TDK mep ApS

Priorparken 833, 2605 Brøndby

Company reg. no. 38 37 98 87

Annual report

1 February - 31 December 2017

The annual report have been submitted and approved by the general meeting on the 12 June 2018.

Giovanni Parisi
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 board of directors and the managing director have today presented the annual report of TDK mep ApS for the financial year 1 February to 31 December 2017.

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 annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2017 and of the company's results of its activities and cash flows in the financial year 1 February to 31 December 2017.

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.

Brøndby, 12 June 2018

Managing Director

Antonio Ciccarelli
Director

Board of directors

Giovanni Parisi Chairman	Matteo Centurelli

Independent auditor's report

To the shareholders of TDK mep ApS

Opinion

We have audited the annual accounts of TDK mep ApS for the financial year 1 February to 31 December 2017, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity, cash flow statement and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2017 and of the results of the company's operations and cash flows for the financial year 1 February to 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 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 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.

Material uncertainties concerning the enterprise's ability to continue as a going concern

There is material uncertainty regarding the company's ability to continue the next year's operation. We refer to note 1 in the annual accounts stating that the annual report has been prepared according to the principle of going concern. The continued operation is depending on the parent company's fulfillment of their statement about providing the necessary funds as described in note 1. Our conclusion has not been modified as a consequence of this matter.

Emphasis of matter

With reference to note 2 in the annual accounts attention is drawn to uncerntainties concerning recognition and measurement. As stated in note 2 measurement of the company's work in progress contains discretions regarding percentage of completion. Futhermore there is uncertainties regarding the costs of finalisation and therefore also provision for losses. Completion of larger projects in particular may result in material positive or negative deviations compared to the applied discretion. Our conclusion has not been modified as a consequence of this matter.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of 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 annual accounts that are free from material misstatement, whether due to fraud or error.

Independent auditor's report

In preparing the annual accounts, the management is responsible for evaluating 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 annual accounts, unless the management either intends to liquidate 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 annual accounts

Our objectives are to obtain reasonable assurance about whether 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 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 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 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 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 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 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 company to cease to continue as a going concern.

Independent auditor's report

- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 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 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 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 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 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.

Copenhagen, 12 June 2018

Redmark
State Authorised Public Accountants
Company reg. no. 29 44 27 89

Søren Kristiansen Bünger
State Authorised Public Accountant
MNE-nr. 34334

Company data

The company	TDK mep ApS Priorparken 833 2605 Brøndby	
	Company reg. no.	38 37 98 87
	Financial year:	1 February - 31 December 1st financial year
Board of directors	Giovanni Parisi, Via Galileo Galilei 31/3 24050 Spirano (BG) Italy, Chairman Matteo Centurelli, Via Leopardi, 3 24127 Bergamo Italy	
Managing Director	Antonio Ciccarelli, Østbrovej 12 F, 01 2600 Glostrup, Director	
Auditors	Redmark, Statsautoriseret Revisionspartnerselskab Dirch Passers Allé 76 2000 Frederiksberg	
Parent company	Termigas Bergamo S.P.A.	

Financial highlights

DKK in thousands.	1/2 - 31/12 2017
Profit and loss account:	
Net turnover	205.038
Gross profit	-74.219
Results from operating activities	-125.674
Net financials	-265
Results for the year	-125.939
Balance sheet:	
Balance sheet sum	54.650
Equity	-125.889
Cash flow:	
Operating activities	1.708
Investment activities	9.034
Cash flow in total	10.742
Employees:	
Average number of full time employees	97
Key figures in %:	
Gross margin	-36,2
Profit margin	-61,3
Acid test ratio	41,5
Solvency ratio	-230,4

The calculation of key figures and ratios does in all material respects follow the Danish Association of Finance Analysts' recommendations and does only in a few respects deviate from the recommendations.

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

Acid test ratio $$\frac{\text{Current assets x 100}}{\text{Short-term liabilities}}$$

Financial highlights

Solvency ratio	$\frac{\text{Equity, closing balance x 100}}{\text{Assets in total, closing balance}}$

Management's review

The principal activities of the company

The company's aim is to carry on business in heating ventilation and air extraction systems, electrical systems, plumbing and sanitary work, including designing, providing, installing, operating and maintaining such systems as well as all activities by the Board of directors deems related.

Unusual matters

There has not been any unusual matters affecting the recognition or measurement of the annual accounts.

Uncertainties as to recognition or measurement

Measurement of the company's work in progress contains discretions regarding percentage of completion. Futhermore there is uncertainties regarding the costs of finalisation. Completion of larger projects in particular may result in material positive or negative deviations compared to the applied discretion.

Development in activities and financial matters

The net turnover for the year is DKK 205.038.000. The results from ordinary activities after tax are DKK -125.939.000.

The project's costs have been significantly higher than expected. However the company has received a subordination agreement from its ultimate parent company. Consequently the management has concluded that the presentation of the annual report is based on the going concern assupmtion. See note 1 for futher comments.

Due to the loss for the year the company has lost more than 50 % of its share capital. The company is planning to propose on a general meeting a re-establishing of the share capital by a capital increase.

Special risks

Operating risks:
Up to today there is no evidence of any operating risk related to the project, apart from the tecnical ones, well studied and evaluated in the tender phase and during the mobilisation activities.

Other risks:
Due to delays in meeting the contractual milestone, a risk to pay the liquidated damages under the contract between the company and Copenhagen Metro Team I/S must be considered. The expected costs to liquidated damages has been recognized in the annual report.

Environmental issues

The company has prepared a comprehensive strategy for environmental work. An environmental policy and related objectived have been prepared to control the environmental conditions. This policy is based on environmentally sound operations and form a natural part of the company's goals for product quality and production conditions.

Management's review

Research and development activities

The company has no research and development activities.

The expected development

The main operation is expected to be completed in 2018.

Events subsequent to the financial year

No events have occured subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Profit and loss account

Note		1/2 - 31/12 2017
	Net turnover	205.038.378
	Raw materials and consumables used	-271.750.449
	Other external costs	-7.507.278
	Gross results	**-74.219.349**
3	Staff costs	-51.455.010
	Operating profit	**-125.674.359**
	Other financial income	3.153
	Other financial costs	-268.193
	Results before tax	**-125.939.399**
	Tax on ordinary results	0
4	**Results for the year**	**-125.939.399**

Balance sheet

Note	Assets	31/12 2017
	Fixed assets	
5	Deposits	1.156.080
	Financial fixed assets in total	1.156.080
	Fixed assets in total	**1.156.080**
	Current assets	
	Raw materials and consumables	7.311.323
	Inventories in total	7.311.323
	Trade debtors	19.381.785
6	Work in progress for the account of others	15.667.490
7	Accrued income and deferred expenses	601.996
	Debtors in total	35.651.271
	Available funds	10.531.495
	Current assets in total	**53.494.089**
	Assets in total	**54.650.169**

Balance sheet

Note	Equity and liabilities	31/12 2017
	Equity	
8	Contributed capital	50.000
9	Results brought forward	-125.939.399
	Equity in total	**-125.889.399**
	Provisions	
10	Other provisions	51.637.816
	Provisions in total	**51.637.816**
	Liabilities	
	Trade creditors	23.737.736
11	Debt to group enterprises	90.743.027
	Other debts	14.420.989
	Short-term liabilities in total	128.901.752
	Liabilities in total	**128.901.752**
	Equity and liabilities in total	**54.650.169**

1 Uncertainties concerning the enterprise's ability to continue as a going concern

2 Uncertainties concerning recognition and measurement

12 Mortgage and securities

13 Contingencies

14 Related parties

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Results brought forward	In total
Equity 1 February 2017	0	0	0
Equity 1 February 2017	0	0	0
Cash capital increase	50.000	0	50.000
Profit or loss for the year brought forward	0	-125.939.399	-125.939.399
	50.000	**-125.939.399**	**-125.889.399**

Cash flow statement

Note		1/2 - 31/12 2017
	Results for the year	-125.939.399
15	Adjustments	265.040
16	Change in working capital	127.436.453
	Cash flow from operating activities before net financials	1.762.094
	Interest received and similar amounts	3.152
	Interest paid and similar amounts	-57.721
	Cash flow from ordinary activities	1.707.525
	Cash flow from operating activities	**1.707.525**
	Purchase of financial fixed assets	-1.156.080
	Loans from gruop enterprises (ex debt from puchases)	10.190.522
	Cash flow from investment activities	**9.034.442**
	Changes in available funds	**10.741.967**
	Exchange rate adjustments (available funds)	-210.472
	Available funds 31 December 2017	**10.531.495**

Available funds	
Available funds	10.531.495
Available funds 31 December 2017	**10.531.495**

Notes

1. Uncertainties concerning the enterprise's ability to continue as a going concern

The company’s short term liabilities exceed the company’s current assets. Therefore there is uncertainty about the company’s ability to pay the creditors when they are due. The parent company has signed a letter of subordination stating that the parent company will provide the necessary financial support and hereby ensure that TDK mep ApS has the necessary funds for the next year's operation so it can pay its liabilities when it is due. On this basis it is the management’s opinion that there are no uncertainty related to going concern.

2. Uncertainties concerning recognition and measurement

Measurement of the company's work in progress contains discretions regarding percentage of completion. Futhermore there is uncertainties regarding the costs of finalisation and therefore also provision for losses. Completion of larger projects in particular may result in material positive or negative deviations compared to the applied discretion.

	1/2 - 31/12 2017
3. Staff costs	
Salaries and wages	45.463.183
Pension costs	4.400.482
Other costs for social security	438.334
Other staff costs	1.153.011
	51.455.010
Executive board	970.461
Average number of employees	97
4. Proposed distribution of the results	
Allocated from results brought forward	-125.939.399
Distribution in total	**-125.939.399**

Notes

		31/12 2017
5.	**Deposits**	
	Additions during the year	1.156.080
	Cost 31 December 2017	**1.156.080**
	Book value 31 December 2017	**1.156.080**
6.	**Work in progress for the account of others**	
	Sales value of the production of the period	205.020.577
	Payments on account received	-189.353.087
	Work in progress for the account of others, net	**15.667.490**
	The following is recognised:	
	Work in progress for the account of others (Current assets)	15.667.490
		15.667.490
7.	**Accrued income and deferred expenses**	
	Prepaid insurance	356.489
	Prepaid leasing	99.710
	Prepaid rent	145.797
		601.996
8.	**Contributed capital**	
	Cash capital increase	50.000
		50.000

The share capital consists of 500 shares, each with a nominal value of DKK 100.

Notes

		31/12 2017
9.	**Results brought forward**	
	Profit or loss for the year brought forward	-125.939.399
		-125.939.399

The company has lost more than 50 % of its share capital. The company is planning to propose on a general meeting a re-establishment of the share capital by a capital increase.

10.	**Other provisions**	
	Provision regarding loss on work in progress	51.637.816
		51.637.816

11.	**Debt to group enterprises**	
	Short-term debt to Termigas Bergamo S.P.A	90.743.027
		90.743.027

Termigas Bergamo S.P.A. has signed a letter of subordination stating that the parent company will stand back towards other creditor with their receivable. The letter of subordination is valid until 31 December 2018.

12. Mortgage and securities

As security for the fulfillment of obligations in connection with the construction contract a bank account on EUR 1.3 million, recognized under "Available funds", is pledged towards the bank.

13. Contingencies

Contingent liabilities

Leasing liabilities

The company has entered into operational leasing contracts with an average annual leasing payment of t.DKK 823. The leasing contracts have 10-12 months left to run, and the total outstanding leasing payment is t.DKK 707.

There has been raised a claim towards the company at t.DKK 94.934 regarding delayed works. The company does not agree with the amount claimed. According to the contract the fee for delayed works can not exceed t.DKK 29.107. The company has recognized the part of the claim they believe is eligible.

Notes

14. Related parties

Controlling interest

Termigas Bergamo S.P.A.	Majority shareholder
Via Buratti 21	
Bergamp (GB) CAP 24124	
Italy	

Transactions

Transactions with related parties have been made. DKK 153.730.016 regarding puchase of goods and services from related parties has been recognized under "Raw materials and consumeables used".

Furthermore loans has been given from related parties.

Consolidated annual accounts

The company is included in the consolidated annual accounts of Termigas Bergamo S.P.A., Bergamo (BG) CAP 24124, Italy. The group report is available at the company headquater in Via Buratti, 21 Bergamo, Italy.

Futhermore the company is included in the consolidated annual accounts of Misma Partecipazioni S.P.A, Italy. The group report is available at the company headquater in Via Monte Ortigara, 5 Bergamo, Italy.

15. Adjustments

Other financial income	-3.153
Other financial costs	268.193
	265.040

16. Change in working capital

Change in inventories	-7.311.323
Change in debtors	-19.983.781
Change in trade creditors and other liabilities	170.349.047
Change in work in progres	-15.667.490
Other changes in working capital	50.000
	127.436.453

Accounting policies used

The annual report for TDK mep ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (medium sized enterprises).

The annual accounts are presented in Danish kroner (DKK).

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 company 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 company 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.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

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.

Accounting policies used

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 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.

Contract work in progress concerning construction contracts is recognised concurrently in the net turnover with the progress of the production. Thus the net turnover corresponds to the sales value of the completed productions of the year (the production method). The net turnover is recognised when the total income and costs of the contract and the scope of completion on the balance sheet date can be determined reliably, and when it is likely that the financial benefits will be received by the company.

Cost of sales

Costs of sales 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.

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.

Interest and other costs concerning loans for financing the production of intangible and tangible fixed assets and concerning the production period are not recognised in the cost of the fixed asset.

Accounting policies used

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 balance sheet

Financial fixed assets

Deposits

Deposits are measured at amortised cost which usually corresponds to face value.

Current assets

Inventories

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at 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.

Work in progress for the account of others

Contract work in progress is measured at the selling price of the work performed, however with deduction of invoicing on account and expected losses. Contract work in progress is characterised by the manufactured goods featuring a high level of individualisation in the design. Furthermore, it is a requirement that before work is commenced, a binding contract is to be been entered into, implying penalty or damages in case of subsequent cancellation.

Accounting policies used

The selling price is measured on the basis of the stage of completion on the balance sheet date and the total expected income from the individual contracts. The stage of completion is determined on the basis of an evaluation of the work performed, usually determined as the ratio of the costs incurred to the total expected cost of the contract in question.

When it is probable that the total contract costs will exceed the total contract revenue, the expected contract loss is immediately recognised as costs and provisions.

If the results of a contract can not be estimated reliably, the selling price is only recognised on a cost basis, however, to the extent that it is probable that the costs will be recovered.

Contracts for which the selling price of the work performed exceeds invoicing on account and expected losses are recognised as trade debtors. Contracts for which invoicing on account and expected losses exceed the selling price are recognised as liabilities.

Costs in connection with sales work and the achievement of contracts are recognised in the profit and loss account when incurred.

Accrued income and deferred expenses

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

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.

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.

Other provisions

Provisions comprise expected costs for guarantee liabilities, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual liability which is due to a previous event and when it is likely that the settlement of the liability will result in expenditure of the financial resources of the company.

If the settlement of the liability is expected to take place in some remote future, provisions are measured at the net realisable value or at fair value.

When it is likely that the total costs will exceed the total income of work in progress for the account of others, provisions are made for the total loss expected on the contract. Provisions are recognised as costs under production costs.

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 company 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.

Accounting policies used

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 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.