SSG Partners A/S

Knapholm 4, DK-2730 Herlev

Annual Report for 1 October 2018 - 30 September 2019

CVR No 34 58 24 40

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 18/11 2019

Lars Thorsgaard Jensen
Chairman of the General Meeting

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of SSG Partners A/S for the financial year 1 October 2018 - 30 September 2019.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 September 2019 of the Company and the Group and of the results of the Company and Group operations and cash flows for 2018/19.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Herlev, 18 November 2019

Executive Board

Sonny Hoffmann Nielsen CEO	Uffe Iversen CFO

Board of Directors

John Staunsbjerg Dueholm Chairman	Christian Engsted Deputy Chairman	Gunilla Birgitta Ruth Spongh
Jesper Wadum Nielsen	Lars Thorsgaard Jensen	Sonny Hoffmann Nielsen

Independent Auditor's Report

To the Shareholders of SSG Partners A/S

Opinion
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 30 September 2019 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 October 2018 - 30 September 2019 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of SSG Partners A/S for the financial year 1 October 2018 - 30 September 2019, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("the Financial Statements").

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

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

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

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

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

Independent Auditor's Report

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 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 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 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 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 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 and the Group'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 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

Independent Auditor's Report

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the 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.

- 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.

Hellerup, 18 November 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jacob F Christiansen State Authorised Public Accountant mne18628	Henrik Ødegaard State Authorised Public Accountant mne31489

Company Information

The Company	SSG Partners A/S Knapholm 4 DK-2730 Herlev CVR No: 34 58 24 40 Financial period: 1 October - 30 September Incorporated: 11 May 2012 Financial year: 8th financial year Municipality of reg. office: Herlev
Board of Directors	John Staunsbjerg Dueholm, Chairman Christian Engsted Gunilla Birgitta Ruth Spongh Jesper Wadum Nielsen Lars Thorsgaard Jensen Sonny Hoffmann Nielsen
Executive Board	Sonny Hoffmann Nielsen Uffe Iversen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2018/19	2017/18	2016/17	2015/16	2014/15
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	908,082	766,799	617,764	538,527	556,789
Gross profit/loss	472,695	407,729	326,179	296,234	262,311
Earnings before interest, depreciation and amortization (EBITDA)	53,321	46,146	42,352	54,173	17,857
Profit/loss before financial income and expenses	26,765	22,935	22,528	35,377	-3,164
Net financials	-8,375	-7,435	-9,073	-8,573	-13,003
Net profit/loss for the year	10,698	8,073	6,688	18,148	-15,559
Balance sheet					
Balance sheet total	359,751	346,257	350,318	300,063	327,174
Equity	108,386	97,381	45,197	78,441	58,519
Cash flows					
Cash flows from:					
- operating activities	39,940	79,127	19,373	63,304	768
- investing activities	-12,330	-25,048	-9,879	-10,114	-15,689
including investment in property, plant and equipment	-11,395	-14,825	-9,879	-4,719	-4,553
- financing activities	-144	-20,889	-21,117	-29,429	9,012
Change in cash and cash equivalents for the year	27,466	33,190	-11,623	23,761	-5,909
Ratios					
Gross margin	52.1%	53.2%	52.8%	55.0%	47.1%
Profit margin	2.9%	3.0%	3.6%	6.6%	-0.6%
Return on assets	7.4%	6.6%	6.4%	11.8%	-1.0%
Solvency ratio	30.1%	28.1%	12.9%	26.1%	17.9%

Refer to definitions in the note on accounting policies

SSG Partners A/S merged in 2017/18 with Anpartsselskabet af 18. april 2012 in a reverse vertical merger with SSG Partners A/S as the continuing company. The merger has been recognized according to the booked value method. Consequently, key figures have not been restated.

Management's Review

Principal activities

SSG is one of Scandinavia´s leading providers of damage control and adjacent services. The Company´s business model has been tailor-made to meet demands from insurance companies, including specialized repairwork not offered by traditional craftsmen. Damage control, which is SSG´s core business and accounts for 75 percent of the Company's revenue for the financial year 2018/2019, primarily refers to services provided in acute situations to stop or limit damage following fire accidents, water leakage, mould or storm related incidents. Adjacent services, which account for 25 percent of the Company's revenue for the financial year 2018/2019, primarily refers to services provided in non-acute situations which require specialized skillsets tools. The offering within the adjacent services covers a wide array of services but is mainly divided into two sub-segments, industry services and property services.

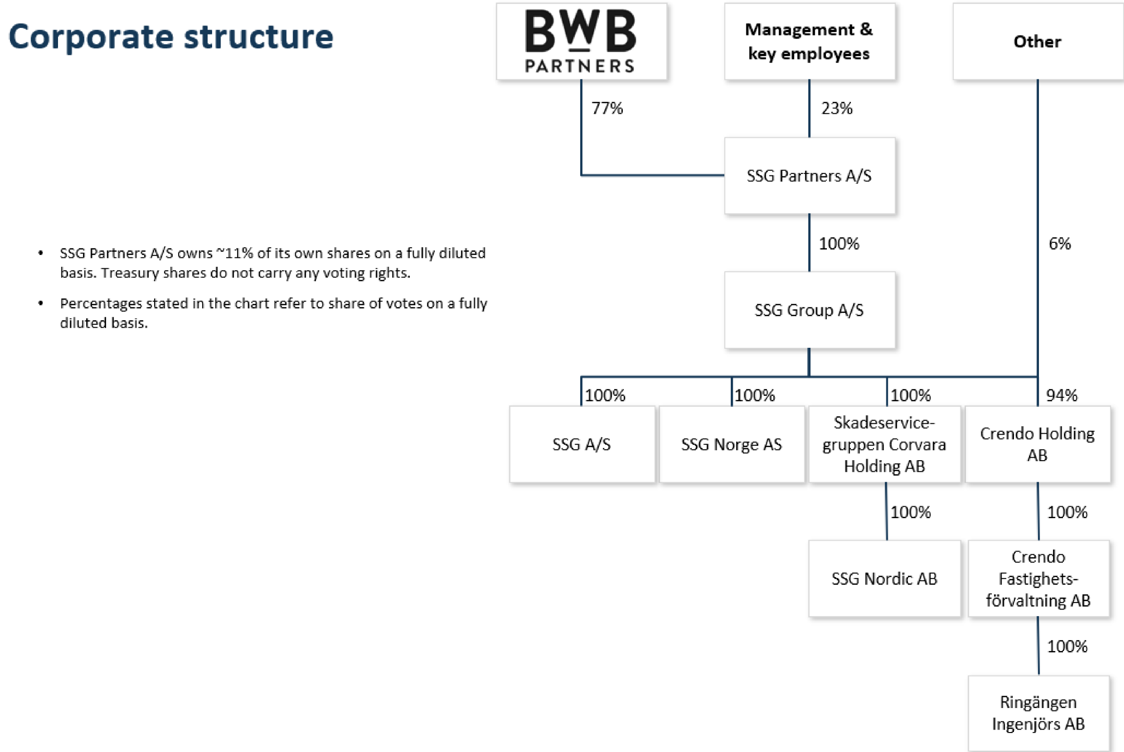
SSG's two service segments, damage control and adjacent services, require similar skillsets and equipment, which allows for efficient resource allocation between the two segments. As demand for damage control services varies over the year, labour and tools can easily be reallocated between the two segments to secure a high utilization throughout the year. The two segments also complement each other well in the sense that, usually, damage control is required in acute situations, whereas adjacent services can be performed in non-acute situations. In periods of high demand for damage control services, the Company can build a pipeline of adjacent services projects which can then be executed during periods of lower demand for damage control, thereby further improving the resource utilization over the year.

Denmark is SSG's home market and is to date the Company's largest and most profitable market. As per 30/9-2019, SSG Denmark has 347 employees through 13 centers across Denmark, offering nationwide coverage. The Danish operations accounted for 43 percent of the Company's total revenue for the financial year 2018/2019.

In Norway, SSG operates a total of 24 wholly-owned centers and four franchise centers and has 256 employees. Since the establishment of SSG Norway, focus has been on implementing The SSG Way and the operational excellence initiatives which underpin the strong operational and financial performance of SSG Denmark. The Norway operations account for 32 percent of the Company's total revenue in the financial year 2018/2019.

The Swedish operations are comprised of Crendo, which mainly offers adjacent services, and SSG Nordic, which primarily offers damage control services. Sweden has 293 employees working at its 7 centers. The Swedish operations account for 25 percent of the Company's total revenue in the financial year 2018/2019.

Management's Review



Development in the year

In financial year 2018/19, SSG group realized a total revenue of DKK 908.1 million compared to 766.8 million last year and profit before tax of DKK 18.4 million compared to DKK 15.5 million last year.

The results of are affected by the following:

SSG A/S (Denmark) continues to generate stable results in accordance with expectations in a year without any major cloudburst or industrial damage. The continuing progress of the efficiency processes and new innovative products also make a positive contribution. The Company has solid contracts with the majority of the large Danish insurance companies.

For SSG Norway AS, it was a stable performance where the new management team delivered the expected growth and margin. Continued high growth puts pressure on hiring and training new employees fast enough and this situation is expected to also impact financial year 2019/20. There were several significant new and renewed customer contracts signed in 2018/19, both in damage control and adjacent services.

Following the increase of ownership to a majority stake in Crendo in 2017 and the acquisition of SSG Nordic (previously named Corvara) in 2018, the Company acquired RIAB in November 2018. RIAB is located in Växjö and provides similar services to Crendo. Sweden is now better positioned to accelerate the growth and to take a similarly strong position within the Swedish damage control market and adjacent services market as it holds within Denmark and Norway.

Crendo performed below expectations due to change of management team, while SSG Nordic contributed with a full year positive net profit after starting the year with a negative net margin run-rate. RIAB performed to expectations for the year.

Capital structure and resources

The SSG Partners share capital is divided into share classes. Management regularly assesses whether SSG has a capital structure that corresponds to the Company’s need for the financing of working capital.

Together with the Company’s banks, the Group’s owners, Board of Directors and Executive Board assess the combination of equity, loans from shareholders and external financing on a recurring basis.

Management maintains an ongoing dialogue with the Group’s most important lenders and shareholders, who show a high level of confidence in the Group. Management assesses that the Group’s current capital structure and resources are adequate and sufficient to carry through the activities planned for financial year 2019/20.

Financial targets on Group level

The Group has an organic revenue growth target of five percent per year. The targeted growth is mainly attributable to entering additional framework agreements with insurance companies in Sweden and Norway, as well as growing the adjacent services segment in Denmark.

In addition to the organic revenue growth, the Group has a target of growing revenue through acquisitions by an additional five to seven percent per year. The goal is expressed as a run-rate number (pro forma). Depending on the market conditions the actual acquired revenue growth can be lower or higher than the target. In line with the M&A strategy, future acquisitions aim to increase inhouse competencies, increase the geographical presence or give quick access to service platforms in specific markets. Management has ongoing dialogues with a number of potential acquisition targets.

To reach its margin target, management will continue to focus on the implementation of The SSG Way, innovation, customer satisfaction and its operational excellence initiatives in Sweden and Norway.

Financial targets for Denmark

Management has a target of an organic revenue CAGR of two to three percent per year for Denmark. The revenue growth will primarily be attributable to increased revenue from existing customer based on new set of innovative services and continued dialog on taking more internal customer services to SSG.

Management's Review

Financial targets for Norway

Management has an organic revenue growth target of five percent per year for Norway. This will be largely driven by the continued focus on building strong relationships with insurance companies and increased sales efforts towards tier 2 customers with high revenue potential (the Company classifies its customers from tier 1 to tier 3 based on their geographical pan-Nordic vs. domestic presence and customer base).

Profitability will be driven by the initiatives implemented as part of the recent turnaround in form of operational improvement, competency redistribution, cost reductions, KPI measurements and ensuring end customer satisfaction.

Financial targets for Sweden

Management has an organic revenue growth target of seven percent per year for Sweden. The strategy in terms of organic growth is to leverage on inroads and experience from Denmark and Norway, thereby penetrating the large insurance segment.

The profitability is expected to increase as the service mix shifts to a larger share damage control following the acquisition of SSG Nordic, implementing The SSG Way, focusing on KPIs and driving operational excellence initiatives will also be important to ensure that the Companies meets their profitability target.

Uncertainty relating to recognition and measurement

Accounting estimates have been made in connection with the recognition and measurement of work in progress, receivables and goodwill. SSG currently works to improve its methods for the recognition and measurement of such items and, in Management's assessment, the estimates made provide a true and fair view in the Annual Report.

Employees

Employees constitute the most important asset of SSG, which makes it important to ensure the required technical and human skills. During the year, SSG has therefore held a number of technical courses on humidity, mould and damage control as well as hygiene/environmentally related courses. At management level, training in finances and sale/services has been provided. Moreover, SSG invests in training in the management systems of the insurance companies, In4mo and ScalePoint, on an ongoing basis.

As of 30/9-2019, the Company had 890 full-time employees of whom two were part of the Group management, 55 were in regional management and 110 held other administrative tasks within the Company. The remaining 723 employees were responsible for the manual labour within damage control and adjacent services.

Management's Review

Reporting guidelines of DVCA

The SSG Group is partly owned by private equity and follows certain reporting guidelines issued by the Danish Venture Capital and Private Equity Association. You may find the guidelines here www.DVCA.dk.

Shareholder information

The Company's shares are owned by BWB Partners II K/S (73%) and SH Service ApS (14%). Furthermore, the Company holds 11% of own shares.

Thus, BWB Partners has control over the Company.

Corporate social responsibility report

For the main operating model of SSG, please refer to section "Principal Activities"

SSG does not consider its operating activities to contain any significant risks with respect to the climate and the environment. The policies in this area sets objectives around the Company's desire to contribute to a better environment and prevent any unnecessary pollution and a set of Company obligations like full compliance with all legal requirement, strive for use of sub-contractors with CSR policies, correct handling and disposal of waste etc. The specific activities are an ongoing focus on developing methods to reduce especially the use of fuel, electricity and chemicals. SSG management is satisfied with the progress made in this areas during the financial year.

SSG does operate in an environment where there are certain risks with respect to employee health and safety, for instance in connection with removal of asbestos and mould. The policies in this area establishes the rules for employees, for instance specific work instructions, required training levels, use of protective gear etc. Other policies take care of social aspects like respect for the individual, smoking and consumption of alcohol just to mention a few.

The level of implementation is controlled via regular site audits conducted by SSG quality teams where methods and use of equipment is reviewed. A worker's council is established where man-agement and employee representatives meet and discuss health and safety related subjects and decides on appropriate new initiatives.

One of the main measures of a heathy, safe work environment is sick leave, here SSG has achieved its objective of maximum 3% absence.

Another key measure is work-related injuries. The results have improved from 26.8 to 22.4 accidents for each one million hours of work during last financial year which is in line with expectations.

Management's Review

Report on human rights and anti-corruption

SSG does not have a policy for human rights and anti-corruption, as SSG does not consider it critical to have specific initiatives in this area as employees, customers and suppliers are not regarded as being at risk of non-compliance, the area being regulated by relevant public legislation and trade union rules.

Report on gender representation in Management

The Company has an ongoing objective of at least one female board member. The Company's Board of Directors have hired one female member in 2019 and currently the Company has achieved its objective.

The Company has an objective of 25% female representation by 2025 in leadership positions. The % of females has increased from 20.8% to 21.7% during last financial year and the Company is satisfied with the progress made here towards the 2025 goal.

The main activities behind the goal of increased female representation is centered around internal and external recruiting as well as making sure that all female internal talents get the needed attention and support in their leadership development to compete for leadership positions.

Dividend policy

The payment of dividend is to take place with due consideration of the required consolidation of equity as a basis for the Group's continuing expansion.

Subsequent events

SSG was acquired by Polaris during October 2019. The deal is expected to close end of November, the deal has been approved by the authorities in Denmark, Norway and Sweden.

No other events materially affecting the assessment of the Annual Report have occured after the balance sheet date.

Other Management positions held by members of the Board of Directors and the Executive Board

Board of Directors

Name	John Staunsbjerg Dueholm (chairman)	Gunilla Birgitta Ruth Spongh	Sonny Hoffmann Nielsen
Position	Senior advisor	Board member	CEO - SSG Partners A/S
Chairman of the Board of Directors in:	Jetpak AB, SSG Partners A/S, SSG Group A/S and SSG A/S, Hydratech Industries A/S, Hydratech Industries Holdings A/S, Holmris A/S, Holmsris Holding A/S, HTHH ApS, Intermail A/S		SSG Norge AS, Crendo Holding AB, Crendo Fastighetsförvaltning AB, AB Kabelteknik ApS, HB Care A/S, HWH Ejendomme A/S, AB Kabelteknik ApS, Corvara Skadesanering AB, Skadeservicegruppen Corvara Holding AB
Deputy chairman of the Board of Directors in:	Scandinavian Brake System A/S, SBS Friction A/S, SBS Automotive A/S, DPF Svendborg A/S		
Member of the Board of Directors in:	Globus Wine A/S, BWBP Fonden	SSG Group A/S, SSG A/S, AQ Group AB, Byggmax AB, Infranord AB, Lernia AB, Pierce AB, Momentum Group AB, Swedish Stirling AB, Systemair AB	SSG Group A/S and SSG Partners A/S
Member of the Executive Board in:	BWB Partners I K/S, BWB Partners II K/S		SH Service ApS and SG Beverage Services ApS
Name:	**Jesper Wadum Nielsen**	**Lars Thorsgaard Jensen**	**Christian Engsted (deputy chairman)**
Position	Director & Partner - BWB Partners P/S	Director & Partner - BWB Partners P/S	Board member
Chairman of the Board of Directors in:	Emka Holding ApS, Transmedica Holding 2007 A/S, BWB Partners P/S		ON THE SPOT A/S
Deputy chairman of the Board of Directors in:	JB Partners ApS, Holmris A/S, Holmris Holding A/S, Heatex AB		SSG Partners A/S, SSG Group A/S, SSG A/S

Other Management positions held by members of the Board of Directors and the Executive Board

Board of Directors

	Jesper Wadum Nielsen (cont.)	Lars Thorsgaard Jensen (cont.)	Christian Engsted (cont.)
Member of the Board of Directors in:	SSG A/S, SSG Group A/S, SSG Partners A/S, Odin Equity Partners Management II K/S, Transmedica A/S, CIPP Technology Solutions A/S, CIPP Technology Solutions Holding A/S, MOEP A/S, STEMA Holding A/S, Jupiter Bach A/S, 14. oktober 2013 A/S, HXH International AB	SSG A/S, SSG Group A/S, SSG Partners A/S, ZITON A/S, Jack-Up Holding A/S, SSG Norge AS, HXH International AB, Crendo Holding AB, Crendo Fastighetsförvaltning AB, Corvara Skadesanering AB, Skadeservicegruppen Corvara Holding AB, SSG Norge AS, Heatex AB	RTX A/S
Member of the Executive Board in:	Anpartsselskabet af 7. juni 2007, Anpartsselskabet af 9. september 2010, Anpartsselskabet af 14. oktober 2013, Anpartsselskabet af 28. marts 2007, Anpartsselskabet af 31. oktober 2007, Anpartsselskabet af 4. juli 2008, Anpartsselskabet af 1. december 2011, Anpartsselskabet af 28. juni 2012, Lowani ApS, BWBP CIV GP ApS, Øserby Plantage ApS, Kawakolo ApS, Emwakolo ApS, Wakolo Invest ApS, MOEP A/S, Stema Holding A/S, Anpartsselskabet af 16. november 2015, Brovej 17, 4592 Sejerø ApS, SSG Norge AS, Pedax GmbH	LTJ Investco ApS, JACK-UP Holding A/S	UTURN2INNOVATION ApS, UTURN2 ApS

Other Management positions held by members of the Board of Directors and the Executive Board

Executive Board

Navn:	**Sonny Hoffmann Nielsen**	**Uffe Iversen**
Position	CEO - SSG Partners A/S	CFO - SSG Partners A/S, CEO - SSG A/S, CFO - SSG Group A/S
Chairman of the Board of Directors in:	SSG Norge AS, Crendo Holding AB, Crendo Fastighetsförvaltning AB, AB Kabelteknik ApS, HB Care A/S, HWH Ejendomme A/S, AB Kabelteknik ApS, Corvara Skadesanering AB, Skadeservicegruppen Corvara Holding AB	
Member of the Board of Directors in:	SSG Group A/S and SSG Partners A/S	Crendo Holding AB, Crendo Fastighetsförvaltning AB
Member of the Executive Board in:	SH Service ApS and SG Beverage Services ApS	Uffe Iversen Holding ApS, Corvara Skadesanering AB, Skadeservicegruppen Corvara Holding AB

Income Statement 1 October - 30 September

	Note	Group 2018/19 TDKK	Group 2017/18 TDKK	Parent 2018/19 TDKK	Parent 2017/18 TDKK
Revenue	2	**908,082**	**766,799**	**0**	**0**
Other operating income		2,585	3,903	0	0
Expenses for raw materials and consumables		-302,624	-256,816	0	0
Other external expenses		-135,348	-106,157	-1,534	-960
Gross profit/loss		**472,695**	**407,729**	**-1,534**	**-960**
Staff expenses	3	-419,374	-361,583	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-26,556	-23,211	0	0
Profit/loss before financial income and expenses		**26,765**	**22,935**	**-1,534**	**-960**
Income from investments in subsidiaries		0	0	9,796	6,743
Financial income	5	864	263	4,552	3,973
Financial expenses	6	-9,239	-7,698	-1,534	-1,370
Profit/loss before tax		**18,390**	**15,500**	**11,280**	**8,386**
Tax on profit/loss for the year	7	-7,692	-7,427	-480	-361
Net profit/loss for the year		**10,698**	**8,073**	**10,800**	**8,025**

Balance Sheet 30 September

Assets

		Group		Parent	
	Note	2018/19	2017/18	2018/19	2017/18
		TDKK	TDKK	TDKK	TDKK
Goodwill		116,549	125,911	0	0
Intangible assets	8	**116,549**	**125,911**	**0**	**0**
Other fixtures and fittings, tools and equipment		34,765	33,698	0	0
Leasehold improvements		5,054	3,961	0	0
Property, plant and equipment	9	**39,819**	**37,659**	**0**	**0**
Investments in subsidiaries	10	0	0	24,575	22,716
Other receivables	12	19,706	19,731	2,333	2,333
Fixed asset investments		**19,706**	**19,731**	**26,908**	**25,049**
Fixed assets		**176,074**	**183,301**	**26,908**	**25,049**
Inventories		**9,869**	**9,536**	**0**	**0**
Trade receivables		82,830	75,211	0	0
Contract work in progress	11	55,034	53,210	0	0
Receivables from group enterprises		238	0	138,072	125,280
Other receivables		7,629	10,226	0	0
Prepayments	13	3,881	3,793	0	0
Receivables		**149,612**	**142,440**	**138,072**	**125,280**
Cash at bank and in hand		**24,196**	**10,980**	**0**	**557**
Currents assets		**183,677**	**162,956**	**138,072**	**125,837**
Assets		**359,751**	**346,257**	**164,980**	**150,886**

Balance Sheet 30 September

Liabilities and equity

		Group		Parent	
	Note	2018/19	2017/18	2018/19	2017/18
		TDKK	TDKK	TDKK	TDKK
Share capital		38,371	38,371	38,371	38,371
Retained earnings		71,866	61,003	71,866	61,003
Equity attributable to shareholders of the Parent Company		**110,237**	**99,374**	**110,237**	**99,374**
Minority interests		-1,851	-1,993	0	0
Equity	14	**108,386**	**97,381**	**110,237**	**99,374**
Provision for deferred tax		5,766	6,260	0	0
Other provisions		1,954	0	0	0
Provisions		**7,720**	**6,260**	**0**	**0**
Credit institutions		13,961	31,448	0	20,000
Long-term debt	16	**13,961**	**31,448**	**0**	**20,000**
Credit institutions	16	48,952	39,288	20,000	10,000
Trade payables		57,731	64,073	156	0
Payables to group enterprises		0	0	34,054	20,268
Corporation tax		14,061	9,351	479	999
Other payables		108,940	98,456	54	245
Short-term debt		**229,684**	**211,168**	**54,743**	**31,512**
Debt		**243,645**	**242,616**	**54,743**	**51,512**
Liabilities and equity		**359,751**	**346,257**	**164,980**	**150,886**
Uncertainty with recognition and measurement	1				
Distribution of profit	15				
Contingent assets, liabilities and other financial obligations	20				
Fee to auditors appointed at the general meeting	21				
Accounting Policies	22				

Statement of Changes in Equity

Group

	Share capital	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 October	38,371	61,003	99,374	-1,993	97,381
Exchange adjustments relating to foreign entities	0	441	441	32	473
Purchase from minority	0	-378	-378	212	-166
Net profit/loss for the year	0	10,800	10,800	-102	10,698
Equity at 30 September	**38,371**	**71,866**	**110,237**	**-1,851**	**108,386**

Parent

	Share capital	Retained earnings	Equity excl. minority interests	Minority interests	Total
Equity at 1 October	38,371	61,003	99,374	0	99,374
Exchange adjustments relating to foreign entities	0	441	441	0	441
Purchase from minority	0	-378	-378	0	-378
Net profit/loss for the year	0	10,800	10,800	0	10,800
Equity at 30 September	**38,371**	**71,866**	**110,237**	**0**	**110,237**

Cash Flow Statement 1 October - 30 September

	Note	Group 2018/19 TDKK	Group 2017/18 TDKK	Parent 2018/19 TDKK	Parent 2017/18 TDKK
Net profit/loss for the year		10,698	8,073	10,800	8,025
Adjustments	17	42,623	38,073	-12,334	-8,985
Change in working capital	18	-1,687	44,592	-35	-329
Cash flows from operating activities before financial income and expenses		**51,634**	**90,738**	**-1,569**	**-1,289**
Financial income		864	263	0	0
Financial expenses		-8,201	-7,162	-591	-866
Cash flows from ordinary activities		**44,297**	**83,839**	**-2,160**	**-2,155**
Corporation tax paid		-4,357	-4,712	-1,000	0
Cash flows from operating activities		**39,940**	**79,127**	**-3,160**	**-2,155**
Purchase of property, plant and equipment		-11,395	-14,825	0	0
Purchase of shares from minority		-209	-5,149	0	0
Acquisition of subsidiary		-726	-5,074	0	0
Dividends received from subsidiaries		0	0	8,000	5,000
Cash flows from investing activities		**-12,330**	**-25,048**	**8,000**	**5,000**
Repayment of loans from credit institutions		-27,340	-35,270	-10,000	-4,137
Raising of loans from credit institutions		27,434	10,891	0	0
Raising of loans from group enterprises		0	0	4,603	1,585
Loans to group enterprises		-238	0	0	0
Purchase of treasury shares		0	-203	0	-203
Cash from merged company		0	467	0	467
Raising of vendor loan		0	3,226	0	0
Cash flows from financing activities		**-144**	**-20,889**	**-5,397**	**-2,288**
Change in cash and cash equivalents		**27,466**	**33,190**	**-557**	**557**

Cash Flow Statement 1 October - 30 September

	Note	2018/19	2017/18	2018/19	2017/18
		TDKK	TDKK	TDKK	TDKK
Cash and cash equivalents at 1 October		-3,024	-36,516	557	0
Exchange adjustment of current asset investments		-246	302	0	0
Cash and cash equivalents at 30 September		**24,196**	**-3,024**	**0**	**557**
Cash and cash equivalents are specified as follows:					
Cash at bank and in hand		24,196	10,980	0	557
Overdraft facility		0	-14,004	0	0
Cash and cash equivalents at 30 September		**24,196**	**-3,024**	**0**	**557**

Notes to the Financial Statements

1 Uncertainty with recognition and measurement

There is an uncertainty associated with recognition and measurement of group goodwill and deferred tax assets, as recognition and measurement is based on expectations regarding future activities and results.

Group goodwill
The SSG Group has recognized group goodwill amounting to MDKK 117 (2017/18: MDKK 126). Group goodwill mainly relates to the acquisition of damage control activities in Denmark and Sweden and is amortized over 5-20 years. The group's Danish operations have achieved a satisfactory result for 2018/19, in line with expectations. One of the Group's Swedish operations performed below expectations for 2018/19 due to change of management and expect to achieve satisfactory results going forward. Management has performed impairment test of the subsidiary which shows fair value above carrying amount and no need for impairment.

Deferred tax asset
The SSG Group has recognized deferred tax asset related to the tax value of tax losses in the subsidiary in Norway with MDKK 13 (2017/18: MDKK 15) and in Sweden with MDKK 4 (2017/18 MDKK 0). Tax losses can be carried forward and used indefinitely in Norway and Sweden. Based on budgets and estimates, it is expected that positive results for the subsidiaries will be realized and the tax asset is expected to be used within a period of 5 years. Management believes that the assumptions used are realistic and achievable and there is no basis for writing down deferred tax asset.

	Group		Parent	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK

2 Revenue

Geographical segments

	Group 2018/19 TDKK	Group 2017/18 TDKK	Parent 2018/19 TDKK	Parent 2017/18 TDKK
Denmark	387,926	370,684	0	0
Norway	290,353	247,685	0	0
Sweden	229,803	148,430	0	0
	908,082	**766,799**	**0**	**0**

Notes to the Financial Statements

		Group		Parent	
		2018/19	2017/18	2018/19	2017/18
		TDKK	TDKK	TDKK	TDKK
3	**Staff expenses**				
	Wages and salaries	339,149	293,997	0	0
	Pensions	26,386	26,922	0	0
	Other social security expenses	42,498	31,626	0	0
	Other staff expenses	11,341	9,038	0	0
		419,374	**361,583**	**0**	**0**
	Including remuneration to the Executive Board and Board of Directors of:				
	Executive Board	6,291	5,100	0	0
	Board of Directors	1,175	500	0	0
		7,466	**5,600**	**0**	**0**
	Average number of employees	**896**	**742**	**0**	**0**

4	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**				
	Amortisation of intangible assets	11,596	11,614	0	0
	Depreciation of property, plant and equipment	14,960	11,599	0	0
	Gain and loss on disposal	0	-2	0	0
		26,556	**23,211**	**0**	**0**

5	**Financial income**				
	Interest received from group enterprises	0	0	4,552	3,973
	Other financial income	864	263	0	0
		864	**263**	**4,552**	**3,973**

Notes to the Financial Statements

	Group		Parent	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK
6 Financial expenses				
Interest paid to group enterprises	0	0	943	504
Other financial expenses	9,239	7,698	591	866
	9,239	**7,698**	**1,534**	**1,370**
7 Tax on profit/loss for the year				
Current tax for the year	8,699	7,887	480	335
Deferred tax for the year	-1,007	-460	0	26
	7,692	**7,427**	**480**	**361**

8 Intangible assets

Group

	Goodwill
	TDKK
Cost at 1 October	184,218
Additions for the year	2,234
Cost at 30 September	186,452
Impairment losses and amortisation at 1 October	58,307
Amortisation for the year	11,596
Impairment losses and amortisation at 30 September	69,903
Carrying amount at 30 September	**116,549**

Notes to the Financial Statements

9 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK
Cost at 1 October	117,476	21,919
Exchange adjustment	-2,195	-265
Net effect from merger and acquisition	3,567	0
Additions for the year	12,928	2,510
Disposals for the year	-3,922	0
Adjustment	13,251	496
Cost at 30 September	141,105	24,660
Impairment losses and depreciation at 1 October	83,778	17,958
Exchange adjustment	-1,866	-214
Net effect from merger and acquisition	1,505	0
Depreciation for the year	13,568	1,392
Impairment and depreciation of sold assets for the year	-3,922	0
Adjustment	13,277	470
Impairment losses and depreciation at 30 September	106,340	19,606
Carrying amount at 30 September	**34,765**	**5,054**
Including assets under finance leases amounting to	13,204	0

Notes to the Financial Statements

10 Investments in subsidiaries

	Parent 2018/19 TDKK	Parent 2017/18 TDKK
Cost at 1 October	150,437	150,437
Cost at 30 September	150,437	150,437
Value adjustments at 1 October	-127,721	-117,513
Exchange adjustment	441	1,454
Net profit/loss for the year	9,796	6,743
Dividend to the Parent Company	-8,000	-5,000
Other adjustments	-378	-13,405
Value adjustments at 30 September	-125,862	-127,721
Carrying amount at 30 September	**24,575**	**22,716**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
SSG Group A/S	Denmark	DKK 13,844	100%
SSG A/S	Denmark	DKK 2,826	100%
SSG Norge AS	Norway	NOK 3,000	100%
Crendo Holding AB	Sweden	SEK 1,459	94%
Crendo Fastighetsförvaltning AB	Sweden	SEK 100	94%
Skadeservicegruppen Corvara Holding AB	Sweden	SEK 50	100%
SSG Nordic AB	Sweden	SEK 1,000	100%
Ringängen Ingenjörs AB	Sweden	SEK 5,000	94%

All foreign subsidiaries are recognised and measured as separate entities.

Notes to the Financial Statements

	Group		Parent	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK
11 Contract work in progress				
Selling price of work in progress	231,458	238,723	0	0
Payments received on account	-176,424	-185,513	0	0
	55,034	**53,210**	**0**	**0**

12 Other receivables

Of the total other non-current receivables, MDKK 17.4 (2017/18: MDKK 17.2) relates to deferred tax assets of the Group.

13 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Notes to the Financial Statements

14 Equity

The share capital is broken down as follow:

	Number	Nominal value
		TDKK
A-shares	16,374,213	16,374
B-shares	10,645,413	10,646
C-shares	1,009,032	1,009
D-shares	10,340,818	10,341
E-shares	1,525	1
		38,371

The A-shares, B-shares, C-shares, D-shares and E-shares are subject to preferential rights in case of future capital increases and payment of dividend.

As of 30 September 2019, the Company holds 4,260,461 treasury shares with a nominal value of DKK 4,260,461. As of 30 September 2019, the treasury shares held by the Company amount to 11.1% of the total capital. Treasury shares have been acquired in relation to a shareholder's divestment.

The share capital has developed as follows:

	2018/19	2017/18	2016/17	2015/16	2014/15
	TDKK	TDKK	TDKK	TDKK	TDKK
Share capital at 1 October	38,371	38,369	38,369	38,130	38,130
Capital increase	0	2	0	239	0
Capital decrease	0	0	0	0	0
Share capital at 30 September	**38,371**	**38,371**	**38,369**	**38,369**	**38,130**

15 Distribution of profit

	Parent	
	2018/19	2017/18
	TDKK	TDKK
Retained earnings	10,800	8,025
	10,800	**8,025**

Notes to the Financial Statements

16 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK
Credit institutions				
Between 1 and 5 years	13,961	31,448	0	20,000
Long-term part	13,961	31,448	0	20,000
Other short-term debt to credit institutions	48,952	39,288	20,000	10,000
	62,913	**70,736**	**20,000**	**30,000**

Notes to the Financial Statements

	Group		Parent	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK
17 Cash flow statement - adjustments				
Financial income	-864	-263	-4,552	-3,973
Financial expenses	9,239	7,698	1,534	1,370
Depreciation, amortisation and impairment losses, including losses and gains on sales	26,556	23,211	0	0
Income from investments in subsidiaries	0	0	-9,796	-6,743
Tax on profit/loss for the year	7,692	7,427	480	361
	42,623	**38,073**	**-12,334**	**-8,985**
18 Cash flow statement - change in working capital				
Change in inventories	456	534	0	0
Change in receivables	-5,969	24,656	0	0
Change in trade payables, etc	3,826	19,402	-35	-329
	-1,687	**44,592**	**-35**	**-329**
19 Cash flow statement - acquisition of subsidiary				
Fixed assets	261	7,617	0	0
Current assets	4,791	17,127	0	0
Bank loans and leasing liabilities	-107	-5,085	0	0
Short term debt, others	-4,860	-15,774	0	0
Purchase premium	641	1,189	0	0
	726	5,074	0	0
	726	**5,074**	**0**	**0**

20 Contingent assets, liabilities and other financial obligations

	Group		Parent	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	39,709	35,628	0	0
Between 1 and 5 years	64,539	59,785	0	0
After 5 years	81	0	0	0
	104,329	**95,413**	**0**	**0**

Other contingent liabilities

The Company has provided an unlimited guarantee against SSG A/S' outstanding balances in Jyske Bank.

The company has provided a guarantee against MidtFactoring A/S. The current net debt amounts to TDKK 73,754

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

SSG A/S is involved in commercial claims and disputes which are subject to uncertainty.

The subsidiary, SSG A/S, has provided work guarantees amounting to TDKK 6,396 and payments guaranties famounting to TDKK 747.

As security for debt to credit institutions, a floating charge of nominally TDKK 81,000 has been registrered in the Company's trade receivables, inventories, leasehold improvements, other fixtures and fittings, tools and equipment, goodwill, domain name and rights. At 30 September 2019, the carrying amount is TDKK 57,033. The current debt amounts to TDKK 48,466.

Notes to the Financial Statements

21 Fee to auditors appointed at the general meeting

	Group		Parent	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK
PricewaterhouseCoopers				
Audit fee	697	712	40	40
Other assurance engagements	18	18	0	0
Tax advisory services	66	37	5	5
Other services	1,874	889	30	30
	2,655	**1,656**	**75**	**75**

Notes to the Financial Statements

22 Accounting Policies

The Annual Report of SSG Partners A/S for 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2018/19 are presented in TDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, SSG Partners A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company’s investments in the consolidated subsidiaries are set off against the Parent Company’s share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

22 Accounting Policies (continued)

Minority interests

Minority interests are included in the Group's total equity. Profit/loss for the year is distributed and allocated to minority interests and the shareholders of the Parent Company based on share of the Company. Minority interests are recognised to carrying amount of the acquired assets and liabilities at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

22 Accounting Policies (continued)

Revenue

Information on business segments and geographical segments based on the Group´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

The consideration for the services rendered is determined using different models. Revenue for the different models is as follows:

- If the consideration is based on the time and costs spent, revenue is recognised proportionally to the rendered services by which recognised revenue corresponds to the sales value of the work performed in the year (the production method).

- If the consideration is based on a fixed price contract, revenue is recognised proportionally to the rendered services by which recognised revenue corresponds to the sales value of the work performed in the year (the production method).

Thereby it is ensured that revenue is not regonised until the total profits and costs as well as the stage of completion at the balance sheet date can be measured reliably and it is probable that the economic benefits including payments will be received by the Company.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc. Included in the financial statement line item are also write downs of receivables recognised under current assets.

Notes to the Financial Statements

22 Accounting Policies (continued)

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group.

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the onaccount taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses). The jointly taxed enterprises have adopted the on-account taxation scheme.

Notes to the Financial Statements

22 Accounting Policies (continued)

Balance Sheet

Intangible assets

Goodwill

Acquired goodwill is measured at cost net of accumulated amortisation. Goodwill is amortised on a straight-line basis over the estimated useful life of 5-10 years which in some cases can be up to 20 years for strategically acquired companies with a strong market position and a long term earnings profile, if the extended amortisation period is assessed to better reflect the use of the respective resources.

Goodwill is impaired to the recoverable amount if this is lower than carrying amount.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-8 years
Leasehold improvements	10-20 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined

Notes to the Financial Statements

22 Accounting Policies (continued)

as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item“Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Other fixed asset investments

Other fixed asset investments consist of deposit and deferred tax asset.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of inventories equals landed cost.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Notes to the Financial Statements

22 Accounting Policies (continued)

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Treasury shares

Purchase and sales prices for treasury shares are recognised directly in retained earnings under equity. A reduction of capital by cancellation of treasury shares reduces the share capital by an amount equal to the nominal value of the shares and increases retained earnings. Dividend on treasury shares is recognised directly in equity under retained earnings.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Notes to the Financial Statements

22 Accounting Policies (continued)

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Notes to the Financial Statements

22 Accounting Policies (continued)

Cash Flow Statement

The cash flow statement shows the Group´s and the Parent Company´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s and the Parent Company´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand” and ”Overdraft facilities”.

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$

Notes to the Financial Statements

22 Accounting Policies (continued)

Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$