
Køge Hospital Project Team I/S

c/o Itinera Denmark
Industriparken 44A, 1 sal.
2750 Ballerup, Denmark

Annual Report 2021

1 January - 31 December

CVR No 3958 8706

The Annual Report was
presented and adopted at the
Annual General Meeting of the
Company on
7th June 2022

Mr. Massimo Andreoni
Chairman of the General
Meeting

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Management's Statement

The Board of Directors have today considered and adopted the Annual Report of Køge Hospital Project Team I/S for the financial year 1 January - 31 December 2021.

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 at 31 December 2021 of the Company and of the results of the Company operations for 2021.

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

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

Køge, 7th June 2022

Executive Board

Mr. Massimo Andreoni
Chairman

Mr. Simone Bonauguro

Mr. Luciano Brunetti

Mr. Aroldo Tegon



Independent Auditor's Report

To the shareholders of Køge Hospital Project Team I/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Køge Hospital Project Team I/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

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 about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment 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 over-ride 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.
- 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 disclosure 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.

Odense, 7th June 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Mikael Johansen

State Authorized Public Accountant

mne23318

Claus Damhave

State Authorized Public Accountant

mne34166

Company Information

The Company

Køge Hospital Project Team I/S

Industriparken 44A, 1 Sal.
2750 Ballerup,
Denmark

Telephone: +45 32 22 57 23

CVR No 3958 8706

Financial year period: 1 January - 31 December

Municipality of registered office: Koge

Executive Board

Mr. Massimo Andreoni

Mr. Luciano Brunetti

Mr. Simone Bonauguro

Mr. Aroldo Tegon

Board of Representative

Mr. Lars Henriksen

Mr. Giorgio Giulio Ambrosini

Mr. Simone Bonauguro

Mr. Roberto Davoli

Auditors

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Munkebjergvænget 1, 3 og 4 sal

DK-5230 Odense M

Denmark

Financial Highlights

Seen over a 4-year period, the development of the Company is described by the following financial highlights:

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
	DKK	DKK	DKK	DKK
Key figures				
Profit/loss				
Revenue	402,547,756	223,226,340	100,445,401	40,808,338
Gross profit	75,997,732	49,379,763	23,535,315	4,741,353
Profit before financial income and expenses	11,845,145	7,489,667	2,733,769	2,040,433
Net financials	(431,392)	(739,979)	(560,318)	(5,702)
Net profit for the year	11,413,753	6,749,688	2,173,451	2,034,731
Balance sheet				
Balance sheet total	181,965,345	154,131,551	156,680,788	21,402,706
Equity	22,371,623	10,957,870	4,208,182	2,034,731
Cash flows				
Cash flow from:				
- Operating activities	(35,701,319)	(48,529,605)	108,942,041	0
- Investing activities	(9,157,866)	(8,772,394)	(3,619,103)	0
including investment in property, plant and equipment	(9,157,866)	(8,772,394)	(3,619,103)	0
Change in cash and cash equivalents for the year	(34,650,423)	(60,085,261)	103,630,018	0
Number of employees	79	44	19	13
Ratios				
Gross margin	18.9%	22.1%	23.4%	11.6%
Profit margin	2.9%	3.4%	2.7%	5.0%
Return on assets	6.5%	4.9%	1.7%	9.5%
Solvency ratio	12.3%	7.1%	2.7%	9.5%
Return on equity	102.0%	123.2%	103.3%	200.0%

For definitions, see under accounting policies.

Management's Review

Key activities

The entity's activity is to design and build the new Køge University Hospital for the client, Region Zealand. The completion date is expected to be in April 2025.

Development in the year

The income statement of the Company for 2021 shows a profit of DKK 11.413.753, and at 31 December 2021 the balance sheet of the Company shows equity of DKK 22.371.623.

The financial year for 2021 has been impacted by the Covid-19 outbreak as described under Unusual events below.

The past year and follow-up on development expectations from last year

In the Annual Report for 2020 the Company expected a positive development in 2021 and a profit level above the level achieved in 2020. However, Management also expected that the outlook would be negatively impacted by the Covid-19 outbreak.

Based on this Management considers the result to be satisfactory and in line with expectations.

Targets and expectations for the year ahead

The Company expects a positive development in 2022 and a profit level for the financial year 2022 in the range DKK 10 – 20 million.

Risks

Currency risk

The project revenue is in Danish kroner and the purchases are mainly in Danish kroner or Euro, and therefore the Company is not subject to any material foreign exchange risk.

Prices on raw material

Prices for purchase of raw materials are impacted by the world economy and can therefore influence the production cost significantly. The Company seeks to minimise this risk by entering into fixed price agreements for raw materials and subcontractors.

Project risk

In the construction industry, projects are the most significant risk, and therefore the controlling of project risk is an important area of focus.

Project management is essential for effective coordination, optimisation and completion of the project, and thereby delivering within the agreed terms for time and finance.

Research and development

The Company does not have any research and development activities.

Management's Review

Knowledge resources

The Company continues to recruit and retain competent employees who are continuously educated.

External environment

The Company strive to minimise their negative impact on the environment and on climate change.

Uncertainty relating to recognition and measurement

While the project starts there might be some uncertain and unforeseen situations, which could lead to an utmost consideration, however based upon the years of experience in this industry, Management considers the risk for such aspect to be minimised till the lower possible level.

Furthermore, we refer to note 1 to the Financial Statements.

Unusual events

The financial year 2021 has been negatively impacted by the Covid-19 outbreak. The Covid-19 outbreak has made the construction process more difficult in terms of raw materials and manpower. This has led to a postponement of the completion date from December 2024 to October 2025.

Subsequent events

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

Income Statement 1 January - 31 December 2021

	<u>Note</u>	<u>2021</u> DKK	<u>2020</u> DKK
Revenue		402,547,756	223,226,340
Other operating income	2	85,976	592,493
Expenses for raw materials and consumables		(41,879,943)	(19,307,790)
Other external expenses		(284,756,057)	(155,131,280)
Gross Profit		75,997,732	49,379,763
Staff expenses	3	(57,374,511)	(37,735,657)
Depreciation expenses	4	(6,778,076)	(4,154,439)
Profit before financial income and expenses (EBIT)		11,845,145	7,489,667
Financial income		34,634	153,875
Financial expenses		(466,026)	(893,854)
Profit before tax (EBT)		11,413,753	6,749,688
Tax on profit for the year		0	0
Net profit for the year		11,413,753	6,749,688

Balance Sheet 31 December 2021

Assets

	<u>Note</u>	<u>2021</u> DKK	<u>2020</u> DKK
Other fixture and fittings, tools and equipment	4	23,310,999	20,931,209
Property, plant and equipment		23,310,999	20,931,209
Fixed Assets		23,310,999	20,931,209
Inventories		11,640,866	5,735,247
Contract assets	5	98,766,221	1,520,923
Trade receivables		1,706,865	39,829,845
Receivables from related parties	10	0	987,000
Other receivables		8,695,522	4,423,360
Prepayments	6	22,920,948	31,129,620
Receivables		132,089,556	77,890,748
Cash at bank and in hands		14,923,924	49,574,347
Total Current Assets		158,654,346	133,200,342
Total Assets		181,965,345	154,131,551

Balance Sheet 31 December 2021

Equities and Liabilities

	<u>Note</u>	<u>2021</u> DKK	<u>2020</u> DKK
Contributed capital		0	0
Retained earnings		22,371,623	10,957,870
Total Equity		22,371,623	10,957,870
Prepayments received from customers	8	23,101,927	40,849,489
Lease obligations	8	8,632,851	10,634,207
Long-term debt		31,734,778	51,483,696
Contract liabilities	5	0	0
Trade payables		72,779,947	59,437,414
Payables to related parties	10	11,288,667	1,367,073
Prepayments received from customers	8	18,390,000	18,390,000
Lease obligations	8	5,428,765	4,127,241
Other payables		19,971,565	8,368,257
Short-term Debt		127,858,944	91,689,985
Total Liability		159,593,722	143,173,681
Total Equity and Liability		181,965,345	154,131,551
Uncertainty relating to recognition and measurement	1		
Distribution of profit	7		
Contingent assets, liabilities and other financial obligations	9		
Related parties	10		

Statement of Changes in Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	DKK	DKK	DKK
Equity at 1 January 2021	0	10,957,870	10,957,870
Net profit/loss for the year	0	11,413,753	11,413,753
Equity at 31 December 2021	0	22,371,623	22,371,623

Cash Flow Statement 1 January - 31 December

	<u>Note</u>	<u>2021</u> DKK	<u>2020</u> DKK
Net profit for the year		11,413,753	6,749,688
Adjustments	11	7,209,468	4,894,418
Change in working capital	12	(53,893,148)	(59,433,732)
Cash flows from operating activities		(35,269,927)	(47,789,626)
Financial Income		34,634	153,875
Financial expenses		(466,026)	(893,854)
Cash flows from ordinary activities		(35,701,319)	(48,529,605)
Corporation tax paid		0	0
Cash flows from operating activities		(35,701,319)	(48,529,605)
Purchase of property, plant and equipment		(10,196,574)	(8,772,394)
Proceeds from sale of PPE		1,038,708	0
Cash flows from investing activities		(9,157,866)	(8,772,394)
Raise / increase of loans from group enterprises		10,908,594	(4,526,242)
Reduction of lease obligations		(699,832)	1,742,980
Cash flows from financing activities		10,208,762	(2,783,262)
Changes in cash and cash equivalents		(34,650,423)	(60,085,261)
Cash and Cash equivalents at 1 January		49,574,347	109,659,608
Cash and Cash equivalents at 31 December		14,923,924	49,574,347

Notes to the Financial Statements

1 Uncertainty relating to recognition and measurement

When preparing financial statements, Management makes a number of accounting choices, judgements and estimates forming the basis of recognition and measurement of the Company's assets and liabilities as well as income and expenses. The estimates are based on historical experience and other factors which Management considers appropriate in the circumstances, but which are inherently uncertain or unpredictable. The assumptions may be incomplete or inaccurate, and contingencies or unexpected circumstances may arise. The Company is moreover exposed to risks and uncertainties that may result in the actual outcome deviating from these estimates. Consequently, estimates may be subject to considerable uncertainty.

Contract work in progress

Work in progress includes contract work in progress of a cumulative selling price of DKK 759.989.383. Contract work in progress has been measured and recognized based on an estimate, and the measurement is therefore subject to uncertainty.

	<u>2021</u>	<u>2020</u>
	DKK	DKK
2 Special items		
Salary compensation (Covid-19)	85,976	592,493
	85,976	592,493
3 Staff expenses		
Wages and salaries	(39,599,064)	(22,481,080)
Pensions	(3,022,470)	(1,626,492)
Other social security expenses	(269,529)	(149,294)
Other staff expenses, including seconded staff	(14,483,448)	(13,478,791)
	(57,374,511)	(37,735,657)
Including remuneration to the General Manager and Board of Directors.	(1,719,556)	(1,020,756)
Average number of employees	79	44

Notes to the Financial Statements

	<u>2021</u>	<u>2020</u>
	DKK	DKK
4 Property, plant and equipment		Other fixtures and fittings, tools and equipment
Cost at 1 January	26,958,715	
Additions for the year	10,196,574	
Disposals for the year	(1,315,219)	
Cost at 31 December	<u>35,840,070</u>	
Impairment losses and depreciation at 1 January	(6,027,506)	
Depreciation for the year	(6,778,076)	
Depreciation of sold assets for the year	276,511	
Impairment losses and depreciation at 31 December	<u>(12,529,071)</u>	
Carrying amount at 31 December		<u>23,310,999</u>
Including assets under financial lease amounting to		<u>13,928,612</u>
	<u>2021</u>	<u>2020</u>
	DKK	DKK
5 Contract assets and liabilities		
Selling price of work in progress	759,989,383	361,424,632
Payments received on account	(661,223,162)	(359,903,709)
	<u>98,766,221</u>	<u>1,520,923</u>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	98,766,221	1,520,923
Prepayments received recognised in debt	0	0
	<u>98,766,221</u>	<u>1,520,923</u>
6 Prepayments		
Prepayments consist of prepaid expenses concerning rent, insurance premiums, subcontractor and supplier advances as well.		
7 Distribution of profit		
Retained earnings	11,413,753	6,749,688
	<u>11,413,753</u>	<u>6,749,688</u>

Notes to the Financial Statements

8 Long-term debt

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

The debt falls due for payment as specified below.

	<u>2021</u>	<u>2020</u>
	DKK	DKK
Prepayments received from customers		
After 5 years	0	0
Between 1 and 5 years	23,101,927	40,849,489
Long-term part	23,101,927	40,849,489
Within 1 year	18,390,000	18,390,000
	41,491,927	59,239,489
Lease obligations		
After 5 years	0	0
Between 1 and 5 years	8,632,851	10,634,207
Long-term part	8,632,851	10,634,207
Within 1 year	5,428,765	4,127,241
	14,061,616	14,761,448

9 Contingent assets, liabilities and other financial obligations

The Company has not placed any assets as security with bankers etc., and the Company has no contingent liabilities as at 31 December 2021.

In connection with the work in progress the two partners have issued a performance guarantee of DKK 363 million and an advance payment guarantee of DKK 82 million.

10 Related parties

	Basis
Controlling interest	
Aurelia Srl	Ultimate Parent Company
Itinera SpA	Partner with majority share

Notes to the Financial Statements

10 Related parties (continued)

Transactions

The company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with action 98(c)(7) of the Danish Statements Act.

There are no related party transactions that have not been carried through on market terms.

Consolidated Financial Statements

The company is included in the Group Report of the Ultimate Parent Company and in the Group Report of the partner with majority share:

Name	Place of registered office
Aurelia Srl	Corso Romita n.10, 15057 Tortona (AL), Italy
Itinera SpA	Via Balustra n. 15, 15057 Tortona (AL), Italy

The Group Annual Report of Aurelia Srl may be obtained at the following address:

Corso Romita n. 10
15057 Tortona (AL)
Italy

The Group Annual Report of Itinera SpA may be obtained at the following address:

Via Mario Balustra n. 15
15057 Tortona (AL)
Italy

	<u>2021</u>	<u>2020</u>
	DKK	DKK
11 Cash Flow Statement - adjustments		
Financial Income	(34,634)	(153,875)
Financial Expense	466,026	893,854
Depreciation	6,778,076	4,154,439
	<u>7,209,468</u>	<u>4,894,418</u>
12 Working Capital		
Changes in Inventories	(5,905,619)	(5,273,876)
Change in contract assets and liabilities	(97,245,298)	(32,757,777)
Change in receivables	33,850,818	(29,546,263)
Change in prepayments	8,208,672	(15,590,007)
Change in prepayments received from customers	(17,747,562)	(6,111,388)
Change in trade and other payables	24,945,841	29,845,579
	<u>(53,893,148)</u>	<u>(59,433,732)</u>

Notes to the Financial Statements

13 Accounting Policies

The Annual Report of Køge Hospital Project Team I/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021 are presented in DKK.

13.1 Recognition and measurement

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

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

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

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

13.2 Translation policies

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

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

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

Notes to the Financial Statements

13 Accounting Policies

13.3 Leases

Leases are recognised in the balance sheet at the calculated amount of the lease liability in accordance with IFRS 16. The lease liability is calculated at the present value of the lease payments calculated by applying the interest rate implicit in the lease or Køge Hospital Project Team I/S's incremental borrowing rate as discount rate if the interest rate implicit in the lease is not available. Lease assets are depreciated and written down for impairment under the same policy as for Køge Hospital Project Team I/S's other fixed assets.

The Company has chosen to apply the exemptions concerning short-term and low-value leases. Therefore, such lease assets are not recognised as assets and liabilities in the balance sheet. The costs are recognised in the income statement on a straight-line basis over the lease term.

The lease liability is recognised in the balance sheet under debt and is adjusted for prepaid lease payments on a current basis. At the same time, interest is added on the liability. Interest expenses are charged to the income statement on a current basis.

13.4 Income Statement

Revenue

Revenue from contracts with customers is recognised on the basis of transfer of control, which according to IFRS 15 takes place at the time when control of the service delivered passes to the customer.

Control is considered passed to the customer when:

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

Revenue in respect of which Køge Hospital Project Team I/S delivers is recognised over time ("construction contracts"). This revenue is calculated on the basis of the selling price of work performed for the year (percentage of completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to Køge Hospital Project Team I/S.

The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

Notes to the Financial Statements

13 Accounting Policies

Government grants

Government grants, such as economic stimulus packages, are recognised when it is reasonably certain that the Company complies with the conditions for receiving the grant, and it is reasonably certain that the Company will receive the grant. The grant is systematically recognised in the income statement over the period to which it relates, or immediately if the grant is not conditional upon incurrence of future costs or investments. Government grants are recognised as other operating income, or in the balance sheet if the purpose of the grant is investment in an asset.

Expenses for raw materials and consumables

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

Other external expenses

Other external expenses comprise expenses for subcontractors, technical assistance and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as other payroll related expenses including seconded staff.

Amortization, depreciation and impairment losses

Amortization, depreciation and impairment losses comprise amortization, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognized in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

The Company is not an independent tax subject, consequently no tax has been included in the annual report.

13.5 Balance Sheet

Property, Plant and Equipment

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

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

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

Other fixtures and fittings, tools and equipment 3-5 years

Depreciation period and residual value are re-assessed annually.

The fixed assets' residual values are determined at nil.

Notes to the Financial Statements

13 Accounting Policies

Impairment of fixed assets

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

If so, the asset is written down to its lower recoverable amount.

Inventories

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

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

The cost of goods for re-sale, raw materials and consumables equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortized cost and net realizable value, which corresponds to nominal value less provisions for bad debts.

Contract assets and liabilities

Contract work in progress

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

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

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

Prepayments

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

Equity

Dividends

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

Financial debts

Debts are measured at amortized cost, substantially corresponding to nominal value.

Prepayments received from customers

Prepayments received from customers comprise payments received in respect of income in subsequent years.

Notes to the Financial Statements

13 Accounting Policies

13.6 Cash Flow Statement

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

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

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

Notes to the Financial Statements

13 Accounting Policies

13.7 Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$