SKAKO CONCRETE A/S

Bygmestervej 2, 5600 Faaborg

Annual Report for 1 January - 31 December 2018

CVR No 64427512

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on

21-03-2019

Morten Kofod-Jensen
Chairman of the meeting

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of SKAKO Concrete A/S for the financial year 1 January - 31 December 2018.

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 2018 of the Company and of the results of the Company operations and cash flows for 2018.

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

Faaborg, 14-03-2019

Board of Directors

Jens Wittrup Willumsen
Chairman

Samuel Waldorph Andreasen
Board Member

Lars Tveen
Board Member

Susanne Nielsen
Board Member

Christian Herskind Jørgensen
Vice Chairman

Carsten Krogsgaard Thomsen
Board Member

Mogens Schou Larsen
Board Member

Executive Board

Søren Frede Pedersen
Managing Director

Independent Auditor's Report

To the Shareholders of SKAKO Concrete A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018, and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of SKAKO Concrete A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

- 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 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.

Odense, 14 March 2019
PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Line Hedam
State Authorised Public Accountant
mne27768

Company Information

The Company	SKAKO CONCRETE A/S Bygmestervej 2 DK-5600 Faaborg Telephone: + 45 63616100 E-mail: skakoconcrete.dk@skako.com CVR No: 64427512 Financial period: 1 January - 31 December Municipality of reg. office: Faaborg
Board of Directors	Jens Wittrup Willumsen, Chairman Christian Herskind Jørgensen Samuel Waldorph Andreasen Carsten Krogsgaard Thomsen Lars Tveen Mogens Schou Larsen Susanne Nielsen
Executive Board	Søren Frede Pedersen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Rytterkasernen 21 Postboks 370 DK-5100 Odense C

Financial Highlights

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

	2018	2017	2016	2015	2014
Key figures					
Profit/loss					
Revenue	131,358,455	143,811,742	112,303,599	115,100,250	129,662,614
Gross profit	15,962,410	9,853,273	17,864,515	23,569,681	15,562,703
Operating profit (EBIT)	-1,446,390	-6,327,634	-257,551	7,560,072	-9,302,839
Net financial items	-991,839	-530,204	372,719	2,911,876	1,030,441
Profit for the year	12,652,159	-6,298,656	17,296,449	14,162,195	-5,587,600
Balance sheet					
Total assets	183,006,268	166,074,883	170,571,508	149,122,172	119,874,005
Equity	110,942,559	98,152,337	118,625,339	101,717,009	78,179,808
Investment in tangible assets	1,355,874	3,702,000	141,000	0	323,000
Number of emplyees	83	65	59	56	57
Ratios					
Gross margin	12.2%	6.9%	15.9%	20.5%	12.0%
Profit margin	-1.1%	-4.4%	-0.2%	6.6%	-7.2%
Return on assets	-0.8%	-3.8%	-0.2%	5.1%	-7.8%
Solvency ratio	60.6%	59.1%	69.5%	68.2%	65.2%
Return on equity	12.1%	-5.8%	15.7%	15.7%	-6.9%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Main activity

SKAKO Concrete develops, designs and sells a versatile high-end product range of all types of concrete batching plants for ready-mix, precast and jobsite plants. Our main focus is on plant sales with a strong after sales division.

The products are based on own developed technology.

The main markets are Europe, North America and the Middle East. We have strong focus on obtaining higher market share on existing markets without increasing the risk profile on the orders.

The Company has a branch in Great Britain, which performs the sales activities in Great Britain.

Development in the year

The Company's total revenue amounted to DKK 131.4m in 2018 (2017: DKK 143.8m) and the EBIT result amounted to DKK -1.4m (2017: DKK -6.3m).

Profit for the year amounts to DKK 12.6m.
The Company expect a result in the same level for 2019.

Total equity amounted to DKK 110.9m (2017: DKK 98,2m) and total assets was DKK 183.0m.

Uncertainty relating to recognition and measurement

There have been no material uncertainties or other significant unusual circumstances affecting recognition.

Events after the balance sheet date

There have been no events that materially affect the assessment of this Annual Report 2018 after the balance sheet date and up to today.

Accounting Policies

Basis of Preparation

The Annual Report of SKAKO Concrete A/S for 2018 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.

Financial Statements for 2018 are presented in DKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

Cash Flow Statement

With reference to section 86 (4) of the Danish Financial Statements Act, no cash flow statement is prepared.

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.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Accounting Policies

Leases

Leasing contracts are considered operating leases. Payments made under operating leases are recognized in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are 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.

Hedge accounting

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognized in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognized in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognized in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognized. The amount is recognized in the same item as the hedged transaction.

Accounting Policies

Income Statement

Revenue

Revenue from the sale of goods is recognized when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Contract work in progress (construction contracts) is recognized at the rate of completion, which means that revenue equals the selling price of the work completed 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 the Company. 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 measured at the consideration received and is recognized exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labor costs and indirect production costs such as maintenance and depreciation, etc., as well as operation, administration and management of factories.

Research and development costs and government grants is included in cost of sales.
Research costs are always recognised in the Income Statement in step with the incurrence of such costs.

Development costs include all costs not satisfying capitalization criteria, but incurred in connection with development, prototype construction and development of new business concepts.

Direct and indirect research and development incentives in terms of tax incentives and other grants and subsidy schemes for research and development. Grants are offset against research and development costs. Government grants are recognised when there is reasonable certainty that the conditions for such grants are satisfied and that they will be awarded.

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

Accounting Policies

Administration expenses

Administration expenses comprise costs in form of salaries to administration staff and management, office expenses, operation of motor vehicles, depreciations etc.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

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

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognized in the income statement, whereas the tax attributable to equity transactions is recognized directly in equity.

The Danish subsidiaries of the SKAKO division are liable for tax of the jointly taxed income, etc. of the Group. The total amount appears from the annual report of SKAKO A/S which is the administrative company of the joint taxation. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Accounting Policies

Balance Sheet

Intangible assets

Development costs and costs relating to rights developed by the Company are recognized in the income statement as costs in the year of acquisition.

Software are measured at cost less accumulated depreciation and less any accumulated impairment losses.

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.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognized in cost over the period of construction. All indirectly attributable borrowing expenses are recognized in the income statement.

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

Plant and machinery	3-5 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years
Software	2-10 years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 50,000 are expensed in the year of acquisition.

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.

Accounting Policies

Investments in subsidiaries

Investments in subsidiaries are recognized and measured under the equity method.

The item in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealized intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements.

Subsidiaries with a negative net asset value are recognized at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognized in provisions.

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 resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labor with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labor as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

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.

Accounting Policies

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.

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

Expenses relating to sales work and the winning of contracts are recognized in the income statement as incurred.

Prepayments

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

Provisions

Provisions are recognized when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period. Provisions are measured and recognized based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realized, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Accounting Policies

Deferred tax assets and liabilities (continued)

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallize as current tax. Any changes in deferred tax due to changes to tax rates are recognized in the income statement or in equity if the deferred tax relates to items recognized in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognized in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognized in the income statement in financial income and expenses.

Financial debts

Credit lines to financial institutions and other debts are measured at amortized cost, substantially corresponding to nominal value.

Financial Highlights

Explanation of financial ratios

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

Income Statement 1 January - 31 December

	Note	2018	2017
		DKK	DKK
Revenue		131,358,455	143,811,742
Cost of sales	1	-115,396,045	-133,958,469
Gross profit		**15,962,410**	**9,853,273**
Distribution expenses		-7,949,750	-7,575,115
Administrative expenses		-9,459,050	-8,605,792
Results from operating activities		**-1,446,390**	**-6,327,634**
Result from shares in subsidiaries		17,304,839	-1,136,833
Other financial income from subsidiaries		265,963	630,113
Other financial income		2,499	344
Financial expenses from subsidiaries		-307,550	-92,885
Other financial expenses		-952,750	-1,067,776
Profit before tax		**14,866,610**	**-7,994,671**
Tax on profit for the year	2	-2,214,451	1,696,015
Profit for the year		**12,652,159**	**-6,298,656**
Proposed distribution of net profit:			
Transferred to reserves for net revaluation according to the equity method		17,304,839	-1,136,833
Proposed dividends		0	0
Retained earnings		-4,652,680	-5,161,823
		12,652,159	**-6,298,656**

Balance Sheet 31 December

Assets

	Note	2018	2017
		DKK	DKK
Intangible assets		2,257,555	4,493,151
Intangible assets under construction		5,578,892	2,881,448
Total intangible assets	3	**7,836,447**	**7,374,599**
Plant and machinery		4,818,444	3,740,613
Property, plant and equipment	4	**4,818,444**	**3,740,613**
Investments in group enterprises	5	83,143,149	65,547,886
Deferred tax assets	6	9,096,000	12,090,000
Deposits		579,171	566,950
Total fixed assets		**92,818,320**	**78,204,836**
Total non-current assets		**105,473,211**	**89,320,048**
Raw materials and consumables		18,729,000	9,069,517
Work in progress		1,285,000	0
Manufactured goods and goods for resale		12,447,000	11,084,965
Total inventories		**32,461,000**	**20,154,482**
Trade receivables		23,288,534	21,256,901
Work in progress for third parties	7	3,202,058	10,587,869
Receivables from subsidiaries		10,755,930	20,675,165
Corporate tax receivables		891,549	1,268,772
Other receivables		5,497,957	1,829,016
Prepayments		785,869	982,630
Total receivables		**44,421,897**	**56,600,353**
Liquid funds		**650,160**	**0**
Total current assets		**77,533,057**	**76,754,835**
Total assets		**183,006,268**	**166,074,883**

Balance Sheet 31 December

Liabilities and equity

	Note	2018	2017
		DKK	DKK
Share capital	8	80,920,400	80,920,400
Reserves for net reevaluation according to the equity method		32,627,817	15,032,554
Reserve for development costs		6,112,429	5,752,187
Retained earnings		-8,718,087	-3,552,804
Total equity		**110,942,559**	**98,152,338**
Provisions		1,207,388	5,982,601
Total provisions		**1,207,388**	**5,982,601**
Bank overdraft		7,802,664	10,556,623
Prepayments from customers	7	18,151,939	6,479,934
Trade payables		20,941,437	13,849,611
Payables subsidiaries		15,155,969	17,944,548
Other payables		8,804,313	13,109,228
Total current liabilities		**70,856,321**	**61,939,944**
Total liabilities		**72,063,709**	**67,922,545**
Total liabilities and equity		**183,006,268**	**166,074,883**
Contingent liabilities	9		
Related parties	10		

Statement of Changes in Equity

	Share capital	Reserves for net reevaluation according to the equity method	Reseve for development costs	Retained earnings	Total
Equity at 1 January	80,920,400	15,032,554	5,752,187	2,199,383	98,152,337
Value adjustments of hedging instruments	0	0		-152,361	-152,361
					0
Foreign currency translation adjustments, foreign enterprises	0	253,173		0	253,173
Dividends paid out	0	0		0	0
Net adjustments of hedging instruments	0	37,251		0	37,251
Development costs for the year			918,951	-918,951	0
Depreciation, amortization and impairment for the year			-558,709	558,709	0
Net profit/loss for the year	0	17,304,839		-4,652,680	12,652,159
Equity at 31 December	**80,920,400**	**32,627,817**	**6,112,429**	**-8,718,087**	**110,942,559**

Notes to the Financial Statements

1. Cost of sales

	2018	2017
Personnel expenses	DKK	DKK
Wages and salaries	48,352,502	41,649,472
Contributions related to contribution plans	3,386,138	3,026,004
Other personnel expenses	1,599,086	1,457,132
	53,337,726	**46,132,608**
Personnel expenses are recognised in profit or loss as follows:		
Cost of sales	40,384,586	33,766,372
Distribution expenses	4,441,417	4,406,336
Administrative expenses	8,511,723	7,959,900
	53,337,726	**46,132,608**
Average number of full time employees	**83**	**65**
Executive Board:		
Wages and salaries	1,868,302	1,657,608
Pension and expenses to social security	152,000	138,000
	2,020,302	**1,795,608**

Government grant
The measurement and classification of government grants related to research and development is based on Management´s assessment. The incentive schemes applied does not require positive taxable income and hence grants are offset against research and development costs. Government grants amounts to 7,661,414 DKK. (2017: 19,000 DKK).

2. Tax expense

Tax on profit for the year	-2,214,451	1,696,015
Tax on profit for the year	**-2,214,451**	**1,696,015**
To be specified as follows:		
Current tax on profit for the year	891,549	1,262,868
Adjustment of current tax, prior years	-112,000	0
Change in deferred tax	-2,994,000	433,147
Tax of profit for the year	**-2,214,451**	**1,696,015**

Notes to the Financial Statements

3. Intangible assets

Intangible assets under development relating to the implementation of the ERP system. The majority of the project are expected to be finalized in the coming year and the project are progressing as planned using the resources allocated by Management to the development.

	Intangible assets under development	Software	Total
Cost at 1 January	2,881,448	16,926,498	19,807,946
Additions for the year	1,178,142	0	1,178,142
Disposals for the year	0	0	0
Transfers for the year	-1,802,035	1,802,035	0
Cost at 31 December	2,257,555	18,728,533	20,986,088
Impairment losses and amortisation at 1 January	0	12,433,347	12,433,347
Amortisation for the year	0	716,294	716,294
Reversal of amortisation of disposals for the year	0	0	0
Impairment losses and amortisation at 31 December	0	13,149,641	13,149,641
Carrying amount at 31 December	**2,257,555**	**5,578,892**	**7,836,447**

4. Property, plant and equipment

	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Leasehold improve-ments	Total
Cost at 1 January	3,648,657	4,675,877	4,350,303	3,834,901	16,509,738
Additions for the year	0	118,106	969,364	268,404	1,355,874
Disposals for the year	0	0	0	0	0
Transfers for the year	0	0	0	0	0
Cost at 31 December	3,648,657	4,793,983	5,319,667	4,103,305	17,865,612
Impairment losses and amortisation at 1 January	20,197	4,638,835	4,350,303	3,759,790	12,769,125
Amortisation for the year	64,469	29,914	145,405	38,255	278,043
Reversal of amortisation of disposals for the year	0		0	0	0
Impairment losses and amortisation at 31 December	84,666	4,668,749	4,495,708	3,798,045	13,047,168
Carrying amount at 31 December	**3,563,991**	**125,234**	**823,959**	**305,260**	**4,818,444**

Notes to the Financial Statements

5. Investments

Shares in subsidiaries	2018 DKK	2017 DKK
Cost at 1 January	50,515,332	50,515,332
Additions	0	0
Disposals	0	0
Cost at 31 December	**50,515,332**	**50,515,332**
Adjustments 1 January	15,032,554	17,348,868
Result from shares in subsidiaries	17,304,839	-1,136,833
Dividend distributions	0	0
Effect of movement in exchange rates	290,424	-1,179,481
Adjustments 31 December	**32,624,817**	**15,032,554**
Carrying amount 31 December	**83,143,149**	**65,547,886**

Shares in subsidiaries includes:	Ownership
SKAKO Vibration A/S, Faaborg, Denmark	100%
SKAKO Concrete, Inc., San Diego, USA	100%
SKAKO GmbH, Haltern am See, Germany	100%

6. Deferred tax

Deferred tax is recognised in the balance sheet as follows:	2018 DKK	2017 DKK
Deferred tax assets	9,096,000	12,090,000
Deferred tax liabilities	0	0
Deferred tax net	**9,096,000**	**12,090,000**
Deferred tax assets:		
Intangible assets	-750,000	-519,000
Property, plant and equipment	9,646,000	9,609,000
Tax losses	200,000	3,000,000
Total deferred tax assets	**9,096,000**	**12,090,000**
Deferred tax assets not recognised		
Tax losses	8,031,000	6,296,000
Total deferred tax assets not recognised	**8,031,000**	**6,296,000**

Notes to the Financial Statements

7. Contract work in progress

	2018	2017
Contract work in progress	**DKK**	**DKK**
Total costs incurred	43,362,395	83,176,023
Profit recognised as income, net	9,923,474	14,576,435
Contract work in progress	53,285,869	97,752,458
Invoicing on account to customers	-68,235,750	-93,644,524
Net contract work in progress	**-14,949,881**	**4,107,935**

Included as follows:

Of which contract work in progress is stated under assets	3,202,058	10,587,869
and prepayments for work in progress	-18,151,939	-6,479,934
	-14,949,881	**4,107,935**

8. Equity

The share capital consist of 1.618.408 shares of 50 DKK. The shares are not divided in share classes.

The share capital has developed as follows:

	2018	2017	2016	2015	2014
Share capital at 1 January	80,920,400	80,920,400	80,920,400	80,920,400	90,920,400
Capital increase	0	0	0	0	0
Capital decrease	0	0	0	0	10,000,000
Share capital at 31 December	**80,920,400**	**80,920,400**	**80,920,400**	**80,920,400**	**80,920,400**

9. Contingent liabilities

Contingent liabilities
The company's leasing obligations for operational leasing amount to 2.0 million DKK (2017: 2.8 million DKK).

The company's primary financial institution has provided a guarantee for consignments and prepayments of a total of 33.6 million DKK. (2017: 3.3 million DKK)

As security for SKAKO A/S's and SKAKO Vibration A/S's outstanding account in relation to its primary financial institution the company has provided an unlimited, joint and several suretyship.

Towards the company's primary financial institution a company deposit of 50 million DKK has been provided with deposit in unsecured claims, stocks, tangible assets and intangible rights. The company deposit also provides a security for SKAKO Vibration A/S and SKAKO A/S.

The Danish subsidiaries of the SKAKO division are liable for tax of the jointly taxed income, etc. of the Group. The total amount appears from the annual report of SKAKO A/S which is the administrative company of the joint taxation.

Notes to the Financial Statements

10. Related parties

Related parties
SKAKO A/S, Faaborg, 100% ownership, is the only related party with a controlling interest.

Related parties with significant influence are the Company´s Executive Board, Board of Directors and their related parties.

Furthermore, related parties are companies in which the above persons have significant interests.

Transactions with related parties are only disclosed if they have not been in accordance with the arm´s length principle. All transactions have been on arm´s length conditions.

Consolidated Financial Statements

The Company is included in the Group Annual Report of SKAKO A/S, Faaborg.