

Citelum Denmark A/S

Jernholmen 43-47, 2650 Hvidovre

CVR no. 35 40 45 46

Annual report 2017

Approved at the Company's annual general meeting on

18/05/2018

Chairman:



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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Citelum Denmark A/S for the financial year 1 January - 31 December 2017.

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

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

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

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

Copenhagen, 18 May 2018
Executive Board:



Matthew David Samuel
Nunn

Board of Directors:



Maria del Carmen Munoz



Jean-Michel Boy



Jean-Daniel Le Gall

Independent auditor's report

To the shareholders of Citelum Denmark A/S

Opinion

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

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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

Independent auditor's report

- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 18 May 2018

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98



Kenn W. Hansen
State Authorised Public Accountant
MNE no.: mne30154

Management's review

Company details

Name	Citelum Denmark A/S
Address, Postal code, City	Jernholmen 43-47, 2650 Hvidovre
CVR no.	35 40 45 46
Established	19 July 2013
Registered office	Hvidovre
Financial year	1 January - 31 December
Website	www.citelum.dk
Telephone	+45 32 64 10 00
Board of Directors	Maria del Carmen Munoz Jean-Michel Boy Jean-Daniel Le Gall
Executive Board	Matthew David Samuel Nunn
Auditors	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28, 2100 København Ø

Management's review

Financial highlights

DKKt	2017 12 months	2016 12 months	2015 12 months	2013/14 18 mdr. months
Key figures				
Revenue	64,717	115,672	224,853	60,468
Gross margin	13,193	-9,417	9,876	12,717
Profit/loss before net financials	-9,594	-20,824	2,073	724
Net financials	-552	-798	-387	-39
Profit/loss for the year	-10,146	-21,091	1,327	513
Total assets				
Equity	39,896	41,658	84,369	34,740
Financial ratios				
Operating margin	-14.8%	-18.0%	0.9%	1.2%
Gross margin	20.4%	-8.1%	4.4%	21.0%
Solvency ratio	31.1%	27.7%	2.3%	1.7%
Return on equity	-84.7%	-313.2%	105.7%	152.5%
Average number of employees				
	48	58	55	24

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations on the calculation of financial ratios. For terms and definitions, please see the accounting policies.

Management's review

Business review

The main activity of the Company is to establish and handle the operation and maintenance of electrical installations in the urban environment, such as Smart City installations, road lighting, charging station infrastructure for electric vehicles, traffic monitoring, parking meters and traffic lights.

The City of Copenhagen is our most important client, for whom we operate and maintain the entire road lightning installation comprising over 46,000 light points, poles, overhead wires, cables and grid installations. The efficiency of this work is ensured through our own developed and market leading CMMS (Computerized Maintenance Management System) software called MUSE.

We have accomplished in 2017 the replacement of almost 20,000 road light fittings throughout the city of Copenhagen, large number of poles (approx. 7,000) and cabinets (approx. 1,100). The replacement to new modern and controllable fittings, combined with our MUSE software will entail that we can guarantee to municipality a 57% reduction in energy consumption. Moreover, we are cooperating with the City of Copenhagen to develop the Smart City infrastructure of the future, being engaged in many innovation initiatives.

Financial review

In 2017, the Company's revenue came in at DKK 64,717 thousand. The income statement for 2017 shows a loss of DKK 10,146 thousand, and the balance sheet at 31 December 2017 shows equity of DKK 12,402 thousand.

Management considers the Company's financial performance as significantly improved from the year 2016, when company incurred over DKK 21 million losses. During 2017, the company was in the turnaround period with the change in management, new strategy and ambitious plans to recover the business from difficulties which occurred in 2016. The needed changes have already brought an effect in form of improved financial performance, new businesses won, massive savings on the cost side.

In 2017, the Company carried out a capital increase of DKK 11,000 thousand by conversion of intercompany debt. The capital increases were carried through in order to strengthen the Company's solvency. Furthermore the company has made two capital reductions totaling DKK 28,800 thousand for the purpose of covering losses. Subsequently, the share capital amounts to DKK 2,500 thousand.

Non-financial matters

Knowledge resources

Citelum Denmark's workforce spans widely from skilled workers to engineers. All employees are specialized in road lighting and/or electrical installations.

Events after the balance sheet date

No events have occurred after the balance sheet date that significantly affect the financial position of the Company.

Outlook

Winning of new O&M contracts, as well as smaller spin-off projects is expected to continue in 2018. Combined with the reduction of the fixed costs base, which occurred in 2017 and more favorable conditions of cooperation with subcontractors, the outlooks in 2018 are promising.

The related positive effect of actions taken and planned for 2018 are hard to estimate, but management is dedicated to further improve financial performance of the company in 2018 with the ultimate goal to break even at EBITDA level.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2017	2016
	Revenue	64,717,080	115,671,906
	Cost of sales	-38,861,234	-112,536,790
	Other external expenses	-12,663,327	-12,551,909
	Gross margin	13,192,519	-9,416,793
3	Staff costs	-22,045,114	-10,834,681
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-741,377	-572,197
	Profit/loss before net financials	-9,593,972	-20,823,671
4	Financial income	9,653	15,916
5	Financial expenses	-562,068	-814,333
	Profit/loss before tax	-10,146,387	-21,622,088
6	Tax for the year	0	531,337
	Profit/loss for the year	-10,146,387	-21,090,751

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	<u>2017</u>	<u>2016</u>
	ASSETS		
	Fixed assets		
7	Intangible assets		
	Acquired intangible assets	3,037,495	3,497,255
		<u>3,037,495</u>	<u>3,497,255</u>
8	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	169,867	266,029
		<u>169,867</u>	<u>266,029</u>
	Total fixed assets	<u>3,207,362</u>	<u>3,763,284</u>
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	4,411,273	5,554,916
		<u>4,411,273</u>	<u>5,554,916</u>
	Receivables		
	Trade receivables	19,929,729	13,312,463
9	Work in progress for third parties	2,347,700	8,917,247
	Other receivables	448,435	2,063,023
	Prepayments	289,779	806,256
		<u>23,015,643</u>	<u>25,098,989</u>
	Cash	9,261,835	7,241,041
	Total non-fixed assets	<u>36,688,751</u>	<u>37,894,946</u>
	TOTAL ASSETS	<u>39,896,113</u>	<u>41,658,230</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2017	2016
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	2,500,000	30,800,000
	Retained earnings	9,902,221	-19,251,392
	Total equity	<u>12,402,221</u>	<u>11,548,608</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
9	Work in progress for third parties	9,281,122	4,679,524
	Trade payables	4,117,461	11,211,629
	Payables to group entities	7,783,720	8,429,689
	Other payables	6,311,589	5,788,780
		<u>27,493,892</u>	<u>30,109,622</u>
	Total liabilities other than provisions	<u>27,493,892</u>	<u>30,109,622</u>
	TOTAL EQUITY AND LIABILITIES	<u>39,896,113</u>	<u>41,658,230</u>

- 1 Accounting policies
- 2 Capital structure and financing
- 12 Contractual obligations and contingencies, etc.
- 13 Collateral
- 14 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2017	30,800,000	-19,251,392	11,548,608
Capital increase	500,000	10,500,000	11,000,000
Capital reduction	-28,800,000	28,800,000	0
15 Transfer, see "Appropriation of profit/loss"	0	-10,146,387	-10,146,387
Equity at 31 December 2017	2,500,000	9,902,221	12,402,221

In 2017, the Company carried out two capital reductions of nominal DKK 28,800 thousand in total and one capital increase of nominal DKK 500 thousand. Hereafter the share capital amounts to DKK 2,500 thousand.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Citelum Denmark A/S for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Citelum S.A.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

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

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

Income statement

Revenue

Income from the sale of electrical installations, etc. is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

Income from contract work is recognised as revenue at the time of delivery and the transfer of the risk to the buyer.

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired intangible assets	4-11 years
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The amortisation period for intangible assets exceeds 5 years as the economic life of the asset complies with the term of the underlying contract.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Other fixtures and fittings, tools and equipment	3-5 years
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Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Other intangible assets include other acquired intangible rights.

On initial recognition, other intangible assets are measured at cost and subsequently at cost less accumulated amortisation and impairment losses.

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

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

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

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

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

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is tested annually for evidence of impairment other than the decrease in value reflected by amortisation/depreciation.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

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

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Receivables

Receivables are measured at amortised cost.

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

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

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

Work in progress for third parties

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

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

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

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

Other liabilities are measured at net realisable value.

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios.

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

Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Gross margin ratio	$\frac{\text{Gross margin} \times 100}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$

Financial statements 1 January - 31 December

Notes to the financial statements

2 Capital structure and financing

Based on the current financial position and budget for 2018, management believes the company is going concern. Additionally, the parent company Citelum S.A. has provided a letter of support to Citelum Denmark A/S covering the period until 12 month from the general meetings adoption of the Annual Report for 2017, stating that the parent company if necessary will support the company to fulfill its financial obligations.

DKK	2017	2016
3 Staff costs		
Wages/salaries	25,086,439	28,553,848
Pensions	1,940,319	2,189,240
Other social security costs	306,301	435,967
Other staff costs	1,893,862	1,689,723
Staff costs transferred to cost of sales	-7,181,807	-22,034,097
	<u>22,045,114</u>	<u>10,834,681</u>
Average number of full-time employees	<u>48</u>	<u>58</u>

With reference to section 98b(3)(2) of the Danish Financial Statements Act, the total remuneration to Management in 2017 are not disclosed. Total remuneration to Management in 2016 amounts to DKK 1,346 thousand and included two managers.

DKK	2017	2016
4 Financial income		
Other financial income	9,653	15,916
	<u>9,653</u>	<u>15,916</u>
5 Financial expenses		
Interest expenses, group entities	146,527	413,498
Other financial expenses	415,541	400,835
	<u>562,068</u>	<u>814,333</u>
6 Tax for the year		
Deferred tax adjustments in the year	0	-531,337
	<u>0</u>	<u>-531,337</u>

Financial statements 1 January - 31 December

Notes to the financial statements

7 Intangible assets

DKK	<u>Acquired intangible assets</u>
Cost at 1 January 2017	4,431,421
Additions in the year	<u>159,255</u>
Cost at 31 December 2017	<u>4,590,676</u>
Impairment losses and amortisation at 1 January 2017	934,166
Amortisation in the year	<u>619,015</u>
Impairment losses and amortisation at 31 December 2017	<u>1,553,181</u>
Carrying amount at 31 December 2017	<u>3,037,495</u>

8 Property, plant and equipment

DKK	<u>Other fixtures and fittings, tools and equipment</u>
Cost at 1 January 2017	585,410
Additions in the year	<u>26,200</u>
Cost at 31 December 2017	<u>611,610</u>
Impairment losses and depreciation at 1 January 2017	319,381
Depreciation in the year	<u>122,362</u>
Impairment losses and depreciation at 31 December 2017	<u>441,743</u>
Carrying amount at 31 December 2017	<u>169,867</u>

DKK	<u>2017</u>	<u>2016</u>
9 Work in progress for third parties		
Selling price of work performed	30,863,854	270,370,473
Progress billings	<u>-37,797,276</u>	<u>-266,132,750</u>
	<u>-6,933,422</u>	<u>4,237,723</u>
recognised as follows:		
Work in progress for third parties (assets)	2,347,700	8,917,247
Work in progress for third parties (liabilities)	<u>-9,281,122</u>	<u>-4,679,524</u>
	<u>-6,933,422</u>	<u>4,237,723</u>

Measurement of work in progress is based on an assessment of the stage of completion of the individual projects and expectations of the remaining performance of each individual contract, including the outcome of any disputes. The assessment of the project's stage of completion and economy, including disputes, is made individually for each project in cooperation between the Executive Board and the project management.

Estimates relating to the performance of future outstanding work depend on several factors. Moreover, the assumptions on which a project is based may change as the work progresses. Likewise, may the assessment of disputes change as the cases progress.

The actual outcome may therefore deviate from the expected outcome.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2017	2016
10 Share capital		
Analysis of the share capital:		
2,500 shares of DKK 1,000.00 nominal value each	2,500,000	30,800,000
	<u>2,500,000</u>	<u>30,800,000</u>

2016: 30,800 shares of DKK 1,000.00 nominal value each

Analysis of changes in the share capital over the past 4 years:

DKK	2017	2016	2015	2014
Opening balance	30,800,000	80,000	80,000	80,000
Capital increase	500,000	30,720,000	0	0
Capital reduction	-28,800,000	0	0	0
	<u>2,500,000</u>	<u>30,800,000</u>	<u>80,000</u>	<u>80,000</u>

DKK	2017	2016
11 Deferred tax		
Deferred tax at 1 January	0	531,337
Other deferred tax	0	-531,337
Deferred tax at 31 December	<u>0</u>	<u>0</u>

The total tax asset of 31 December 2017 amounting to DKK 6,444 thousand primarily relates to timing differences in respect of intangible assets and property, plant and equipment and tax loss carryforwards. The tax asset has not been recognised as it relates to the utilisation of tax losses and it remains uncertain whether these can be utilised within a short number of years.

12 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK	2017	2016
Rent and lease liabilities	6,608,702	6,855,010

Rent and lease liabilities include a rent obligation totalling DKK 1,541,260 in interminable rent agreements with remaining contract terms of 1-2 years. Furthermore, the Company has liabilities under operating leases for vehicles and cars, totalling DKK 5,067,442 with remaining contract terms of 1-6 years.

Citelum Denmark ApS is party to a few pending legal actions. In Management's opinion, the outcome of these legal actions will not affect the Company's financial position apart from the receivables and payables recognised in the balance sheet at 31 December 2017.

13 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2017.

Financial statements 1 January - 31 December

Notes to the financial statements

14 Related parties

Citelum Denmark A/S' related parties comprise the following:

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Citelum S.A.	Tour Pacific, 11-13 Cours Valmy, 92977 Paris La Défense Cedex, Frankrig	Participating interest Shareholders' agreement Participating interest

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Citelum S.A. Electricité de France (EDF)		

Related party transactions

Citelum Denmark A/S was engaged in the below related party transactions:

<u>DKK</u>	<u>2017</u>	<u>2016</u>
Interest expenses	146,527	370,000
Other financial expenses	180,108	250,000
IT costs	364,560	435,000
Management fee	1,279,680	2,340,000
Consultancy services	1,211,200	2,560,000
Payables to group entities	7.783,720	8,429,689

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

<u>Name</u>	<u>Domicile</u>
Citelum S.A.	Tour Pacific, 11-13 Cours Valmy, 92977 Paris La Défense Cedex, Frankrig

<u>DKK</u>	<u>2017</u>	<u>2016</u>
15 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Retained earnings/accumulated loss	-10,146,387	-21,090,751
	<u>-10,146,387</u>	<u>-21,090,751</u>

