable split of the Company's activities.

### **Income statement**

#### **Revenue**

On the conclusion of sales contracts which consist of several, separate sales transactions, the contract price is split up into the individual sales transactions based on the relative fair value approach. The separate sales transactions are recognised as revenue when the criteria for sale of goods, services or construction contracts are met.

A contract is split up into individual transactions when the fair value of each individual sales transaction can be calculated reliably and when each individual sales transaction has a separate value for the purchaser. Sales transactions are deemed to have a separate value for the purchaser when the transaction is individually identifiable and is usually sold separately.

Income from the sale of services, which include service contracts and extended warranty commitments relating to products and services sold, is recognised on a straight-line basis as the services are rendered.

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

#### **Production costs**

Production costs comprise costs, including depreciation/amortisation charges, wages and salaries as well as rent and leases and profit/loss on disposal of tangible assets, incurred in generating the year's revenue.

#### **Administrative costs**

Administrative expenses comprise costs incurred in the year to manage and administer the Company, including expenses related to administrative staff, management, office premises, office expenses and amortisation/depreciation etc.

## **Consolidated financial statements and parent company financial statements 1 January - 31 December**

### **Notes**

#### **1 Accounting policies (continued)**

##### **Profit/loss from equity investments in subsidiaries and associates**

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries and associates are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries. One proportionate elimination of intra-group gains/losses is made for equity investments in associates.

Shares of profit/loss after tax in associates are recognised in the consolidated income statement after elimination of a proportionate share of unrealised intra-group gains/losses.

##### **Financial income and expenses**

Financial income and expenses comprise interest income and expenses, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

##### **Tax for the year**

The Parent Company and its Danish subsidiaries are subject to the Danish rules on mandatory joint taxation of A. Enggaard Kraner A/S Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date when they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

A. Enggaard Kraner A/S acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

The tax expense for the year, which comprises the year's current tax charge, joint taxation contributions and changes in the deferred tax charge – including changes arising from changes in tax rates – is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes

#### 1 Accounting policies (continued)

##### Balance sheet

##### Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Plant and machinery.....	5-15 years
Fixtures and fittings, plant and equipment.....	3-10 years

The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of items of property, plant and equipment are calculated as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as production costs.

Expenses less than DKK 20,000 are recognized in the income statement in the year of acquisition and not capitalized.

##### Leases

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the net present value of future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as discount factor. Assets held under finance leases are subsequently accounted for as the Company's other assets.

## **Consolidated financial statements and parent company financial statements 1 January - 31 December**

### **Notes**

#### **1 Accounting policies (continued)**

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are considered operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total liabilities relating to operating leases and other leases are disclosed in contingencies, etc.

#### **Equity investments in subsidiaries and associates**

Equity investments in subsidiaries and associates are measured according to the equity method in the parent company financial statements. Equity investments in associates are also measured according to the equity method in the consolidated financial statements.

On initial recognition, equity investments in subsidiaries and associates are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding the consolidated financial statements above.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies in the consolidated financial statements. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries and associates measured at net asset value are subject to impairment test requirements if there is any indication of impairment

#### **Impairment of non-current assets**

The carrying amount of property, plant and equipment and equity investments in subsidiaries and associates is tested annually for impairment.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. Assets are written down to the lower of the carrying amount and the recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the net present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

## **Consolidated financial statements and parent company financial statements 1 January - 31 December**

### **Notes**

#### **1 Accounting policies (continued)**

##### **Receivables**

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are assessed for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the country of domicile and credit ratings of the debtors in accordance with the Group's credit risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the net present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

##### **Prepayments**

Prepayments recognised under "Current assets" comprise expenses incurred concerning subsequent financial years.

##### **Equity**

###### ***Reserve for net revaluation according to the equity method***

Net revaluation of equity investments in subsidiaries and associates is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve can be eliminated in case of losses, realisation of equity investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

###### ***Dividend***

Dividend proposed for the year is recognised as a liability at the date when it is adopted at the general meeting (declaration date). Dividend expected to be distributed for the year is disclosed as a separate item under equity.



## **Consolidated financial statements and parent company financial statements 1 January - 31 December**

### **Notes**

#### **1 Accounting policies (continued)**

##### **Income tax and deferred tax**

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and tax paid on account.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Income tax receivable" or "Income tax payable".

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes or on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting neither the profit/loss for the year nor the taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

##### **Liabilities**

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

##### **Cash flow statement**

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. Cash flows from corporate acquisitions are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of entities are recognised up until the date of disposal.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes

#### 1 Accounting policies (continued)

##### Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and income taxes paid.

##### Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities, activities and intangible assets, property, plant and equipment and financial assets.

##### Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, and payment of dividend to shareholders.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash and overdraft facilities.

### Key figures

The financial ratios stated under "Financial highlights" have been calculated as follows:

Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit/loss from ordinary activities} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from ordinary activities} \times 100}{\text{Average of total assets}}$
Return on invested capital	$\frac{\text{Profit/loss from ordinary activities} \times 100}{\text{Average of invested capital}}$
Solvency ration	$\frac{\text{Equity at year end} \times 100}{\text{Total liabilities and equity at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$
Definition of invested capital	Equity, lease obligations, debt to mortgage credit institutions and debt to credit institutions



**Consolidated financial statements and parent company  
financial statements 1 January - 31 December**

**Notes**

DKK'000

	<b>Group</b>		<b>Parent</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>2 Amortisation, depreciation and impairment losses</b>				
Plant and machinery	25.469	23.844	24.041	22.616
Fixtures and fittings, plant and equipment	962	1.341	397	583
	<u><b>26.431</b></u>	<u><b>25.185</b></u>	<u><b>24.438</b></u>	<u><b>23.199</b></u>
Amortisation/depreciation charges and impairment losses are recognised under the following line items:				
Production costs	26.431	25.185	24.438	23.199
	<u><b>26.431</b></u>	<u><b>25.185</b></u>	<u><b>24.438</b></u>	<u><b>23.199</b></u>
<b>3 Fees paid to auditors appointed at the annual general meeting</b>				
Fee for statutory audit	133	100	130	100
Fees for tax advisory services	5	0	5	0
Assurance engagements	26	0	26	0
Other assistance	3	304	3	304
	<u><b>167</b></u>	<u><b>404</b></u>	<u><b>164</b></u>	<u><b>404</b></u>
<b>4 Financial income</b>				
Interest income from subsidiaries	361	923	585	1.389
Other interest income	2.230	101	2.086	0
	<u><b>2.591</b></u>	<u><b>1.024</b></u>	<u><b>2.671</b></u>	<u><b>1.389</b></u>
<b>5 Financial expenses</b>				
Interest expenses to subsidiaries	747	1.034	517	1.099
Other interest expenses	4.288	8.348	4.131	7.838
	<u><b>5.035</b></u>	<u><b>9.382</b></u>	<u><b>4.648</b></u>	<u><b>8.937</b></u>

**Consolidated financial statements and parent company  
financial statements 1 January - 31 December**

**Notes**

DKK'000

	<b>Group</b>		<b>Parent</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>6 Tax for the year</b>				
Current tax charge for the year	5.971	4.835	5.638	4.684
Adjustment of the deferred tax charge for the year	<u>-2.013</u>	<u>1.220</u>	<u>123</u>	<u>-236</u>
	<b><u>3.958</u></b>	<b><u>6.055</u></b>	<b><u>5.761</u></b>	<b><u>4.448</u></b>
Analysed as follows:				
Tax for the year	3.835	5.060	5.638	3.453
Tax on changes in equity	<u>123</u>	<u>995</u>	<u>123</u>	<u>995</u>
	<b><u>3.958</u></b>	<b><u>6.055</u></b>	<b><u>5.761</u></b>	<b><u>4.448</u></b>

**Consolidated financial statements and parent company  
financial statements 1 January - 31 December**

**Notes**

DKK'000

**7 Property, plant and equipment**

<b>Group</b>	<u>Plant and machinery</u>	<u>Fixtures and fittings, plant and equipment</u>	<u>Total</u>
Cost at 1 January	280.756	9.193	289.950
Exchange rate adjustment relating to foreign entities	-184	-254	-438
Additions	62.744	1.180	63.924
Disposals	-14.034	-549	-14.583
<b>Cost at 31 December</b>	<u>329.282</u>	<u>9.570</u>	<u>338.853</u>
Depreciation and impairment losses at 1 January	87.929	6.672	94.602
Exchange rate adjustment relating to foreign entities	-4	-132	-136
Depreciation for the year	25.469	962	26.431
Reversal of impairment and depreciation of sold assets	-5.827	-400	-6.227
<b>Depreciation and impairment losses at 31 December</b>	<u>107.567</u>	<u>7.102</u>	<u>114.670</u>
<b>Carrying amount at 31 December</b>	<u>221.715</u>	<u>2.468</u>	<u>224.183</u>
Items of property, plant and equipment include assets held under finance leases with a carrying amount totalling	<u>189.333</u>	<u>681</u>	<u>190.014</u>
<b>Parent</b>	<u>Plant and machinery</u>	<u>Fixtures and fittings, plant and equipment</u>	<u>Total</u>
Cost at 1 January	268.485	5.475	273.960
Additions	54.623	906	55.529
Disposals	-1.749	-477	-2.226
<b>Cost at 31 December</b>	<u>321.359</u>	<u>5.904</u>	<u>327.263</u>
Depreciation and impairment losses at 1 January	84.980	4.700	89.680
Depreciation for the year	24.041	397	24.438
Reversal of impairment and depreciation of sold assets	-1.749	-376	-2.125
<b>Depreciation and impairment losses at 31 December</b>	<u>107.272</u>	<u>4.721</u>	<u>111.993</u>
<b>Carrying amount at 31 December</b>	<u>214.087</u>	<u>1.183</u>	<u>215.270</u>
Items of property, plant and equipment include assets held under finance leases with a carrying amount totalling	<u>181.704</u>	<u>681</u>	<u>182.385</u>

**Consolidated financial statements and parent company  
financial statements 1 January - 31 December**

**Notes**

	<u>Group</u>	<u>Parent</u>
<b>8 Other non-current assets</b>		Equity in- vestments in subsidi- aries
DKK'000		
Cost at 1 January	3.104	193
Additions	0	85
Disposals	0	0
<b>Cost at 31 December</b>	<u>3.104</u>	<u>278</u>
Value adjustments at 1 January	-473	496
Foreign exchange adjustment	205	147
Profit/loss for the year	-1.410	-6.602
<b>Value adjustments at 31 December</b>	<u>-1.678</u>	<u>-5.959</u>
<b>Carrying amount at 31 December</b>	<u><b>1.426</b></u>	<u><b>-5.681</b></u>
Equity investments are recognised in the balance sheet as follows:		
Other non-current assets	1.426	3.651
Current assets	0	-9.332
	<u><b>1.426</b></u>	<u><b>-5.681</b></u>

<u>Name and registered office</u>	<u>Voting rights and ownership</u>
<b>Subsidiaries</b>	
BMS Krane GmbH, c/o Dantax, Steuerberatungsges, Am Oxer 7, 24955 Harrislee, Germany	100%
BMS Heavy Cranes South Africa Ltd., Country Club Estate, building 2, 2052 Johannesburg, South Africa	90%
BMS Heavy Cranes Inc., 212 S Tryon Street, suite 1000, Charlotte, NC 28202, United State of America	100%
BMS Heavy Cranes Australia Pty. Ltd., Level 6, 1 Chifley Square, Sydney, NSW 2000, Australia	100%
BMS HCR ApS, Trolholm 8, 9400 Nørresundby, Denmark	100%

**Consolidated financial statements and parent company  
financial statements 1 January - 31 December**

**Notes**

**8 Other non-current assets (continued)**

Name and registered office	Voting rights and ownership
<b>Associates</b>	
KranWind LLC, 4732 NC 54 East, Graham, NC 27253, United State of America	50%
BMS Green JSC, 127106, Moscow, Altufyevskoye shosse, 23, building 10, floor 2 of office 6, Russia	50%

DKK'000	Group		Parent	
	2018	2017	2018	2017
<b>9 Deferred tax</b>				
Deferred tax at 1 January	1.607	354	1.458	1.694
Foreign exchange adjustment	-150	33	0	0
Adjustment of the deferred tax charge for the year	-2.013	1.220	123	-236
<b>Deferred tax at 31 December</b>	<b>-556</b>	<b>1.607</b>	<b>1.581</b>	<b>1.458</b>

At 31 December 2018, the Group recognised an asset totalling DKK 2.136 thousand consists of tax loss carry-forwards. Based on the budgets, Management considers it likely that there will be future taxable income against which non-utilised tax losses can be offset.

Deferred tax is recognised in the balance sheet as follows:

Deferred tax assets	-556	0	0	0
Deferred tax liabilities	0	1.607	1.581	1.458
	<b>-556</b>	<b>1.607</b>	<b>1.581</b>	<b>1.458</b>

The deferred tax charge relates to:

Property, plant and equipment	2.834	2.904	2.834	2.755
Liabilities	-1.254	-1.297	-1.253	-1.297
Tax loss carry-forwards	-2.136	0	0	0
	<b>-556</b>	<b>1.607</b>	<b>1.581</b>	<b>1.458</b>

Deferred tax are expected to be set off within:

0-1 year	842	600	158	500
Over 1 year	-1.398	1.007	1.423	958
	<b>-556</b>	<b>1.607</b>	<b>1.581</b>	<b>1.458</b>

**Consolidated financial statements and parent company  
financial statements 1 January - 31 December**

**Notes**

DKK'000

	<b>Group</b>		<b>Parent</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>10 Debt to mortgage credit institutions and lease liabilities</b>				
<b>Debt to mortgage credit institutions</b>				
0-1 year	1.058	999	1.058	999
1-5 years	4.196	4.343	4.196	4.343
> 5 years	0	899	0	899
	<u><b>5.254</b></u>	<u><b>6.241</b></u>	<u><b>5.254</b></u>	<u><b>6.241</b></u>
<b>Lease liabilities</b>				
0-1 year	24.202	18.419	23.367	18.419
1-5 years	100.468	76.954	97.128	76.954
> 5 years	67.719	59.105	64.935	59.105
	<u><b>192.389</b></u>	<u><b>154.478</b></u>	<u><b>185.430</b></u>	<u><b>154.478</b></u>
The liabilities are recognised in the balance sheet as follows:				
Non-current liabilities	172.383	141.301	166.259	141.301
Current liabilities	25.260	19.418	24.425	19.418
	<u><b>197.643</b></u>	<u><b>160.719</b></u>	<u><b>190.684</b></u>	<u><b>160.719</b></u>
<b>11 Staff costs</b>				
Wages and salaries	75.908	73.311	60.516	61.036
Pensions	3.582	3.581	3.529	3.499
Other social security costs	2.761	2.656	170	156
	<u><b>82.251</b></u>	<u><b>79.548</b></u>	<u><b>64.215</b></u>	<u><b>64.691</b></u>
Average number of full-time employees	<u>120</u>	<u>105</u>	<u>94</u>	<u>79</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

**Consolidated financial statements and parent company  
financial statements 1 January - 31 December**

**Notes**

**12 Contractual obligations and contingencies, etc.**

**Contingent liabilities**

The Group is party to a few pending legal actions. In Management's opinion, the outcome of these legal actions will not affect the Group's financial position apart from the receivables and payables recognised in the balance sheet at 31 December 2018.

The Danish Companies of the Group is jointly taxed with A. Enggaard Kraner A/S and its Danish subsidiaries. A. Enggaard Kraner A/S has joint and several unlimited liability, together with its subsidiaries, for all Danish income taxes and withholding taxes on dividend, interest and royalties within the group of jointly taxed entities. Any subsequent corrections of income subject to joint taxation and withholding taxes, etc. could entail an increase in the entities' tax liability. The Group as a whole is not liable vis-à-vis any third parties

**Operating lease liabilities**

The group entities have entered into operating leases with an average annual lease payment of DKK 1.352 thousand. The leases have a remaining term of 30 months and a total, nominal residual lease liability of DKK 33.454 thousand.

DKK'000

	<b>Group</b>		<b>Parent</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>

**13 Mortgages and collateral**

The following assets have been placed as security for the Group's debt to credit institutions:

Plant and machinery with a carrying amount of	<u>6.076</u>	<u>6.916</u>	<u>6.076</u>	<u>6.916</u>
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The following assets have been placed as security for the Group's lease obligations:

Plant and machinery with a carrying amount of	<u>190.014</u>	<u>150.243</u>	<u>182.385</u>	<u>150.243</u>
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The Parent Company has moreover provided a guarantee for a subsidiary's overdraft facilities, amounting to maximally DKK 1.863 thousand.



**Consolidated financial statements and parent company  
financial statements 1 January - 31 December**

**Notes**

**14 Currency and interest rate risks and use of derivative financial instruments**

The Group uses hedging instruments such as forward exchange contracts and interest and currency swaps to hedge recognised and non-recognised transactions.

**Recognised transactions**

Hedging of recognised transactions primarily includes receivables and payables.

**Currency risks**

Currency (DKK'000)	<b>Group</b>			
	<u>Payment/ maturity</u>	<u>Receiva- bles</u>	<u>Payables</u>	<u>Net position</u>
AUD	< 1 år	43.676	-2.882	40.794
EUR	< 1 år	33.528	-40.914	-7.386
EUR	> 1 år	0	-72.180	-72.180
GBP	< 1 år	3.422	-455	2.967
NOK	< 1 år	7.128	-1.669	5.459
PLN	< 1 år	0	-1.816	-1.816
RUB	< 1 år	2.298	0	2.298
SEK	< 1 år	65.536	-9.728	55.808
USD	< 1 år	1.173	0	1.173
ZAR	< 1 år	235	-37	198
				<b>27.315</b>

Currency (DKK'000)	<b>Parent</b>			
	<u>Payment/ maturity</u>	<u>Receiva- bles</u>	<u>Payables</u>	<u>Net position</u>
AUD	< 1 år	40.515	-89	40.426
EUR	< 1 år	35.002	-28.754	6.248
EUR	> 1 år	0	-72.180	-72.180
GBP	< 1 år	58.323	-455	57.868
NOK	< 1 år	7.128	-1.669	5.459
PLN	< 1 år	0	-1.816	-1.816
RUB	< 1 år	2.298	0	2.298
SEK	< 1 år	65.536	-9.728	55.808
USD	< 1 år	4.482	0	4.482
ZAR	< 1 år	3.338	0	3.338
				<b>101.931</b>

**Consolidated financial statements and parent company  
financial statements 1 January - 31 December**

**Notes**

**14 Currency and interest rate risks and use of derivative financial instruments (continued)**

**Forecast transactions**

The Group uses forward exchange contracts to hedge expected currency risks relating to sale and purchase of goods in the coming year.

DKK'000	Period (months)	Contractual value		Gains and losses recognised in equity	
		2018	2017	2018	2017
Forward exchange contracts (AUD)	1 - 9	51.948	0	248	0

**Interest rate risks**

The Group uses interest rate swaps to hedge interest rate risks, whereby floating interest payments are re-scheduled into fixed interest payments.

DKK'000	2018				2017			
	Notional principal	Value ad- justment recognised in equity	Fair value	Term to maturity (months)	Notional principal	Value ad- justment recognised in equity	Fair value	Term to maturity (months)
Interest rate swaps	61.855	-2.651	64.506	66 - 76	69.810	-2.965	72.775	76 - 78

The hedged cash flows are expected to be realised and will affect results of operations over the term to maturity of the interest rate swap.

**15 Related parties**

BMS Heavy Cranes A/S' related parties comprise the following:

**Parties exercising control**

A. Enggaard Kraner A/S holds the majority of the share capital in BMS Heavy Cranes A/S.

BMS Heavy Cranes A/S is included in the Group Annual Report of A. Enggaard Kraner A/S, Trolldholm 8, 9400 Nørresundby, Denmark.

**Consolidated financial statements and parent company  
financial statements 1 January - 31 December**

**Notes**

**15 Related parties (continued)**

**Related party transactions**

DKK'000	<u>2018</u>	<u>2017</u>
<b>Group</b>		
Sale of services	35.575	68.981
Sale of assets	1.101	0
Administrative income	0	684
Interest income	361	923
Purchase of services	-83.784	-84.883
Administrative expenses	-1.200	-1.750
Interest expenses	-320	-1.461
	<u><b>-48.267</b></u>	<u><b>-17.506</b></u>
<b>Parent</b>		
Sale of services	60.803	77.658
Interest income	585	923
Purchase of services	-100.783	-97.227
Administrative expenses	-1.200	-4.131
Interest expenses	-437	-1.034
	<u><b>-41.032</b></u>	<u><b>-23.811</b></u>

**16 Appropriation of profit/loss**

	<u>Parent</u>	
Retained earnings	<u>12.454</u>	<u>16.814</u>
	<u><b>12.454</b></u>	<u><b>16.814</b></u>