SSG Partners A/S

Knapholm 4, DK-2730 Herlev

Annual Report for 1 October 2017 - 30 September 2018

CVR No 34 58 24 40

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 13/11 2018

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 2017 - 30 September 2018.

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 2018 of the Company and the Group and of the results of the Company and Group operations and cash flows for 2017/18.

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, 13 November 2018

Executive Board

Sonny Hoffmann Nielsen CEO	Uffe Iversen CFO

Board of Directors

John Staunsbjerg Dueholm Chairman	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 2018 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 October 2017 - 30 September 2018 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 2017 - 30 September 2018, 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, 13 November 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jacob F Christiansen	Henrik Ødegaard
State Authorised Public Accountant	State Authorised Public Accountant
mne18628	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: 7th financial year Municipality of reg. office: Herlev
Board of Directors	John Staunsbjerg Dueholm, Chairman 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				
	2017/18	2016/17	2015/16	2014/15	2013/14
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	766,799	617,764	538,527	556,789	535,644
Gross profit/loss	407,729	326,179	296,234	262,311	246,846
Earnings before interest, depreciation and amortization (EBITDA)	46,146	42,352	54,173	17,857	-19,965
Profit/loss before financial income and expenses	22,935	22,528	35,377	-3,164	-41,703
Net financials	-7,435	-9,073	-8,573	-13,003	-8,961
Net profit/loss for the year	8,073	6,688	18,148	-15,559	-37,616
Balance sheet					
Balance sheet total	346,257	350,318	300,063	327,174	356,824
Equity	97,381	45,197	78,441	58,519	75,109
Cash flows					
Cash flows from:					
- operating activities	79,127	19,373	63,304	768	-16,796
- investing activities	-25,048	-9,879	-10,114	-15,689	-8,068
including investment in property, plant and equipment	-14,825	-9,879	-4,719	-4,553	-8,556
- financing activities	-20,889	-21,117	-29,429	9,012	33,143
Change in cash and cash equivalents for the year	33,190	-11,623	23,761	-5,909	8,279
Number of employees	742	687	508	485	538
Ratios					
Gross margin	53.2%	52.8%	55.0%	47.1%	46.1%
Profit margin	3.0%	3.6%	6.6%	-0.6%	-7.8%
Return on assets	6.6%	6.4%	11.8%	-1.0%	-11.7%
Solvency ratio	28.1%	12.9%	26.1%	17.9%	21.0%

Refer to definitions in the note on accounting policies.

SSG Partners A/S merged 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

Key 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 repair-work not offered by traditional craftsmen. Damage control, which is SSG´s core business and accounts for 80 percent of the Company's revenue for the financial year 2017/2018, 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 20 percent of the Company's revenue for the financial year 2017/2018, 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.

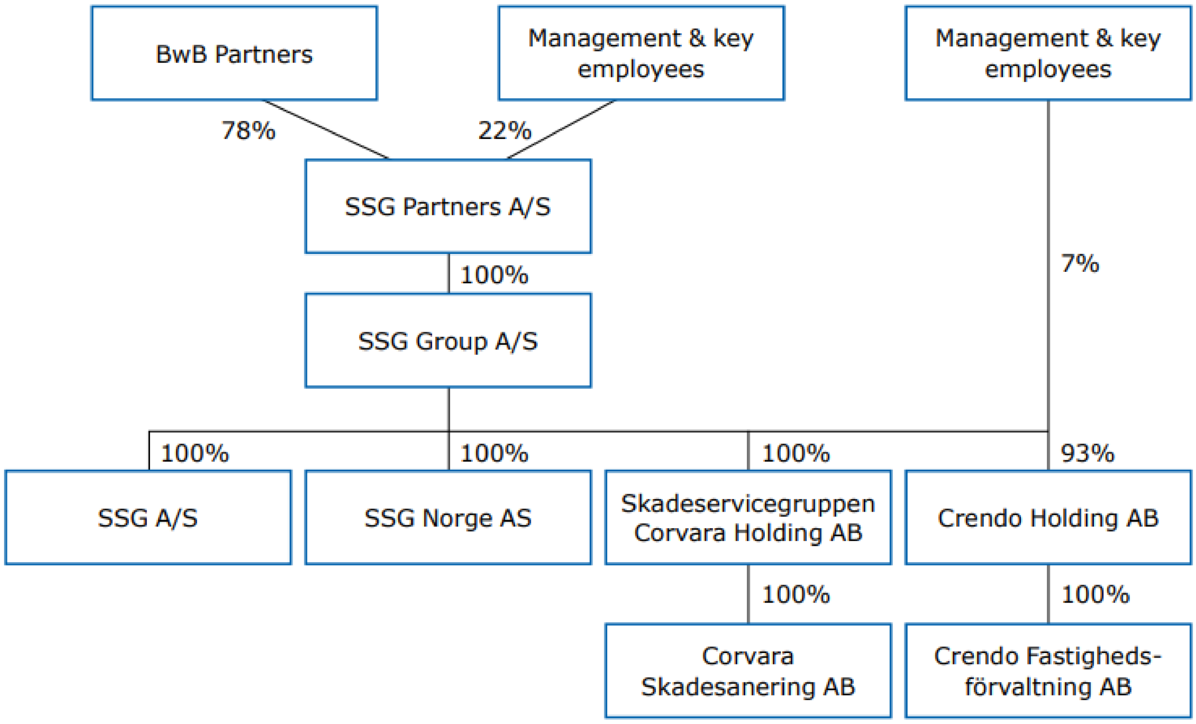
Denmark is SSG's home market and is to date the Company's largest and most profitable market. As per 30/9-2018, SSG Denmark has 323 employees through 13 centers across Denmark, offering nation-wide coverage. The Danish operations accounted for 48 percent of the Company's total revenue for the financial year 2017/2018.

In Norway, SSG operates a total of 18 wholly-owned centers and four franchise centers and has 195 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 2017/2018.

The Swedish operations are comprised of Crendo, which mainly offers adjacent services, and Corvara, which primarily offers damage control services. SSG Sweden has 250 employees working at its 7 centers. The Swedish operations account for 20 percent of the Company's total revenue in the financial year 2017/2018.

Management's Review

Organisational structure and ownership[1)]



Note: 1) Fully diluted and adjusted for SSG Partners A/S' own shares of approx. 11%.

Management's Review

Development in the year

In financial year 2017/18, SSG group realized a total revenue of DKK 766.8 million compared to 617.7 million last year and profit before tax of DKK 15.5 million compared to DKK 13.5 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, following operational difficulties encountered in four centers located in the Oslo area in the financial year 2016/2017, SSG Norway hired a new country CEO and a new manager for larger damage as well as local managers in the four centers to reach more efficient project execution. SSG Norway also expanded its reconstruction services offering and integrated the SSG-5C IT system into the operations to increase margins and enhance its competitive advantage. The restructuring impacted the financial performance of SSG Norway negatively during the first half of the financial year, while the second half of the financial year experienced a positive impact from the restructuring, especially in terms of increasing margins. The operational difficulties encountered during the previous financial year have thereby been solved.

The Swedish operations are comprised of Crendo, which mainly offers adjacent services, and Corvara, which primarily offers damage control services. Crendo was entered through an acquisition of 31 percent of the shares in 2015. The ownership was increased to 65 percent in 2017 and further increased to 93 percent in 2018. In June 2018, SSG also acquired selected parts of Corvara's damage control business. The acquisition was limited to the Corvara centres deemed to be the most attractive by the Company based on factors such as profitability, growth prospects and geographic locations. However, Corvara has a cooperation agreement with the centers which were not acquired by SSG, thereby enabling SSG Sweden to offer a nation-wide coverage despite only acquiring selected Corvara centers.

Following the increase of ownership to a majority stake in Crendo in 2017 and the acquisition of Corvara in 2018, the Company is ready to accelerate the growth in Sweden and to take a similarly strong position within the Swedish damage control market as it holds within Denmark and Norway.

Crendo performed close to expectations with a positive net profit while Corvara contributed with a net loss for the 4 months of ownership, however with improvements month by month since takeover on June 1st 2018.

Management's Review

Development expectations

For 2018/19 revenue and result of the SSG Group is expected to improve driven by the acquisition of Corvara, efficiency improvements in SSG Norge and stable businesses in SSG A/S and Crendo.

Capital structure and resources

The SSG Partners share capital is divided into share classes, refer to note 14. 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 2018/19.

Uncertainty relating to recognition and measurement

Accounting estimates have been made in connection with the recognition and measurement of goodwill, deferred tax assets, work in progress and receivables. It is management's assessment that the estimates provide a true and fair view in the Annual Report.

Employees

Our 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 30/9-20018, the Company had 917 full-time employees of whom two were part of the Group management, 60 were in regional management and 122 held other administrative tasks within the Company. The remaining 733 employees were responsible for the manual labour within damage control and adjacent services.

Reporting guidelines of DVCA

The 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.

Management's Review

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.

Statement of corporate social responsibility

The Company has a policy for health, safety and environment which may be found at the SSG intranet, and new employees are informed about the purpose and contents of the policy in connection with introduction days held on a quarterly basis. This policy 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 subcontractors with CSR policies, correct handling and disposal of waste etc. As 2 examples of outcome, the Company has invented a new method for de-humidification which reduced energy electricity consumption by estimated 50% and a remote monitoring of equipment system that significantly reduces the need personal in-spection and thus energy used on transportation during a project. Further reductions in fuel and trans-portation is expected related to new planning function where the use of people, equipment and trans-portation is optimized centrally.

SSG reports on all work-related injuries, and instructions are prepared with respect to measures to be taken to avoid similar injuries. These instructions can be seen on the notice boards in all canteens, on the intranet and are sent via email to all employees

SSG has a mission and values that have been widely communicated at management meetings, roadshows, on the intranet and in the form of posters in conference rooms, etc. Our mission and values are about taking care of human beings and assets in the best possible way and, thus, support the SSG attitude to the compliance with human rights. However, 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 human rights

SSG does not have a policy for human rights, 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.

Management's Review

Statement on gender composition

SSG Norge AS has hired a female CEO during 2018. It is the target of the Company's Board of Directors have one female member by 2020. This target has not yet been met as there has been no additions to the Board of Directors in 2017/18 financial year.

The Company wants to increase the diversity of the composition of both the Board of Directors and at other management levels. This is based on a wish to improve the quality of management work and, thus, improve results over time and, simultaneously, stand out as an attractive workplace where all types of applicants apply for vacancies. This applies specifically to the recruitment of new employees at management level where focus is on the qualifications of the applicants as well as the examination of various tests, which are now standard at management level. Age, gender, ethnical background, etc are not taken into consideration. Moreover, all employees take part in an appraisal interview and everybody, without exception, is urged to obtain further training and meet new challenges in order to qualify for a management position in future.

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.

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

Board of Directors

Name	**John Staunsbjerg Dueholm (chairman)**	**Lars Thorsgaard Jensen**	**Sonny Hoffmann Nielsen**
Position	Senior advisor	Director & Partner - BWB Partners P/S	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 Fastighetsförvaltning AB, Crendo Holding AB, Handicap-Befordring A/S, AB Kabelteknik ApS, HB Care A/S, HWH Ejendomme A/S and Handicap-Befordringen Holding A/S
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, Air Greenland A/S, BWBP Fonden	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	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	LTJ Investco ApS, JACK-UP Holding A/S	SH Service ApS and SG Beverage Services ApS

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

Board of Directors

Name:	**Jesper Wadum Nielsen**
Position	Director & Partner - BWB Partners P/S,
Chairman of the Board of Directors in:	Emka Holding ApS, Transmedica Holding 2007 A/S, BWB Partners P/S
Deputy chairman of the Board of Directors in:	JB Partners ApS, Holmris A/S, Holmris Holding A/S
Member of the Board of Directors in:	SSG A/S, SSG Group A/S, SSG Partners A/S, Odin General Partner Fonden II, Odin Equity Partners Management II K/S, Transmedica A/S, CIPP Technology Solutions A/S, CIPP Technology Solutions A/S MOEP A/S, STEMA Holding A/S, Jupiter Bach A/S, 14. oktober 2013 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 18. april 2012, Anpartsselskabet af 28. juni 2012, Lowani ApS, BWBP CIV GP ApS, Øserby Plantage ApS, Kawakolo ApS, Emwakolo ApS, Wakolo Invest ApS, Nordic Petrol Systems Holding ApS, Nordic Payment Systems A/S. MOEP A/S, Stema Holding A/S, Anpartsselskabet af 16. november 2015, Brovej 17, 4592 Sejerø ApS

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

Executive Board

Name:	**Sonny Hoffmann Nielsen**	**Uffe Iversen**
Position	CEO - SSG Partners A/S	CFO - SSG Partners A/S, CEO - SSG A/S, CEO - SSG Group A/S,
Chairman of the Board of Directors in:	SSG Norge AS, Crendo Holding AB, Crendo Fastighetsförvaltning AB Handicap-Befordring A/S, AB Kabelteknik ApS, HB Care A/S, HWH Ejendomme A/S and Handicap-Befordringen Holding A/S	
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

Income Statement 1 October - 30 September

	Note	Group 2017/18 TDKK	Group 2016/17 TDKK	Parent 2017/18 TDKK	Parent 2016/17 TDKK
Revenue	3	**766,799**	**617,764**	**0**	**0**
Other operating income		3,903	3,299	0	0
Expenses for raw materials and consumables		-256,816	-203,590	0	0
Other external expenses		-106,157	-91,294	-960	-4,509
Gross profit/loss		**407,729**	**326,179**	**-960**	**-4,509**
Staff expenses	4	-361,583	-283,827	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	5	-23,211	-19,824	0	0
Profit/loss before financial income and expenses		**22,935**	**22,528**	**-960**	**-4,509**
Income from investments in subsidiaries		0	0	6,743	12,917
Financial income	6	263	494	3,973	4,495
Financial expenses	7	-7,698	-9,567	-1,370	-5,123
Profit/loss before tax		**15,500**	**13,455**	**8,386**	**7,780**
Tax on profit/loss for the year	8	-7,427	-6,767	-361	168
Net profit/loss for the year		**8,073**	**6,688**	**8,025**	**7,948**

Balance Sheet 30 September

Assets

	Note	Group 2017/18	Group 2016/17	Parent 2017/18	Parent 2016/17
		TDKK	TDKK	TDKK	TDKK
Goodwill		125,911	136,336	0	0
Intangible assets	9	**125,911**	**136,336**	**0**	**0**
Other fixtures and fittings, tools and equipment		33,698	21,752	0	0
Leasehold improvements		3,961	5,623	0	0
Property, plant and equipment	10	**37,659**	**27,375**	**0**	**0**
Investments in subsidiaries	11	0	0	22,716	32,924
Other receivables	13	19,731	16,618	2,333	0
Fixed asset investments		**19,731**	**16,618**	**25,049**	**32,924**
Fixed assets		**183,301**	**180,329**	**25,049**	**32,924**
Inventories		**9,536**	**10,218**	**0**	**0**
Trade receivables		75,211	97,975	0	0
Contract work in progress	12	53,210	42,240	0	0
Receivables from group enterprises		0	3,144	125,280	117,636
Other receivables		10,226	8,618	0	0
Deferred tax asset		0	0	0	348
Prepayments		3,793	2,741	0	0
Receivables		**142,440**	**154,718**	**125,280**	**117,984**
Cash at bank and in hand		**10,980**	**5,053**	**557**	**0**
Currents assets		**162,956**	**169,989**	**125,837**	**117,984**
Assets		**346,257**	**350,318**	**150,886**	**150,908**

Balance Sheet 30 September

Liabilities and equity

	Note	Group 2017/18 TDKK	Group 2016/17 TDKK	Parent 2017/18 TDKK	Parent 2016/17 TDKK
Share capital		38,371	38,369	38,371	38,369
Retained earnings		61,003	17,259	61,003	17,259
Equity attributable to shareholders of the Parent Company		**99,374**	**55,628**	**99,374**	**55,628**
Minority interests		-1,993	-10,431	0	0
Equity	14	**97,381**	**45,197**	**99,374**	**55,628**
Provision for deferred tax		6,260	5,097	0	0
Provisions		**6,260**	**5,097**	**0**	**0**
Subordinate loan capital		0	49,254	0	49,254
Credit institutions		31,448	30,000	20,000	30,000
Long-term debt	16	**31,448**	**79,254**	**20,000**	**79,254**
Credit institutions	16	39,288	88,879	10,000	4,137
Trade payables		64,073	49,320	0	0
Payables to group enterprises		0	0	20,268	11,365
Corporation tax		9,351	5,773	999	0
Other payables		98,456	76,798	245	524
Short-term debt		**211,168**	**220,770**	**31,512**	**16,026**
Debt		**242,616**	**300,024**	**51,512**	**95,280**
Liabilities and equity		**346,257**	**350,318**	**150,886**	**150,908**

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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	38,369	17,259	55,628	-10,431	45,197
Capital increase from merger under the booked value method	2	47,873	47,875	0	47,875
Adjusted equity at 1 October	38,371	65,132	103,503	-10,431	93,072
Exchange adjustments relating to foreign entities	0	1,454	1,454	134	1,588
Purchase of treasury shares	0	-356	-356	0	-356
Sale of treasury shares	0	153	153	0	153
Purchase from minority	0	-13,405	-13,405	8,256	-5,149
Net profit/loss for the year	0	8,025	8,025	48	8,073
Equity at 30 September	**38,371**	**61,003**	**99,374**	**-1,993**	**97,381**

Parent

	Share capital	Retained earnings	Equity excl. minority interests	Minority interests	Total
Equity at 1 October	38,369	17,259	55,628	0	55,628
Capital increase from merger under the booked value method	2	47,873	47,875	0	47,875
Adjusted equity at 1 October	38,371	65,132	103,503	0	103,503
Exchange adjustments	0	1,454	1,454	0	1,454
Purchase of treasury shares	0	-356	-356	0	-356
Sale of treasury shares	0	153	153	0	153
Purchase from minority	0	-13,405	-13,405	0	-13,405
Net profit/loss for the year	0	8,025	8,025	0	8,025
Equity at 30 September	**38,371**	**61,003**	**99,374**	**0**	**99,374**

Cash Flow Statement 1 October - 30 September

	Note	Group 2017/18 TDKK	Group 2016/17 TDKK	Parent 2017/18 TDKK	Parent 2016/17 TDKK
Net profit/loss for the year		8,073	6,688	8,025	7,948
Adjustments	17	38,073	35,664	-8,985	-12,457
Change in working capital	18	44,592	-15,639	-329	-2,310
Cash flows from operating activities before financial income and expenses		**90,738**	**26,713**	**-1,289**	**-6,819**
Financial income		263	721	0	0
Financial expenses		-7,162	-4,035	-866	-135
Cash flows from ordinary activities		**83,839**	**23,399**	**-2,155**	**-6,954**
Corporation tax paid		-4,712	-4,026	0	0
Cash flows from operating activities		**79,127**	**19,373**	**-2,155**	**-6,954**
Purchase of property, plant and equipment		-14,825	-9,879	0	0
Purchase of shares from minority		-5,149	0	0	0
Acquisition of subsidiary	19	-5,074	0	0	0
Dividends received from subsidiaries		0	0	5,000	19,000
Cash flows from investing activities		**-25,048**	**-9,879**	**5,000**	**19,000**
Repayment of loans from credit institutions		-35,270	-21,117	-4,137	-16,000
Raising of loans from credit institutions		10,891	30,000	0	30,000
Raising of loans from group enterprises		0	0	1,585	3,954
Purchase of treasury shares		-203	-30,000	-203	-30,000
Cash from merged Company		467	0	467	0
Raising of vendor loan		3,226	0	0	0
Cash flows from financing activities		**-20,889**	**-21,117**	**-2,288**	**-12,046**
Change in cash and cash equivalents		**33,190**	**-11,623**	**557**	**0**

Cash Flow Statement 1 October - 30 September

	Note	2017/18	2016/17	2017/18	2016/17
		TDKK	TDKK	TDKK	TDKK
Cash and cash equivalents at 1 October		-36,516	-25,513	0	0
Exchange adjustment of current asset investments		302	620	0	0
Cash and cash equivalents at 30 September		**-3,024**	**-36,516**	**557**	**0**
Cash and cash equivalents are specified as follows:					
Cash at bank and in hand		10,980	5,053	557	0
Overdraft facility		-14,004	-41,569	0	0
Cash and cash equivalents at 30 September		**-3,024**	**-36,516**	**557**	**0**

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 by MDKK 126 (2016/17: MDKK 136). Group goodwill relates mainly to the acquisition of damage control activities in Denmark and Crendo Sweden and depreciated over 10-20 years. The group's danish operations have achieved a satisfactory result for 2017/18 in line with expectations. The operations in Crendo have improved to a positive result in 2017/18 and based on further expected improvements in the future, management's assessment is that there are no indications of impairment of group goodwill.

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 15 (2016/17: MDKK 15). Tax losses can be carried forward and used indefinitely in Norway. Based on budgets and estimates for Norway, it is expected that positive results for the subsidiary in Norway 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.

2 Subsequent events

After year end, SSG A/S (Denmark) has distributed extraordinary dividends of DKK 10 million to SSG Group A/S, and SSG Group A/S has distributed a DKK 8 million to SSG Partners A/S to be used for the payment of instalments and interest.

3 Revenue

	Group		Parent	
	2017/18	2016/17	2017/18	2016/17
	TDKK	TDKK	TDKK	TDKK
Geographical segments				
Denmark	370,684	349,745	0	0
Norway	247,685	228,001	0	0
Sweden	148,430	40,018	0	0
	766,799	**617,764**	**0**	**0**

Notes to the Financial Statements

	Group		Parent	
	2017/18	2016/17	2017/18	2016/17
	TDKK	TDKK	TDKK	TDKK
4 Staff expenses				
Wages and salaries	293,977	234,759	0	0
Pensions	26,922	21,011	0	0
Other social security expenses	31,626	20,776	0	0
Other staff expenses	9,058	7,281	0	0
	361,583	**283,827**	**0**	**0**
Including remuneration to the Executive Board and Board of Directors of:				
Executive Board	5,100	4,903	0	0
Board of Directors	500	800	0	0
	5,600	**5,703**	**0**	**0**
Average number of employees	**742**	**687**	**0**	**0**

5 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

	Group 2017/18	Group 2016/17	Parent 2017/18	Parent 2016/17
Amortisation of intangible assets	11,614	10,103	0	0
Depreciation of property, plant and equipment	11,599	9,780	0	0
Gain and loss on disposal	-2	-59	0	0
	23,211	**19,824**	**0**	**0**

6 Financial income

	Group 2017/18	Group 2016/17	Parent 2017/18	Parent 2016/17
Interest received from group enterprises	0	0	3,973	4,495
Other financial income	263	494	0	0
	263	**494**	**3,973**	**4,495**

Notes to the Financial Statements

	Group		Parent	
	2017/18	2016/17	2017/18	2016/17
	TDKK	TDKK	TDKK	TDKK

7 Financial expenses

	Group 2017/18 TDKK	Group 2016/17 TDKK	Parent 2017/18 TDKK	Parent 2016/17 TDKK
Interest paid to group enterprises	0	4,537	504	4,776
Other financial expenses	7,698	5,030	866	347
	7,698	**9,567**	**1,370**	**5,123**

8 Tax on profit/loss for the year

	Group 2017/18 TDKK	Group 2016/17 TDKK	Parent 2017/18 TDKK	Parent 2016/17 TDKK
Current tax for the year	7,887	7,576	335	0
Deferred tax for the year	-460	-809	26	-168
	7,427	**6,767**	**361**	**-168**

9 Intangible assets

Group

	Goodwill
	TDKK
Cost at 1 October	183,029
Additions for the year	1,189
Cost at 30 September	184,218
Impairment losses and amortisation at 1 October	46,693
Amortisation for the year	11,614
Impairment losses and amortisation at 30 September	58,307
Carrying amount at 30 September	**125,911**

Notes to the Financial Statements

10 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK
Cost at 1 October	91,550	21,532
Exchange adjustment	-968	-16
Net effect from merger and acquisition	12,522	0
Additions for the year	14,422	403
Disposals for the year	-50	0
Cost at 30 September	117,476	21,919
Impairment losses and depreciation at 1 October	69,798	15,909
Exchange adjustment	-466	-6
Net effect from merger and acquisition	4,905	0
Depreciation for the year	9,544	2,055
Impairment and depreciation of sold assets for the year	-3	0
Impairment losses and depreciation at 30 September	83,778	17,958
Carrying amount at 30 September	**33,698**	**3,961**
Including assets under finance leases amounting to	11,900	0

Notes to the Financial Statements

11 Investments in subsidiaries

	Parent 2017/18	Parent 2016/17
	TDKK	TDKK
Cost at 1 October	150,437	150,437
Cost at 30 September	150,437	150,437
Value adjustments at 1 October	-117,513	-110,669
Exchange adjustment	1,454	-761
Net profit/loss for the year	6,743	12,917
Dividend to the Parent Company	-5,000	-19,000
Purchase from minority	-13,405	0
Value adjustments at 30 September	-127,721	-117,513
Carrying amount at 30 September	**22,716**	**32,924**

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	93%
Crendo Fastighets-förvaltning	Sweden	SEK 100	93%
Skadeservicegruppen Corvara Holding AB	Sweden	SEK 50	100%
Corvara Skadesanering AB	Sweden	SEK 1,000	100%

All foreign subsidiaries are recognised and measured as separate entities.

Notes to the Financial Statements

	Group		Parent	
	2017/18	2016/17	2017/18	2016/17
	TDKK	TDKK	TDKK	TDKK
12 Contract work in progress				
Selling price of work in progress	238,723	189,523	0	0
Payments received on account	-185,513	-147,283	0	0
	53,210	**42,240**	**0**	**0**

13 Other receivables

Of the total other non-current receivables, MDKK 17.2 (2016/17: MDKK 16.5) relates to deferred tax assets of the Group.

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 1 October 2017, the Company held 4,194,300 treasury shares with a nominal value of of DKK 4,194,300 corresponding to 10.9% of the total share capital. During the year, The Company acquired net 66,161 shares with a nominal value of DKK 66,161, corresponding to 0.2% of total share capital. As of 30 September 2018, the Company holds 4,260,461 treasury shares with a nominal value of DKK 4,260,461. As of 30 September 2018, 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:

	2017/18	2016/17	2015/16	2014/15	2013/14
	TDKK	TDKK	TDKK	TDKK	TDKK
Share capital at 1 October	38,369	38,369	38,130	38,130	11,630
Capital increase	2	0	239	0	26,500
Capital decrease	0	0	0	0	0
Share capital at 30 September	**38,371**	**38,369**	**38,369**	**38,130**	**38,130**

	Parent	
	2017/18	2016/17
	TDKK	TDKK
15 Distribution of profit		
Retained earnings	8,025	7,948
	8,025	**7,948**

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	
	2017/18	2016/17	2017/18	2016/17
	TDKK	TDKK	TDKK	TDKK
Subordinate loan capital				
Between 1 and 5 years	0	49,254	0	49,254
Long-term part	0	49,254	0	49,254
Within 1 year	0	0	0	0
	0	**49,254**	**0**	**49,254**
Credit institutions				
Between 1 and 5 years	31,448	30,000	20,000	30,000
Long-term part	31,448	30,000	20,000	30,000
Other short-term debt to credit institutions	39,288	88,879	10,000	4,137
	70,736	**118,879**	**30,000**	**34,137**

Notes to the Financial Statements

	Group		Parent	
	2017/18	2016/17	2017/18	2016/17
	TDKK	TDKK	TDKK	TDKK

17 Cash flow statement - adjustments

Financial income	-263	-494	-3,973	-4,495
Financial expenses	7,698	9,567	1,370	5,123
Depreciation, amortisation and impairment losses, including losses and gains on sales	23,211	19,824	0	0
Income from investments in subsidiaries	0	0	-6,743	-12,917
Tax on profit/loss for the year	7,427	6,767	361	-168
	38,073	**35,664**	**-8,985**	**-12,457**

18 Cash flow statement - change in working capital

Change in inventories	534	-68	0	0
Change in receivables	24,656	-9,728	0	0
Change in trade payables, etc	19,402	-5,843	-329	-2,310
	44,592	**-15,639**	**-329**	**-2,310**

19 Cash flow statement - acquisition of subsidiary

Fixed assets	7,617	10,245	0	0
Current assets	17,127	25,157	0	0
Bank loans and leasing liabilities	-5,085	-25,253	0	0
Short term debt, others	-15,774	-39,700	0	0
Purchase premium	1,189	29,508	0	0
	5,074	-43	0	0
Net cash received	0	43	0	0
	5,074	**0**	**0**	**0**

20 Contingent assets, liabilities and other financial obligations

	Group		Parent	
	2017/18	2016/17	2017/18	2016/17
	TDKK	TDKK	TDKK	TDKK
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	35,628	34,502	0	0
Between 1 and 5 years	59,785	69,852	0	0
After 5 years	0	0	0	0
	95,413	**104,354**	**0**	**0**

Other contingent liabilities

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

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.

The subsidiary, SSG A/S, has provided work guarantees amounting to TDKK 5,103 and payments guaranties famounting to TDKK 14,146.

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 2018, the carrying amount is TDKK 94,440. The current debt amounts to TDKK 54,275.

The Company’s trade receivables, inventories, leasehold improvements and tools and operating equipment have been charged as security for the debt to credit institutions of the subsidiary SSG Norge AS. At 30 September 2018, the carrying amount is TNOK 48,499. The current debt amounts to TNOK 469.

The Company’s trade receivables and floating charge have been charged as security for the debts to credit institutions of the subsidiaries Crendo Holding AB and Crendo Fastighetsförvaltning AB. At 30 September 2018, the carrying amount is TSEK 5,210. The current debt amounts to TSEK 4,824.

21 Fee to auditors appointed at the general meeting

	Group		Parent	
	2017/18	2016/17	2017/18	2016/17
	TDKK	TDKK	TDKK	TDKK
PricewaterhouseCoopers				
Audit fee	550	550	75	75
Other services	762	3,281	0	3,072
	1,312	**3,831**	**75**	**3,147**

Notes to the Financial Statements

22 Accounting Policies

The Annual Report of SSG Partners A/S for 2017/18 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 2017/18 are presented in TDKK.

SSG Partners A/S and Anpartsselskabet af 18. april 2012 has merged in a reverse vertical merger with SSG Partners A/S as the continuing entity. The merger has been recognized according to the booked value method with accounting effect from 1 October 2017 consequently comparative figures and the key figures has not been restated.

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 Compa-

Notes to the Financial Statements

22 Accounting Policies (continued)

ny's share of the net asset value of subsidiaries stated at the time of consolidation.

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 realibly 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 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	3-5	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.

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 legisla-

Notes to the Financial Statements

22 Accounting Policies (continued)

tion 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.

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.

No cash flow statement has been prepared for the Parent Company as the Parent Company cash flows are included in the Consolidated Cash Flow Statement.

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 los-

Notes to the Financial Statements

22 Accounting Policies (continued)

ses, 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	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$