ApS Stake nr. 1851

Knøsgårdvej 115, 9440 Aabybro

Company reg. no. 35 21 05 71

Annual report

1 January - 31 December 2018

The annual report was submitted and approved by the general meeting on the 21 May 2019.

Jeffrey Finch
Chairman of the meeting

Contents

Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The executive board has today presented the annual report of ApS Stake nr. 1851 for the financial year 1 January to 31 December 2018.

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

We consider the accounting policies used appropriate, and in our opinion, the consolidated annual accounts and the annual accounts provide a true and fair view of the assets, the liabilities and the financial position, consolidated and for the company respectively at 31 December 2018, and of the results of the activities, consolidated and of the company respectively and of consolidated cash flows in the financial year 1 January to 31 December 2018.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Aabybro, 21 May 2019

Executive board

Jeffrey William Finch	William Glen Bartley	Wilson Eli Bradley

Independent auditor's report

To the shareholder of ApS Stake nr. 1851

Opinion

We have audited the consolidated annual accounts and the annual accounts of ApS Stake nr. 1851 for the financial year 1 January to 31 December 2018, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity and notes, consolidated and for the company respectively and consolidated cash flow statement. The consolidated annual accounts and the annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated annual accounts and the annual accounts give a true and fair view of the assets, liabilities and financial position, consolidated and for the company respectively at 31 December 2018 and of the results of the company's operations, consolidated and for the company respectively and of consolidated cash flows for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the consolidated annual accounts and the annual accounts

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

In preparing the consolidated annual accounts and the annual accounts, the management is responsible for evaluating the group's and the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the consolidated annual accounts and the annual accounts, unless the management either intends to liquidate the group or the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts
Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts and the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the consolidated annual accounts and the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated annual accounts and the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.

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

- Conclude on the appropriateness of the management's preparation of the consolidated annual accounts and the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 consolidated annual accounts and the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated annual accounts and the annual accounts, including the disclosures in the notes, and whether the consolidated annual accounts and the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the business activities within the group to express an opinion on the consolidated annual accounts. 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the consolidated annual accounts and the annual accounts does not cover the management’s review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the consolidated annual accounts and the annual accounts, our responsibility is to read the management’s review and in that connection consider whether the management’s review is materially inconsistent with the consolidated annual accounts or the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the consolidated annual accounts and the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Aalborg, 21 May 2019

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Company reg. no. 33 77 12 31

Line Borregaard
State Authorised Public Accountant
mne34353

Company data

The company	ApS Stake nr. 1851 Knøsgårdvej 115 9440 Aabybro
	Company reg. no. 35 21 05 71 Financial year: 1 January - 31 December
Executive board	Jeffrey William Finch William Glen Bartley Wilson Eli Bradley
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Skelagervej 1A 9000 Aalborg
Parent company	Evapco Inc., USA
Subsidiaries	Evapco Air Solutions A/S, Denmark, 100 % Evapco Europe S.R.L., Italy, 100 % Evapco Europe NV, Belgium, 99,99 % Evapco Australia, Australia, 100 % Flex Coil Deutchland GmbH, Germany, 100 % ApS Brazil, Brazil, 100 % FanTR Technology Resources Ltda., Brazil, 89,95 % Evapco Middle East, Egypt, 100 %

Consolidated financial highlights

DKK in thousands.	2018	2017	2016	2015	2014
Profit and loss account:					
Net turnover	560.565	616.027	579.480	583.923	541.021
Gross profit	252.462	266.115	234.562	239.845	226.257
Results from operating activities	28.567	29.323	12.523	25.843	30.766
Net financials	-13.838	15.210	-6.736	-13.420	-8.672
Results for the year	4.286	26.907	-13.081	-1.431	7.772
Balance sheet:					
Balance sheet sum	564.760	569.595	569.015	556.286	613.937
Investments in tangible fixed assets represent	6.656	11.448	17.569	16.118	27.862
Equity	262.888	230.127	211.815	209.697	231.386
Cash flow:					
Operating activities	15.712	22.780	27.093	20.898	-18.522
Investment activities	-3.339	-7.443	-19.756	-22.296	-60.208
Financing activities	18.372	13.958	13.461	-15.423	87.097
Cash flow in total	30.745	29.295	20.798	-16.821	0
Employees:					
Average number of full time employees	636	663	679	645	574
Key figures in %:					
Gross margin	45,0	43,2	40,5	41,1	41,8
Profit margin	5,1	4,8	2,2	4,4	5,7
Solvency ratio	45,7	39,5	36,6	37,1	37,7
Return on equity	1,7	12,6	-6,0	-0,6	4,4

The key figures appearing from the survey have been calculated as follows:

Gross margin

$$\frac{\text{Gross results x 100}}{\text{Net turnover}}$$

Profit margin (EBIT margin)

$$\frac{\text{Results from primary activities (EBIT) x 100}}{\text{Net turnover}}$$

Equity share

$$\frac{\text{Equity less minority interests, closing balance x 100}}{\text{Assets in total, closing balance}}$$

Consolidated financial highlights

Return on equity	$\frac{\text{*Results x 100}}{\text{Average equity exclusive of minority interests}}$
***Results**	Results for the year with deduction of minority interests' share of same

The principal activities of the group

The group produces and sells heat transfer products.

Uncertainties as to recognition or measurement

None.

Development in activities and financial matters

The group's financial year show a result of DKK ('000) 4.286 against DKK ('000) 26.907 last year. The management consider the results satisfactory.

The result correspond to the expectations described in the annual report for 2017.

The group has in the past year focused on upgrading quality systems, investments in improved basis of calculation programs and generel IT systems.

Special risks

Price risk

The group is continuously developing work processes to ensure the capability to maintain its position in the market.

Exchange rate risks

It is the group policy to evaluate the need for hedging the commercial currency risks. The hedging is done primarily through forward exchange transactions. The group is not engaged in any currency speculations.

Interest risks

The group has no special interest risk.

Environmental issues

The group has no special environmental risks.

Know how resources

The group's ambition is to be on the leading edge on technological development. The group has a substantial base of knowledge.

Research and development activities

To ensure a broad product composition the group seeks to continuously invest in new initiatives such as fans and blades.

The expected development

A limited level of activity is expected on the markets.

Management expects positive results for the coming financial year.

Events subsequent to the financial year

No events have accurred after the balance sheet date which materially affect the assessment of the annual report.

Statement of corporate social responsibility

Business model:

Our corporation is an industry leading manufacturing company with global resources and solutions for worldwide heat transfer applications. We are dedicated to designing and manufacturing the highest quality products for the evaporative cooling and industrial refrigeration markets.

Each year, each entity will define a set of success targets to be achieved during the year. These success targets can range from growth to cost savings but also deal on personnel management, health & safety and compliance.

Environmental policies:

Innovation and environmental sustainability go hand in hand at our companies. We are proud to manufacture a wide range of environmentally sustainable products that:

- Conserve water
- Eliminate the need for chemical use in water treatment
- Conserve energy
- Reduce noise pollution

Our industrial heat transfer equipment not only conserves natural resources and helps reduce noise pollution, but also features recycled steel content in construction. Our stainless steel units are constructed of panels that contain up to 75 percent of recycled content and our galvanized steel units contain more than 80 percent.

From sound reduction and water conservation to chemical elimination, we are continuously developing new technologies that deliver the ultimate operating advantage to our clients – while protecting the planet for every generation to come.

Given our pro-active approach to environmental aspects, we see no risks at this point, either financial or non-financial. We successfully released in 2018 a new range of products developed in our international laboratory at our US Headquarters. We are not at liberty to disclose the technical specifications but can report that one of these innovative products only takes 1 day of being constructed where other (competitive) products take 6 days of resources.

Human resources policies:

Working for one of our companies means being part of a global team dedicated to delivering localized solutions to global customers. Our focus on innovation and commitment to research, development and continuous improvement ensures we protect the planet for every generation to come.

At all our companies, the people make the difference. As a privately-held employee-owned company, each employee shares in the ownership of the business meaning; each employee has a stake in the company's success, and the company has a stake in each employee's success. Our Staff's engagement and commitment to the business, our customers and each other are recognized and rewarded.

Some key benefits our companies include to our personnel:
- Excellent healthcare benefits
- Training programs for all levels of staff
- Wide variety of supplementary benefits (may be different in each location)

Our values – people, customers, integrity, innovation and excellence - drive our business strategy and decision making. We are focused on:
- Safety for our members of staff in the production area, the warehouses, the office and in the field with our customers
- Always providing first class service to each other and our customers
- Building and coaching employees to drive personal and business growth
- Striving for efficiency, effectiveness and success through innovative thinking

We are committed to creating an environment of ongoing coaching and skill building. Our leadership system is focused on providing every member with the tools, resources and training to ensure we continually grow our talent across the business.

We provide an employee manual for our staff together. We have a strong relationship with our unions in our entities and have a very low turnover of staff.

Given our stable Human Resource environment, we see no risks at this point, either financial or non-financial. In 2018 we promoted our HR manager for Belgium into a European role. She will consolidate best practices related to employee evaluations and ongoing coaching and she will be a focal point to be contacted in relation with employment matters. Also in 2018 our company engaged an HR advisory company www.marcusbuckingham.com to provide ongoing input for our employees in relation to their personal and career development.

Respect of human rights:
In our Company, we are all equally entitled to our human rights without discrimination. These rights are all interrelated, interdependent and indivisible. The principles are: Universal and inalienable, Interdependent and indivisible, Equal and non-discriminatory, and Both Rights and Obligations.

Our company is strongly against child labor, forced labor, discrimination and an unhealthy working environment.

Given that we operate in countries where human rights are a fully integrated part of local legislation, we see no risks at this point, either financial or non-financial. In 2018 we went live with our GDPR policy informing our staff about their rights and protection of their private data. We also take pride in making our company a safe place to work in and have taken new measures which led for example to a zero accident year in 2018 for the Belgian entity (was 13 the year before). On a European level we have promoted into leadership a European function of purchase management who will look for synergies and opportunities at one side and will also analyze the next steps to work on a policy regarding company's ethics and respect of regulation in the coming years. As working hours regulation is also important for our group, we successfully reduced the overtime in 2018.

Anti-corruption and bribery:
Our Companies have specific purchasing and supply departments that manage relationships with suppliers. The department enforces our supply policies, which includes a policy prohibiting relationships with companies that used forced or slave labor, or engage in human trafficking. If the department becomes aware that a supplier is or may be violating this policy, the issue with the supplier will be addressed immediately and swift corrective action will be required or the supply relationship will be terminated. When a new employee is added to the purchasing and supply department, they receive training to educate them on the dangers of relationships with non-compliant suppliers, the risk factors that can provide tips to identifying non-compliant suppliers, and information on what to do if they become aware of a non-compliance.

Our Companies follow strictly the policies that are written and kept updated at our Headquarters. Each finance department within our companies has the responsibility to guard these policies and act on them as being part of the financial controllership which not only reports on profitability but also on accuracy and applying the corporate policies and observing segregations of duty.

Given that we not yet experienced any corruption or bribery in our entities, we see no risks at this point, either financial or non-financial. In 2018 we have enlarged the responsibilities of the European Finance function and have analyzed possibilities to enforce our actions towards Anti-corruption and bribery. These will be rolled out in 2019 with new and updated policies and segregation of duties. The group's headquarters will also organize a Global Finance Conference in 2019 which will include an alignment of policies worldwide.

Policies for the under-represented gender

The group realized that women are under-represented on the executive board. The executive board has decided that the number of women serving on the executive board must account for 33 % by 2029. The group strives to find suitable female candidates when recruiting. Unfortunately, we have not reached this and had in 2018 no job opening in the board of directors but do expect to be compliant over a period on 10 years.

The Group's gender diversity policy for the management team emphasizes diversity in the broadest sense and lays out the principle to always hire the most qualified person, regardless of gender, age, nationality, sexual orientation or religious beliefs. When an opening presents itself on the management team, the following recruitment procedures are applied in order to find suitable candidates:

- Candidates of both genders should be on the shortlist for recruitment
- Respect of the GDPR guidelines as we do not want to inquire in personal aspects of a candidate’s life
- Headhunters are obliged to present candidates of both genders

In 2018 we had some vacancies filled by candidates of both gender close to equality. We always post each vacancy internally before it is made public.

Profit and loss account 1 January - 31 December

DKK in thousands.

Note		Group 2018	Group 2017	Parent company 2018	Parent company 2017
1	Net turnover	560.565	616.027	0	0
	Raw materials and consumables used	-203.593	-224.518	0	0
	Other external costs	-104.510	-125.394	-527	-1.516
	Gross results	**252.462**	**266.115**	**-527**	**-1.516**
2	Staff costs	-205.367	-215.879	0	0
	Depreciation and writedown relating to tangible and intangible fixed assets	-18.528	-20.913	0	0
	Operating profit	**28.567**	**29.323**	**-527**	**-1.516**
	Income from equity investments in group enterprises	0	0	16.245	12.179
3	Other financial income	5.208	25.428	826	25.822
4	Other financial costs	-19.046	-10.218	-12.364	-9.166
	Results before tax	**14.729**	**44.533**	**4.180**	**27.319**
5	Tax on ordinary results	-10.443	-17.626	-78	-29
6	**Results for the year**	**4.286**	**26.907**	**4.102**	**27.290**
	The group results are presented as follows:				
	Shareholders in ApS Stake nr. 1851	4.102	27.290		
	Minority interests	184	-383		
		4.286	**26.907**		

Balance sheet 31 December

DKK in thousands.

Assets

Note		Group 2018	Group 2017	Parent company 2018	Parent company 2017
	Fixed assets				
7	Completed development projects	3.856	5.373	0	0
8	Trademarks, knowhow etc.	11.393	14.672	0	0
9	Goodwill	11.142	14.541	0	0
	Intangible fixed assets in total	26.391	34.586	0	0
10	Land and property	82.915	86.758	0	0
11	Production plant and machinery	35.769	41.089	0	0
12	Other plants, operating assets, and fixtures and furniture	3.513	3.874	0	0
13	Tangible assets under construction and prepayments for tangible assets	0	45	0	0
	Tangible fixed assets in total	122.197	131.766	0	0
14	Equity investments in group enterprises	0	0	420.351	395.068
	Financial fixed assets in total	0	0	420.351	395.068
	Fixed assets in total	**148.588**	**166.352**	**420.351**	**395.068**

Balance sheet 31 December

DKK in thousands.

Assets

Note		Group 2018	Group 2017	Parent company 2018	Parent company 2017
	Current assets				
15	Manufactured goods and trade goods	116.758	111.616	0	0
	Inventories in total	116.758	111.616	0	0
	Trade debtors	144.652	146.279	0	0
	Amounts owed by group enterprises	0	0	1.300	6.987
16	Deferred tax assets	737	1.154	0	0
	Other debtors	0	25.863	0	0
17	Deferred expenses	9.926	4.880	0	0
	Debtors in total	155.315	178.176	1.300	6.987
	Other securities and equity investments	0	97	0	0
	Securities in total	0	97	0	0
	Available funds	144.099	113.354	19.800	20.505
	Current assets in total	**416.172**	**403.243**	**21.100**	**27.492**
	Assets in total	**564.760**	**569.595**	**441.451**	**422.560**

Balance sheet 31 December

DKK in thousands.

Equity and liabilities

		Group		Parent company	
Note		2018	2017	2018	2017
	Equity				
18	Contributed capital	80	80	80	80
	Other reserves	1.375	1.419	0	0
	Results brought forward	256.841	223.708	258.216	225.127
	Equity before non-controlling interest.	258.296	225.207	258.296	225.207
	Minority interests	4.592	4.920	0	0
	Equity in total	**262.888**	**230.127**	**258.296**	**225.207**
	Provisions				
19	Provisions for deferred tax	2.457	2.085	0	0
	Provisions in total	**2.457**	**2.085**	**0**	**0**
	Liabilities				
20	Mortgage debt	0	8.117	0	0
21	Debt to group enterprises	191.249	201.198	183.006	197.109
22	Other debts	5.073	7.361	0	0
	Long-term liabilities in total	196.322	216.676	183.006	197.109

Balance sheet 31 December

DKK in thousands.

Equity and liabilities

Note		Group 2018	Group 2017	Parent company 2018	Parent company 2017
	Liabilities	0	2.144	0	0
	Trade creditors	75.944	91.017	149	244
	Corporate tax	796	1.056	0	0
	Other debts	26.353	26.490	0	0
	Short-term liabilities in total	103.093	120.707	149	244
	Liabilities in total	**299.415**	**337.383**	**183.155**	**197.353**
	Equity and liabilities in total	**564.760**	**569.595**	**441.451**	**422.560**

23 Fee, auditor

24 Mortgage and securities

25 Contingencies

26 Related parties

Consolidated statement of changes in equity

DKK in thousands.

	Contributed capital	Other reserves	Results brought forward	Minority interests	In total
Equity 1 January 2017	80	1.463	206.438	3.834	211.815
Capital conversion	0	0	0	2.328	2.328
Provisions of the results for the year	0	0	27.290	-383	26.907
Depreciation and impairment for the year	0	-44	44	0	0
Exchange rate adjustment	0	0	-10.064	-859	-10.923
Equity 1 January 2018	80	1.419	223.708	4.920	230.127
Capital conversion	0	0	38.726	0	38.726
Provisions of the results for the year	0	0	4.102	-184	3.918
Depreciation and impairment for the year	0	-44	44	0	0
Exchange rate adjustment	0	0	-9.739	-144	-9.883
	80	**1.375**	**256.841**	**4.592**	**262.888**

Statement of changes in equity of the parent company

DKK in thousands.

	Contributed capital	Results brought forward	In total
Equity 1 January 2017	80	207.901	207.981
Profit or loss for the year brought forward	0	27.290	27.290
Exchange rate adjustment	0	-10.064	-10.064
Equity 1 January 2018	80	225.127	225.207
Profit or loss for the year brought forward	0	4.102	4.102
Exchange rate adjustment	0	-9.739	-9.739
Capital conversion	0	38.726	38.726
	80	**258.216**	**258.296**

Cash flow statement 1 January - 31 December

DKK in thousands.

Note		Group 2018	2017
	Results for the year	4.286	26.907
27	Adjustments	32.366	5.703
28	Change in working capital	3.756	-4.968
	Cash flow from operating activities before net financials	40.408	27.642
	Interest received and similar amounts	5.208	25.428
	Interest paid and similar amounts	-19.046	-10.218
	Cash flow from ordinary activities	26.570	42.852
	Corporate tax paid	-10.858	-20.072
	Cash flow from operating activities	**15.712**	**22.780**
	Purchase of tangible fixed assets	-6.656	-11.448
	Sale of tangible fixed assets	3.317	4.005
	Cash flow from investment activities	**-3.339**	**-7.443**
	Change in other long term debt	26.489	20.977
	Change in debt to credit institutions	-8.117	-7.019
	Cash flow from financing activities	**18.372**	**13.958**
	Changes in available funds	**30.745**	**29.295**
	Available funds 1 January 2018	113.354	84.059
	Available funds 31 December 2018	**144.099**	**113.354**
	Available funds		
	Available funds	144.099	113.354
	Available funds 31 December 2018	**144.099**	**113.354**

Notes

DKK in thousands.

	Group 2018	Group 2017
1. Net turnover		
Europe	397.608	442.273
South America	121.377	117.632
Oceania	41.580	56.122
	560.565	**616.027**

The company's activities are limited to one activity and are marketed globally.

	Group 2018	Group 2017
2. Staff costs		
Salaries and wages	162.216	169.566
Pension costs	5.075	6.535
Other costs for social security	38.076	39.778
	205.367	**215.879**
Average number of employees	636	663

The Executive Board has not received separate remuneration in their capacity as directors of ApS Stake nr. 1851.

	Group		Parent company	
	2018	2017	2018	2017
3. Other financial income				
Interest income from affiliated enterprises	0	0	244	1.763
Other interest income	2.418	942	8	16
Exchange differences	2.790	24.486	574	24.043
	5.208	**25.428**	**826**	**25.822**

Notes

DKK in thousands.

	Group		Parent company	
	2018	2017	2018	2017
4. Other financial costs				
Other interest expenses	5.067	3.490	2.411	3.303
Exchange differences	13.979	6.728	9.953	5.851
	19.046	**10.218**	**12.364**	**9.166**

	Group		Parent company	
	2018	2017	2018	2017
5. Tax on ordinary results				
Tax of the results for the year	11.387	18.262	0	0
Adjustment for the year of deferred tax	-1.022	-636	0	29
Other taxes	78	0	78	0
	10.443	**17.626**	**78**	**29**

	Parent company	
	2018	2017
6. Proposed distribution of the results		
Allocated to results brought forward	4.102	27.290
Distribution in total	**4.102**	**27.290**

Notes

DKK in thousands.

		Group	
		31/12 2018	31/12 2017
7.	**Completed development projects**		
	Cost 1 January 2018	8.597	9.942
	Exchange rate regulation	-886	-1.345
	Cost 31 December 2018	**7.711**	**8.597**
	Amortisation and writedown 1 January 2018	-3.224	-2.485
	Exchange rate regulation 31 December 2018	364	436
	Amortisation for the year	-995	-1.175
	Amortisation and writedown 31 December 2018	**-3.855**	**-3.224**
	Book value 31 December 2018	**3.856**	**5.373**

The development projects are recognised in FanTR Technology Resources Ltda. and ApS Brazil and relate to development of fans, blades, hubs and other product development.

The group's development projects are continuously reviewed for indications of impairment. If this is the case, write-downs are made to lower recoverable value. The ongoing measurement of the recoverable amount of the group's development projects is inherently discretionary.

		Group	
		31/12 2018	31/12 2017
8.	**Trademarks, knowhow etc.**		
	Cost 1 January 2018	25.069	28.329
	Exchange rate regulation 31 December 2018	-2.147	-3.260
	Cost 31 December 2018	**22.922**	**25.069**
	Amortisation and writedown 1 January 2018	-10.397	-9.084
	Exchange rate regulation 31 December 2018	693	841
	Amortisation for the year	-1.825	-2.154
	Amortisation and writedown 31 December 2018	**-11.529**	**-10.397**
	Book value 31 December 2018	**11.393**	**14.672**

Notes

DKK in thousands.

		Group	
		31/12 2018	31/12 2017
9.	**Goodwill**		
	Cost 1 January 2018	27.246	29.028
	Exchange rate regulation 31 December 2018	-1.173	-1.782
	Cost 31 December 2018	**26.073**	**27.246**
	Amortisation and writedown 1 January 2018	-12.705	-9.056
	Exchange rate regulation 31 December 2018	747	825
	Amortisation for the year	-2.973	-4.474
	Amortisation and writedown 31 December 2018	**-14.931**	**-12.705**
	Book value 31 December 2018	**11.142**	**14.541**

		Group	
		31/12 2018	31/12 2017
10.	**Land and property**		
	Cost 1 January 2018	130.701	132.662
	Additions during the year	1.670	1.171
	Disposals during the year	0	-805
	Exchange rate regulation	-1.586	-2.327
	Cost 31 December 2018	**130.785**	**130.701**
	Revaluation 1 January 2018	2.400	2.400
	Revaluation 31 December 2018	**2.400**	**2.400**
	Depreciation and writedown 1 January 2018	-46.343	-43.459
	Exchange rate regulation 31 December 2018	182	293
	Depreciation for the year	-4.109	-3.932
	Depreciation, amortisation and writedown for the year, assets disposed of	0	755
	Depreciation and writedown 31 December 2018	**-50.270**	**-46.343**
	Book value 31 December 2018	**82.915**	**86.758**

Notes

DKK in thousands.

		Group	
		31/12 2018	31/12 2017
11.	**Production plant and machinery**		
	Cost 1 January 2018	122.155	116.146
	Additions during the year	3.798	9.040
	Disposals during the year	-3.854	-204
	Exchange rate regulation	-2.046	-2.827
	Cost 31 December 2018	**120.053**	**122.155**
	Depreciation and writedown 1 January 2018	-81.066	-74.529
	Exchange rate regulation 31 December 2018	657	825
	Depreciation for the year	-7.154	-7.566
	Depreciation, amortisation and writedown for the year, assets disposed of	3.279	204
	Depreciation and writedown 31 December 2018	**-84.284**	**-81.066**
	Book value 31 December 2018	**35.769**	**41.089**

		Group	
		31/12 2018	31/12 2017
12.	**Other plants, operating assets, and fixtures and furniture**		
	Cost 1 January 2018	25.520	24.508
	Additions during the year	1.188	1.188
	Disposals during the year	-715	-201
	Exchange rate regulation	57	25
	Cost 31 December 2018	**26.050**	**25.520**
	Amortisation and writedown 1 January 2018	-21.646	-20.212
	Exchange rate regulation 31 December 2018	-47	-20
	Depreciation for the year	-1.472	-1.612
	Depreciation, amortisation and writedown for the year, assets disposed of	628	198
	Amortisation and writedown 31 December 2018	**-22.537**	**-21.646**
	Book value 31 December 2018	**3.513**	**3.874**

DKK in thousands.

		Group	
		31/12 2018	31/12 2017
13.	**Tangible assets under construction and prepayments for tangible assets**		
	Cost 1 January 2018	45	1.290
	Exchange rate regulation 31 December 2018	-3	-74
	Additions during the year	0	49
	Disposals during the year	-42	-1.220
	Cost 31 December 2018	**0**	**45**
	Book value 31 December 2018	**0**	**45**

Notes

DKK in thousands.

		Parent company 31/12 2018	Parent company 31/12 2017
14.	**Equity investments in group enterprises**		
	Acquisition sum, opening balance 1 January 2018	419.580	324.808
	Additions during the year	18.776	94.772
	Cost 31 December 2018	**438.356**	**419.580**
	Revaluations, opening balance 1 January 2018	-22.783	-10.172
	Exchange rate regulation	-9.739	-25.554
	Results for the year before goodwill amortisation	17.109	12.942
	Revaluation 31 December 2018	**-15.413**	**-22.784**
	Amortisation of goodwill, opening balance 1 January 2018	-1.728	-864
	Amortisation of goodwill for the year	-864	-864
	Depreciation on goodwill 31 December 2018	**-2.592**	**-1.728**
	Book value 31 December 2018	**420.351**	**395.068**
	Booked value includes goodwill with an amount of	8.896	9.760

The financial highlights for the enterprises according to the latest approved annual reports

DKK in thousands	Share of ownership	Equity	Results for the year
Evapco Air Solutions A/S, Denmark	100 %	73.006	-5.912
Evapco Europe S.R.L., Italy	100 %	94.340	6.794
Evapco Europe NV, Belgium	99,99 %	131.517	13.377
Evapco Australia, Australia	100 %	20.576	-4.972
Flex Coil Deutchland GmbH, Germany	100 %	401	186
ApS Brazil, Brazil	100 %	50.844	5.917
FanTR Technology Resources Ltda., Brazil	89,95 %	45.689	1.834
Evapco Middle East, Egypt	100 %	75	254
		416.448	**17.478**

Notes

DKK in thousands.

	Group	
	31/12 2018	31/12 2017
15. Manufactured goods and trade goods		
Raw materials and consumable materials	89.006	83.801
Work in progress	16.416	13.254
Finished goods	11.336	14.561
	116.758	**111.616**

	Group	
	31/12 2018	31/12 2017
16. Deferred tax assets		
Deferred tax assets 1 January 2018	1.154	953
Deferred tax of the results for the year	-417	201
	737	**1.154**

Deferred tax assets relates to tangible assets.

17. Deferred expenses

Prepayments comprises prepaid expenses.

	Group		Parent company	
	31/12 2018	31/12 2017	31/12 2018	31/12 2017
18. Contributed capital				
Contributed capital 1 January 2018	80	80	80	80
	80	**80**	**80**	**80**

Notes

DKK in thousands.

		Group	
		31/12 2018	31/12 2017
19.	**Provisions for deferred tax**		
	Provisions for deferred tax 1 January 2018	2.085	2.520
	Deferred tax of the results for the year	372	-435
		2.457	**2.085**

Provision for deferred tax consists of deferred taxes.

		Group	
		31/12 2018	31/12 2017
20.	**Mortgage debt**		
	Mortgage debt in total	0	10.261
	Share of amount due within 1 year	0	-2.144
		0	**8.117**

21.	**Debt to group enterprises**				
	Debt to group enterprises in total	**191.249**	**201.198**	**183.006**	**197.109**
	Share of liabilities due after 5 years	191.249	201.198	183.006	197.109

		Group	
		31/12 2018	31/12 2017
22.	**Other debts**		
	Other debts in total	31.426	33.851
	Share of amount due within 1 year	-26.353	-26.490
	Other debts in total	**5.073**	**7.361**
	Share of liabilities due after 5 years	0	0

DKK in thousands.

	Group		Parent company	
	2018	2017	2018	2017
23. Fee, auditor				
Total fee for PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab	1.515	1.450	133	90
Fee concerning compulsory audit	1.308	1.240	70	68
Tax consultancy	154	187	23	22
Assurance engagements	20	23	7	0
Other services	33	0	33	0
	1.515	**1.450**	**133**	**90**

24. Mortgage and securities

The group has issued guarantees in favour of 3th parties amounting to DKK ('000) 8.505.

The group has issued bank guarantees and performance bonds amounting to DKK ('000) 12.355.

25. Contingencies

Contingent assets

The group has a total loss of DKK ('000) 13.151, which is not recognized as a tax asset in the annual report. Due to significant uncertainty as to whether the amount can be expected to be used within a shorter number of years, the deferred tax asset is not recognized in the balance sheet.

The company has a total loss of DKK ('000) 8.099, which is not recognized as a tax asset in the annual report. Due to significant uncertainty as to whether the amount can be expected to be used within a shorter number of years, the deferred tax asset is not recognized in the balance sheet.

Contingent liabilities

The group has entered into a operating lease contract with a commitment of DKK ('000) 4,986.

The parent company has no contingent liabilities.

DKK in thousands.

25. Contingencies (continued)

Joint taxation

The company is the administration company of the group of companies subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

26. Related parties

Controlling interest

Evapco Inc. 5151 Allendale Lane Taneytown, MD 21787 USA	Majority shareholder

Transactions

According to the Danish Financial Statement Act section 98 c transactions with related parties are not disclosed as all transactions have been affected at arm's length.

	Group	
	2018	2017
27. Adjustments		
Depreciation and amortisation	18.528	20.913
Other financial income	-5.208	-25.428
Other financial costs	19.046	10.218
	32.366	**5.703**

Notes

DKK in thousands.

		Group 2018	2017
28.	**Change in working capital**		
	Change in inventories	-5.142	7.757
	Change in debtors	22.541	-106
	Change in trade creditors and other liabilities	-17.354	-27.308
	Exchange rate adjustments	3.711	14.689
		3.756	**-4.968**

Accounting policies used

The annual report for ApS Stake no. 1851 is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (large enterprises).

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Merged

The company has been merged with the parent company Evapco Holdings ApS (discontinuing). The merger has accounting effect per January 1, 2018. The consolidation method is used for the merger therefore the comparative figures have been adjusted.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the group is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the group is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

The consolidated annual accounts

The consolidated annual accounts comprise the parent company ApS Stake nr. 1851 and those group enterprises of which ApS Stake nr. 1851 directly or indirectly owns more than 50 % of the voting rights or in other ways has controlling interest.

By the consolidation, elimination of intercompany income and costs, shareholding, intercompany balances and dividends and realised and unrealised gains and losses from transactions among the consolidated enterprises takes place.

Equity interests in group enterprises are settled by the proportional share of the group enterprises' trade value of net assets and liabilities at the date of acquisition.

Newly acquired or newly established enterprises are recognised in the consolidated annual accounts as of the date of acquisition. Disposed or terminated enterprises are recognised in the consolidated annual accounts until the date of disposal. In relation to newly acquired, disposed or terminated enterprises, comparative figures are not adjusted.

Minority interests

The items of the group enterprises are recognised by 100 % in the consolidated annual accounts. The minority interests' proportionate share of the profit or loss and the equity of the group enterprises are adjusted annually, and they are recognised as a separate item below the profit and loss account and as a separate item in the balance sheet respectively.

The profit and loss account

Net turnover

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Raw materials and consumables used

Raw materials and consumables used includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the individual group enterprises are recognised in the profit and loss account at a proportional share of the group enterprises' results after tax.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The parent company and the Danish group enterprises are subject to the Danish rules on compulsory joint taxation of the consolidated Danish enterprises. The parent company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Intangible fixed assets

Completed development projects, trademarks and knowhow

Development costs comprise e.g. salaries, wages, and amortisation which directly and indirectly refer to the development activities.

Clearly defined and identifiable development projects are recognised as intangible fixed assets provided that the technical feasibility, sufficient resources, and a potential market or a development opportunity can be demonstrated, and provided that it is the intention to produce, market or utilise the project. It is, however, a condition that the cost can be calculated reliably and that a sufficiently high degree of certainty indicates that future earnings will cover the costs for production, sales, and administration. Other development costs are recognised in the profit and loss account concurrently with their realisation.

Development costs recognised in the balance sheet are measured at cost with deduction of accrued depreciation and writedown.

After completion of the development work, capitalised development costs are amortised on a straight line basis over the estimated financial useful life. Usually, the amortisation period is 5 years.

Trademarks, knowhow etc. are measured at cost with deduction of accrued amortisation. Trademarks and knowhow are amortised on a straight-line basis over the remaining contract period.

Gain and loss from the sale of completed development projects, trademarks and knowhow are measured as the difference between the sales price with deduction of sales costs and the book value at the time of the sale. Gain or loss are recognised in the profit and loss account as other operating income or other operating expenses respectively.

Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. The amortisation period is between 10-20 years and is based on management experience with relevant business area.

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

Buildings	25-40	years
Production plan and machinery	5-8	years
Other plants, operating assets, and fixtures and furniture	3-10	years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Leasing contracts

At the first recognition in the balance sheet, leasing contracts concerning tangible fixed assets by which the group holds all essential risks and advantages attached to the proprietary right (financial leasing) are measured either at fair value or at the present value of the future leasing services, whichever value is lower. When calculating the present value, the internal interest rate of the leasing contract or alternatively the borrowing rate of the enterprise is used as discount rate. Afterwards, financially leased assets are treated in the same way as other similar tangible assets.

The capitalised residual leasing liability is recognised in the balance sheet as a liability, and the interest part of the leasing contract is recognised in the profit and loss account over the term of the contract.

All other leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The group's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Financial fixed assets

Equity investments in group enterprises

Equity investments in group enterprises are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

Group enterprises and associated enterprises with negative equity are recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity. If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserves under the equity for net revaluation as per the equity method. Dividends from group enterprises expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprises.

Newly taken over or newly established companies are recognised in the annual accounts as of the time of acquisition. Sold or liquidated companies are recognised at the time of cession.

Profit or loss in connection with the sale of group enterprises are measured as the difference between the sales amount and the book value of net assets at the time of the sale, inclusive of remaining consolidated goodwill and expected costs for sale and cession. Profit and loss are recognised in the profit and loss account under net financials.

In connection with the acquisition of new group enterprises and associated enterprises, the acquisition method is applied, by which the acquirees' assets and liabilities are measured at fair value at the time of acquisition. Provisions for payment of costs for decided restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of the revaluations carried out is taken into consideration.

Positive differences (goodwill) between cost and fair value of identifiable, acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises, and they are amortised over their estimated useful life. The useful life is determined on the basis of the management's experience with the individual business areas. The amortisation period is maximum 20 years, being the longer for strategical acquirees with a strong market position and a long-range earnings potential. The book value of goodwill is evaluated currently and written down in the profit and loss account in those cases where the book value exceeds the expected future net income from the enterprise or the activity, to which the goodwill is attached.

Inventories

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Securities and equity investments

Securities and equity investments recognised as current assets are measured at cost on the balance sheet date.

Available funds

Available funds comprise cash at bank and in hand.

Corporate tax and deferred tax

Current tax receivable and tax 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 previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

ApS Stake nr. 1851 is jointly taxed with the Danish group companies and acts in this respect as the administration company. According to the rules of joint taxation, ApS Stake nr. 1851 is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Payable and receivable joint taxation contributions are recognised in the balance sheet as "Receivable corporate tax" or "Payable corporate tax".

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

Mortgage debt and bank debt are for instance measured at amortised cost. As to cash loans, this corresponds to the outstanding debt of the loan. For bond loans, the amortised cost corresponds to an outstanding debt calculated as the underlying cash value at the date of borrowing adjusted by amortisation of the market value adjustment on the date of the borrowing carried out over the repayment period.

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

The cash flow statement

The cash flow statement shows the cash flow of the group for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

Cash flow from operating activities

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

Cash flow from investment activities

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

Cash flow from financing activities

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

Available funds

Available funds comprise cash funds with deduction of short-term bank debt and short-term securities with a term of less than 3 months which can easily be converted into cash funds and on which only an insignificant risk of value changes exists.