

---

# ***Sten & Grus Prøvestenen A/S***

B-Vej 8, DK-2300 København S

## **Annual Report for 1 January - 31 December 2018**

---

CVR No 89 64 64 13

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
20/5 2019

Géry Jacques John De  
Cloedt  
Chairman of the General  
Meeting



**pwc**

# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	1
Independent Auditor's Report	2
<b>Management's Review</b>	
Company Information	5
Financial Highlights	6
Management's Review	7
<b>Financial Statements</b>	
Income Statement 1 January - 31 December	9
Balance Sheet 31 December	10
Statement of Changes in Equity	12
Cash Flow Statement 1 January - 31 December	13
Notes to the Financial Statements	14

# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Sten & Grus Prøvestenen 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.

København, 20 May 2019

## Executive Board

Kim Fynbo Nielsen  
Executive Officer

## Board of Directors

Géry Jacques John De Cloedt  
Chairman

Guy Vandernickt  
Deputy Chairman

Jette Rohde

Mike Steen Hansen

Patrick Johan A Degryse

# Independent Auditor's Report

To the Shareholder of Sten & Grus Prøvestenen 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 and cash flows for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Sten & Grus Prøvestenen A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("the 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 misstate-

# Independent Auditor's Report

ment, 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 judgement and maintain professional scepticism 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

# Independent Auditor's Report

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.

Herning, 20 May 2019

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Martin Skov Hansen

statsautoriseret revisor

mne33257

## Company Information

### **The Company**

Sten & Grus Prøvestenen A/S  
B-Vej 8  
DK-2300 København S  
E-mail: info@stenoggrus.dk

CVR No: 89 64 64 13  
Financial period: 1 January - 31 December  
Incorporated: 6 May 1980  
Municipality of reg. office: København

### **Board of Directors**

Géry Jacques John De Cloedt, Chairman  
Guy Vandernickt  
Jette Rohde  
Mike Steen Hansen  
Patrick Johan A Degryse

### **Executive Board**

Kim Fynbo Nielsen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Platanvej 4  
DK-7400 Herning

### **Lawyers**

Mortang Advokater  
Folehavevej 1  
2970 Hørsholm

### **Bankers**

Jyske Bank  
Østergade 4  
8000 Aarhus C

# Financial Highlights

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

	2018 TDKK	2017 TDKK	2016 TDKK	2015 TDKK	2014 TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Operating profit/loss	-13,627	-1,628	2,210	-811	-28
Profit/loss before financial income and expenses	-13,250	-231	2,562	-811	-28
Net financials	-1,183	-1,502	-841	-685	-798
Net profit/loss for the year	-11,383	-1,396	1,331	-1,188	-770
<b>Balance sheet</b>					
Balance sheet total	77,963	101,242	54,547	30,293	28,467
Equity	-7,994	3,389	4,785	3,454	4,642
Equity (incl. subordinate loan capital)	8,569	3,389	4,785	3,454	4,642
<b>Cash flows</b>					
Cash flows from:					
- investing activities	-11,462	-21,706	-32,722	-18,087	-17,518
including investment in property, plant and equipment	-12,531	-22,091	-32,722	-18,087	-17,518
Number of employees	30	23	15	12	11
<b>Ratios</b>					
Return on assets	-17.0%	-0.2%	4.7%	-2.7%	-0.1%
Solvency ratio	-10.3%	3.3%	8.8%	11.4%	16.3%
Solvency ratio (incl. subordinate loan capital)	11.0%	3.3%	8.8%	11.4%	16.3%
Return on equity	494.4%	-34.2%	32.3%	-29.3%	-15.3%

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

## **Key activities**

The Company receives and handles clean and polluted soil and recyclable building materials. The Company offers a broad product range of aggregates. In addition the Company performs handling activities (loading and unloading of ships and trucks).

## **Development in the year**

The income statement of the Company for 2018 shows a loss of DKK 11,383,080, and at 31 December 2018 the balance sheet of the Company shows negative equity of DKK 7,993,832.

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

The result for the year was negatively affected by increased depreciations due to significant capital expenditures during the year, where the investments have not yet shown their full return in the income statement. This is expected to be the case for the coming year.

A detailed review of all the Company's assets has been carried out and write-downs have been made where necessary.

Delayed delivery of new dredger has resulted in higher purchase prices and less sales of quality stones to the concrete industry.

The parliament's decision to close the northern part of Øresund for all dredging activities has resulted in a write-down of costs incurred in connection with investigations of deposits.

## **Capital resources**

The Company has lost the equity. The loan granted by the Parent Company has been stated as subordinated loan in 2018 and will be converted into equity in 2019. Equity after conversion is stated in the key figures and please note below section "Targets and expectations for the year ahead".

## **Special risks - operating risks and financial risks**

### ***Interest rate risks***

The Company's interest rate risks are related to interest-bearing assets and liabilities. It is the Company's assessment, that normal changes in the interest rate level will not significantly affect earnings.

### ***Credit risks***

The Company has no significant risks regarding individual customers or business partners. The Company's policy in this area is, that all major customers, except municipalities etc., are regularly assessed and insured against losses.

# Management's Review

## Targets and expectations for the year ahead

The Parent Company, DC Industrial NV-SA, continues to support operations within the current business areas. In connection with an extraordinary general meeting in June 2019, loans granted of DKK 16,563k are converted to equity.

## External environment

The Company is environmentally aware and works continuously to minimize the Company's environmental impact. At the location Prøvestenen, a system has been established that collects water from the lagoon, soil and recycling area. The water is cleaned in the Company's own water treatment facility and reused on Prøvestenen or, if necessary, discharged into Øresund.

## Uncertainty relating to recognition and measurement

Under "Other provisions", in total DKK 12,695k, DKK 10,422k has been recognized for costs relating to soil purification. The provision is to a certain extent accounting estimates based on experience from similar activities in Group Companies abroad. The provision represents the management's best judgment, but is associated with uncertainty. Please refer to note 1 for further description of the matter.

## Income Statement 1 January - 31 December

	Note	2018 DKK	2017 DKK
<b>Gross profit/loss</b>		<b>12,098,364</b>	<b>18,930,015</b>
Staff expenses	2	-16,401,900	-13,683,118
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-8,946,946	-5,205,872
Other operating expenses		0	-271,713
<b>Profit/loss before financial income and expenses</b>		<b>-13,250,482</b>	<b>-230,688</b>
Financial income	4	106,558	62,495
Financial expenses	5	-1,289,479	-1,564,818
<b>Profit/loss before tax</b>		<b>-14,433,403</b>	<b>-1,733,011</b>
Tax on profit/loss for the year	6	3,050,323	337,133
<b>Net profit/loss for the year</b>		<b>-11,383,080</b>	<b>-1,395,878</b>

# Balance Sheet 31 December

## Assets

	Note	2018 DKK	2017 DKK
Acquired concessions		640,006	739,950
<b>Intangible assets</b>	7	<b>640,006</b>	<b>739,950</b>
Land and buildings		255,375	408,219
Plant and machinery		22,392,435	21,142,155
Other fixtures and fittings, tools and equipment		463,516	236,483
Leasehold improvements		28,274,263	26,694,777
<b>Property, plant and equipment</b>	8	<b>51,385,589</b>	<b>48,481,634</b>
<b>Fixed assets</b>		<b>52,025,595</b>	<b>49,221,584</b>
Finished goods and goods for resale		7,056,198	6,795,856
Prepayments for goods		148,261	493,308
<b>Inventories</b>		<b>7,204,459</b>	<b>7,289,164</b>
Trade receivables		11,248,742	39,436,142
Receivables from group enterprises		0	1,157,597
Other receivables		1,409,978	705,563
Deferred tax asset	9	3,716,870	1,383,387
Corporation tax receivable from group enterprises		716,840	14,706
Prepayments	10	1,590,235	2,017,968
<b>Receivables</b>		<b>18,682,665</b>	<b>44,715,363</b>
<b>Cash at bank and in hand</b>		<b>50,699</b>	<b>15,835</b>
<b>Currents assets</b>		<b>25,937,823</b>	<b>52,020,362</b>
<b>Assets</b>		<b>77,963,418</b>	<b>101,241,946</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2018 DKK	2017 DKK
Share capital		600,000	600,000
Retained earnings		<u>-8,593,832</u>	<u>2,789,248</u>
<b>Equity (incl. subordinate loan capital DKK 8.568.836)</b>		<b><u>-7,993,832</u></b>	<b><u>3,389,248</u></b>
Other provisions	12	<u>12,694,920</u>	<u>4,463,950</u>
<b>Provisions</b>		<b><u>12,694,920</u></b>	<b><u>4,463,950</u></b>
Subordinate loan capital, group enterprises		16,562,668	0
Credit institutions		7,842,500	11,354,500
Lease obligations		9,608,224	7,334,249
Payables to group enterprises		<u>0</u>	<u>14,772,293</u>
<b>Long-term debt</b>	13	<b><u>34,013,392</u></b>	<b><u>33,461,042</u></b>
Credit institutions	13	8,462,499	8,930,216
Lease obligations	13	4,250,518	3,194,944
Prepayments received from customers		265,419	306,514
Trade payables		12,541,810	21,710,493
Payables to group enterprises	13	9,180,045	19,088,919
Deposits		30,000	30,000
Other payables		<u>4,518,647</u>	<u>6,666,620</u>
<b>Short-term debt</b>		<b><u>39,248,938</u></b>	<b><u>59,927,706</u></b>
<b>Debt</b>		<b><u>73,262,330</u></b>	<b><u>93,388,748</u></b>
<b>Liabilities and equity</b>		<b><u>77,963,418</u></b>	<b><u>101,241,946</u></b>
Uncertainty relating to recognition and measurement	1		
Distribution of profit	11		
Contingent assets, liabilities and other financial obligations	16		
Related parties	17		
Accounting Policies	18		

## Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	600,000	2,789,248	3,389,248
Net profit/loss for the year	0	-11,383,080	-11,383,080
<b>Equity at 31 December</b>	<b>600,000</b>	<b>-8,593,832</b>	<b>-7,993,832</b>

## Cash Flow Statement 1 January - 31 December

	Note	2018 DKK	2017 DKK
Net profit/loss for the year		-11,383,080	-1,395,878
Adjustments	14	6,703,214	6,270,924
Change in working capital	15	24,868,641	-5,344,747
<b>Cash flows from operating activities before financial income and expenses</b>		<b>20,188,775</b>	<b>-469,701</b>
Financial income		106,557	62,495
Financial expenses		-1,289,476	-1,564,819
<b>Cash flows from ordinary activities</b>		<b>19,005,856</b>	<b>-1,972,025</b>
Corporation tax paid		0	-14,706
<b>Cash flows from operating activities</b>		<b>19,005,856</b>	<b>-1,986,731</b>
Purchase of intangible assets		-39,400	-739,950
Purchase of property, plant and equipment		-12,530,677	-22,091,076
Sale of property, plant and equipment		1,108,000	1,124,537
<b>Cash flows from investing activities</b>		<b>-11,462,077</b>	<b>-21,706,489</b>
Repayment of loans from credit institutions		-3,979,717	0
Reduction of lease obligations		-4,440,850	-5,080,129
Repayment of payables to group enterprises		-8,224,157	-6,699,456
Repayment of other long-term debt		1,365,410	6,699,457
Raising of loans from credit institutions		0	11,274,638
Lease obligations incurred		7,770,399	0
Raising of loans from group enterprises		0	17,467,032
<b>Cash flows from financing activities</b>		<b>-7,508,915</b>	<b>23,661,542</b>
<b>Change in cash and cash equivalents</b>		<b>34,864</b>	<b>-31,678</b>
Cash and cash equivalents at 1 January		15,835	47,513
<b>Cash and cash equivalents at 31 December</b>		<b>50,699</b>	<b>15,835</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		50,699	15,835
Current asset investments		0	0
<b>Cash and cash equivalents at 31 December</b>		<b>50,699</b>	<b>15,835</b>

# Notes to the Financial Statements

## 1 Uncertainty relating to recognition and measurement

Under "Other provisions", in total DKK 12,695k, DKK 10,422k has been recognized for costs relating to soil purification. The provision is to a certain extent accounting estimates based on experience from similar activities in Group Companies abroad. There is a natural uncertainty associated with the exercise of the accounting estimate, as the costs are based on assessment and estimation of the costs associated with soil purification, which is done partly within the company and partly by external subcontractors. In addition, the composition of the soil and the degree of pollution have a significant impact on the assessment of the provision. The provision represents the management's best judgment, but is associated with uncertainty.

	2018	2017
	DKK	DKK
<b>2 Staff expenses</b>		
Wages and salaries	13,689,576	12,087,372
Pensions	1,899,994	934,106
Other social security expenses	444,902	410,078
Other staff expenses	367,428	251,562
	<b>16,401,900</b>	<b>13,683,118</b>
<b>Average number of employees</b>	<b>30</b>	<b>23</b>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

## 3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Amortisation of intangible assets	51,894	0
Depreciation of property, plant and equipment	8,895,052	5,205,872
	<b>8,946,946</b>	<b>5,205,872</b>

## 4 Financial income

Other financial income	106,558	56,019
Exchange gains	0	6,476
	<b>106,558</b>	<b>62,495</b>



## Notes to the Financial Statements

	2018 <u>DKK</u>	2017 <u>DKK</u>
<b>5 Financial expenses</b>		
Interest paid to group enterprises	469,353	424,964
Other financial expenses	784,820	1,139,854
Exchange adjustments, expenses	<u>35,306</u>	<u>0</u>
	<b><u>1,289,479</u></b>	<b><u>1,564,818</u></b>
<b>6 Tax on profit/loss for the year</b>		
Current tax for the year	-716,840	0
Deferred tax for the year	-2,429,245	-337,133
Adjustment of deferred tax concerning previous years	<u>95,762</u>	<u>0</u>
	<b><u>-3,050,323</u></b>	<b><u>-337,133</u></b>
<b>7 Intangible assets</b>		Acquired con- cessions <u>DKK</u>
Cost at 1 January		739,950
Additions for the year		39,400
Disposals for the year		<u>-87,450</u>
Cost at 31 December		<u>691,900</u>
Impairment losses and amortisation at 1 January		0
Amortisation for the year		<u>51,894</u>
Impairment losses and amortisation at 31 December		<u>51,894</u>
<b>Carrying amount at 31 December</b>		<b><u>640,006</u></b>

# Notes to the Financial Statements

## 8 Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK	DKK	DKK
Cost at 1 January	2,840,839	37,381,964	391,807	32,739,107	73,353,717
Additions for the year	0	8,687,630	314,080	3,528,967	12,530,677
Disposals for the year	0	-1,841,004	0	0	-1,841,004
<b>Cost at 31 December</b>	<b>2,840,839</b>	<b>44,228,590</b>	<b>705,887</b>	<b>36,268,074</b>	<b>84,043,390</b>
Impairment losses and depreciation at 1 January	2,432,620	16,239,809	155,324	6,044,330	24,872,083
Depreciation for the year	152,844	6,705,680	87,047	1,949,481	8,895,052
Impairment and depreciation of sold assets for the year	0	-1,109,334	0	0	-1,109,334
<b>Impairment losses and depreciation at 31 December</b>	<b>2,585,464</b>	<b>21,836,155</b>	<b>242,371</b>	<b>7,993,811</b>	<b>32,657,801</b>
<b>Carrying amount at 31 December</b>	<b>255,375</b>	<b>22,392,435</b>	<b>463,516</b>	<b>28,274,263</b>	<b>51,385,589</b>
Depreciated over	20 years	2-15 years	7-8 years	5-10 years	
Including assets under finance leases amounting to	0	18,050,030	0	0	18,050,030

## 9 Deferred tax asset

	2018 DKK	2017 DKK
Deferred tax asset at 1 January	1,383,387	1,046,254
Amounts recognised in the income statement for the year	2,333,483	337,133
<b>Deferred tax asset at 31 December</b>	<b>3,716,870</b>	<b>1,383,387</b>

The recognised tax asset comprises tax loss carry-forwards expected to be utilised within the next three to five years. In connection with the assessment of the utilisation of the tax asset emphasis has been placed on the Company having implemented efficiency measures which are expected to increase the Company's gross margin ratio and on the expectation of the total future results of the Danish group companies which are jointly taxed.

# Notes to the Financial Statements

## 10 Prepayments

Prepayments consist of prepaid expenses concerning rent etc.

## 11 Distribution of profit

Retained earnings

	<u>2018</u> DKK	<u>2017</u> DKK
	-11,383,080	-1,395,878
	<u><b>-11,383,080</b></u>	<u><b>-1,395,878</b></u>

## 12 Other provisions

The purpose of the company is to receive and dispose soil and waste from the industrial sector. The provision represent the cost, that is necessary to bear, to cleanse, sort and dispose received soil and waste at the balance sheet date. The provision falls due continuously, as a part of the company's daily operations.

Other provisions

	<u>12,694,920</u>	<u>4,463,950</u>
	<u><b>12,694,920</b></u>	<u><b>4,463,950</b></u>

# Notes to the Financial Statements

## 13 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:

	2018 DKK	2017 DKK
<b>Subordinate loan capital, group enterprises</b>		
Between 1 and 5 years	16,562,668	0
Long-term part	16,562,668	0
Within 1 year	0	0
	<b>16,562,668</b>	<b>0</b>
<b>Credit institutions</b>		
After 5 years	180,000	3,050,000
Between 1 and 5 years	7,662,500	8,304,500
Long-term part	7,842,500	11,354,500
Within 1 year	2,262,000	2,262,000
Other short-term debt to credit institutions	6,200,499	6,668,216
Short-term part	8,462,499	8,930,216
	<b>16,304,999</b>	<b>20,284,716</b>
<b>Lease obligations</b>		
Between 1 and 5 years	9,608,224	7,334,249
Long-term part	9,608,224	7,334,249
Within 1 year	4,250,518	3,194,944
	<b>13,858,742</b>	<b>10,529,193</b>
<b>Payables to group enterprises</b>		
Between 1 and 5 years	0	14,772,293
Long-term part	0	14,772,293
Other short-term debt to group enterprises	9,180,045	19,088,919
	<b>9,180,045</b>	<b>33,861,212</b>

## Notes to the Financial Statements

	<u>2018</u>	<u>2017</u>
	DKK	DKK
<b>14 Cash flow statement - adjustments</b>		
Financial income	-106,558	-62,495
Financial expenses	1,289,479	1,564,818
Depreciation, amortisation and impairment losses, including losses and gains on sales	8,570,616	5,105,734
Tax on profit/loss for the year	<u>-3,050,323</u>	<u>-337,133</u>
	<b><u>6,703,214</u></b>	<b><u>6,270,924</u></b>
<b>15 Cash flow statement - change in working capital</b>		
Change in inventories	84,703	-1,080,286
Change in receivables	27,910,718	-28,242,825
Change in other provisions	8,230,970	3,919,628
Change in trade payables, etc	<u>-11,357,750</u>	<u>20,058,736</u>
	<b><u>24,868,641</u></b>	<b><u>-5,344,747</u></b>

## Notes to the Financial Statements

	2018 DKK	2017 DKK
<b>16 Contingent assets, liabilities and other financial obligations</b>		
<b>Charges and security</b>		
The following assets have been placed as security with mortgage credit institutes:		
Land and buildings	255,375	408,219
The following assets have been placed as security with bankers:		
Land and buildings, all monies mortgage DKK 2,000k	255,375	408,219
Inventories, company mortgage	7,204,459	7,289,164
Sales receivable, company mortgage	11,248,742	39,436,142
Intangible assets, company mortgage	640,006	739,950
Vehicles never registered, operating fixtures, machinery and equipment, company mortgage	4,342,405	7,060,371

All monies mortgage, DKK 2,000k, and company mortgage, at a total amount of DKK 12,000k, has been provided as security and is also provided as security for affiliated companies outstanding bank debts as 31 December amounting to DKK 41,799k.

### Rental and lease obligations

The Company has entered into operating rental and lease arrangements with a total amount of DKK 2,515k. Rent obligations, interminability of 6-12 months, amounting to DKK 3,953k.

### Guarantee obligations

Security in respect of affiliated companies outstanding bank debts at 31 December amounting to DKK 41,799k.

Payment guarantees regarding rent obligations at 31 December amounting to DKK 3,619k.

# Notes to the Financial Statements

## 16 Contingent assets, liabilities and other financial obligations (continued)

### Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Thyborøn Nordsø Ral A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

## 17 Related parties

### Basis

---

#### Controlling interest

Gery Jacques John Edmond Leopold De Cloedt, Chemin du Patier 36, 1936 Verbier, Schweiz	Board of Directors, Beneficial owner
DC Industrial NV-SA, Brussel, Belgium	Legal owner

#### Transactions

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

There have been no transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration, all of which are concluded on arm's length terms, why they are not disclosed in accordance with section 98 c of the Danish Financial Statements Act.

#### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company

Name	Place of registered office
Group De Cloedt s.a.	Ixelles, Belgium

# Notes to the Financial Statements

## 17 Related parties (continued)

The Group Annual Report of Group De Cloedt s.a. may be obtained at the following address:

Rue Gachard 88 Bfk 12  
1050 Ixelles  
Belgium



# Notes to the Financial Statements

## 18 Accounting Policies

The Annual Report of Sten & Grus Prøvestenen 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.

The Financial Statements for 2018 are presented in DKK.

### Recognition and measurement

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

Assets are recognised 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 recognised 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.

### Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

# Notes to the Financial Statements

## 18 Accounting Policies (continued)

### 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 recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised 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 recognised in financial income and expenses in the income statement.

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

## Income Statement

### Revenue

Revenue from the sale of goods is recognised 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.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service 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 service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### 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 indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

# Notes to the Financial Statements

## 18 Accounting Policies (continued)

### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

### 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 intangible assets and property, plant and equipment.

### Financial income and expenses

Financial income and expenses are recognised 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 recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## Balance Sheet

### Intangible assets

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period.

# Notes to the Financial Statements

## 18 Accounting Policies (continued)

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

Other buildings	20 years	
Plant and machinery	2 - 15 years	
Other fixtures and fittings, tools and equipment	7 - 8 years	
Leasehold improvements	5 - 10 years	

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,500 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 amortisation 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 realisable value.

The net realisable 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 realisable 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 labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour 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 manage-

# Notes to the Financial Statements

## 18 Accounting Policies (continued)

ment.

### Receivables

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

### Prepayments

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

### Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

### Provisions

Provisions are recognised 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.

### 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 realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

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 crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

# Notes to the Financial Statements

## 18 Accounting Policies (continued)

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised 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 recognised in the income statement in financial income and expenses.

### Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

## 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, amortisation 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.

# Notes to the Financial Statements

## 18 Accounting Policies (continued)

### Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand" and "Current asset investments". "Current asset investments" consist of short-term securities with an insignificant risk of value changes that can readily be turned into cash.

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

### Financial Highlights

#### Explanation of financial ratios

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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$
Solvency ratio (incl. subordinate loan capital)	