

# GROUP ANNUAL REPORT 2017



COPENHAGEN GROUP

# Content

Letter from the CEO	4
About Copenhagen Group	6
Copenhagen Group at a Glance	8
Consolidated Financial Highlights	9
Management's Review	11
A Year in Review	14
Corporate Responsibility	16
Statement by the Management	20
Independent Auditor's Report	22
Profit and Loss Account	25
Cash Flow Statement	26
Consolidated Statement of Changes in Equity	28
Statement of Changes in Equity of the Parent Enterprise	29
Notes	31
Accounting Policies	40

“

*By being able and skilled to work in remote and hostile locations, we add value to both our business partners and customers. We go anywhere and see opportunities in the difficult.*

”



## Letter from the CEO

### “Fortitude”

Year 2017 proved to be the litmus test of our new overall strategy, since by January 2017 we could no longer bank on a steady income stream from our activities in Afghanistan for NATO.

During the past few years, we have invested heavily in our other business units, in terms of both assets and technical manpower, to be able to offset a decrease in income from Copenhagen Contractors, which until 2013 accounted for 30% of our overall group turnover.

Similar to the past 3 years, Copenhagen Global has performed beyond expectations and now accounts for 86% of our group turnover. Although our long-term agreements still carry much weight in Copenhagen Global's turnover for 2017, other contracts and customers, particularly Danish customers, add positively to this year's result. Danish customers now account for 13.7% of our group revenue, up from 7.5% last year, primarily due to a new contract for the supply and delivery of a MAGIRUS turntable ladder to Beredskab Øst in Denmark and sale of additional BRP Lynx snowmobiles to the Danish Defence.

As stated last year, then we expect 30% of our annual turnover to originate from Danish customers within the next few years by means of MAGIRUS fire trucks, FPT Industrial engines

and special purpose boats and tactical watercraft by our strategic partner companies within the maritime sector.

Despite gloomy prospects at the end of 2016, with the closure of our last facility in Afghanistan, I am satisfied with our efforts in Copenhagen Group for 2017, since we achieved the highest revenue in the company's history of DKK 259 million – an increase of 22.2% compared to last year – despite a smaller workforce.

Looking into the future and 2018 in particular, I expect our investments in, especially, the maritime sector to bear fruit. By end of 2018, we should have concluded our first sale and delivery of high-speed performance boats and related equipment to customers in Denmark and/or Europe.

Similarly, I expect us to expand our business with MAGIRUS by offering products and services to municipal emergency response capabilities and national airports in Denmark. Last year we attended the Danish Emergency Management Agencies' Annual Meeting for the first time together with MAGIRUS. From our side, the event was a big success – one that we intend to replicate in 2018 by showing and demonstrating a broad plethora of MAGIRUS' trucks and equipment, such as the powerful DRAGON aircrash tender. Engaging directly

with our customers, and end users to the extent possible, is important to us as it allows us to improve on both product and service delivery.

Our business model for both Copenhagen Global and Copenhagen Contractors is and always will be that of a facilitator and broker – bridging the gap between reputable manufacturers and customers. By being able and skilled to work in remote and hostile locations, we add value to both our business partners and customers. We go anywhere and see opportunities in the difficult.

Supporting international organisations and national governmental bodies worldwide with products and services from cradle to grave remains our core business focus.

I would like to thank all our stakeholders – from employees and business partners to customers – that contributed to our successes this past year. I look forward to exciting and prosperous times in the year to come.

Jeppe Handwerk  
CEO

# About Copenhagen Group

Copenhagen Group manages projects and contracts awarded through direct tendering for the supply of products and services to international organisations, national governments and agencies.

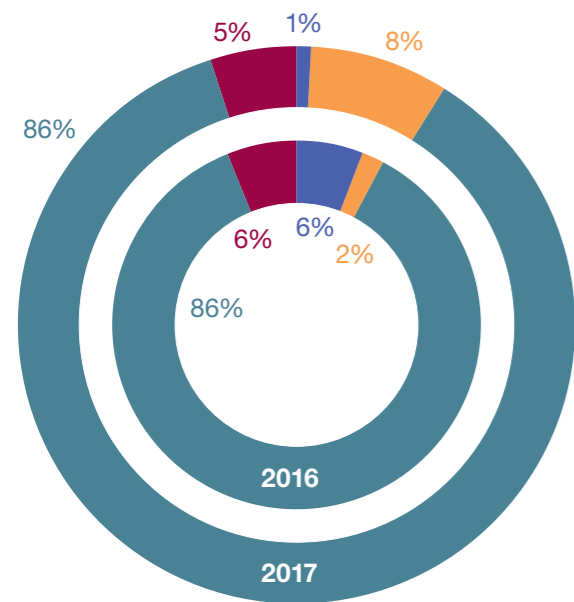
Copenhagen Group's business model is based on recognising and realising opportunities in the difficult – be it urgent or long-term requirements for humanitarian missions worldwide or critical infrastructure support to deployed international forces in conflict or post-conflict countries and/or regions.

Copenhagen Group has offices in Denmark and Kuwait.

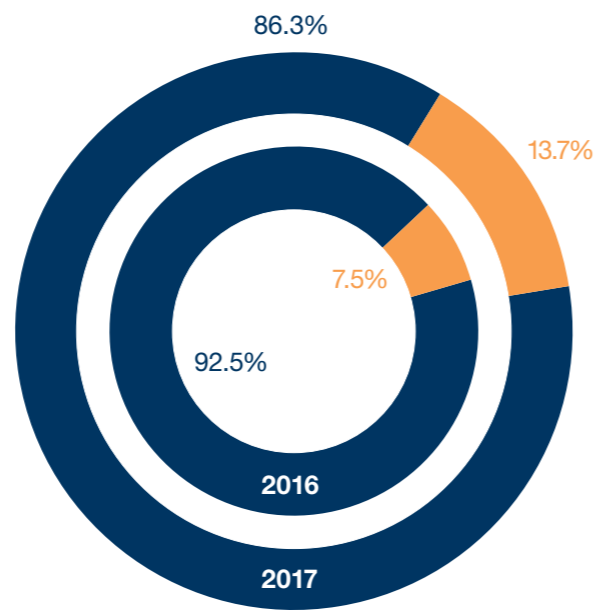
Copenhagen Group currently employs 31 people on a permanent contract basis but makes extensive use of project-based employments to fit the scale and scope of work undertaken for customers.

Copenhagen Group is solely owned by Handverk Holding A/S, a family-owned company.

Revenue by Business Entity



Foreign vs Domestic Revenue

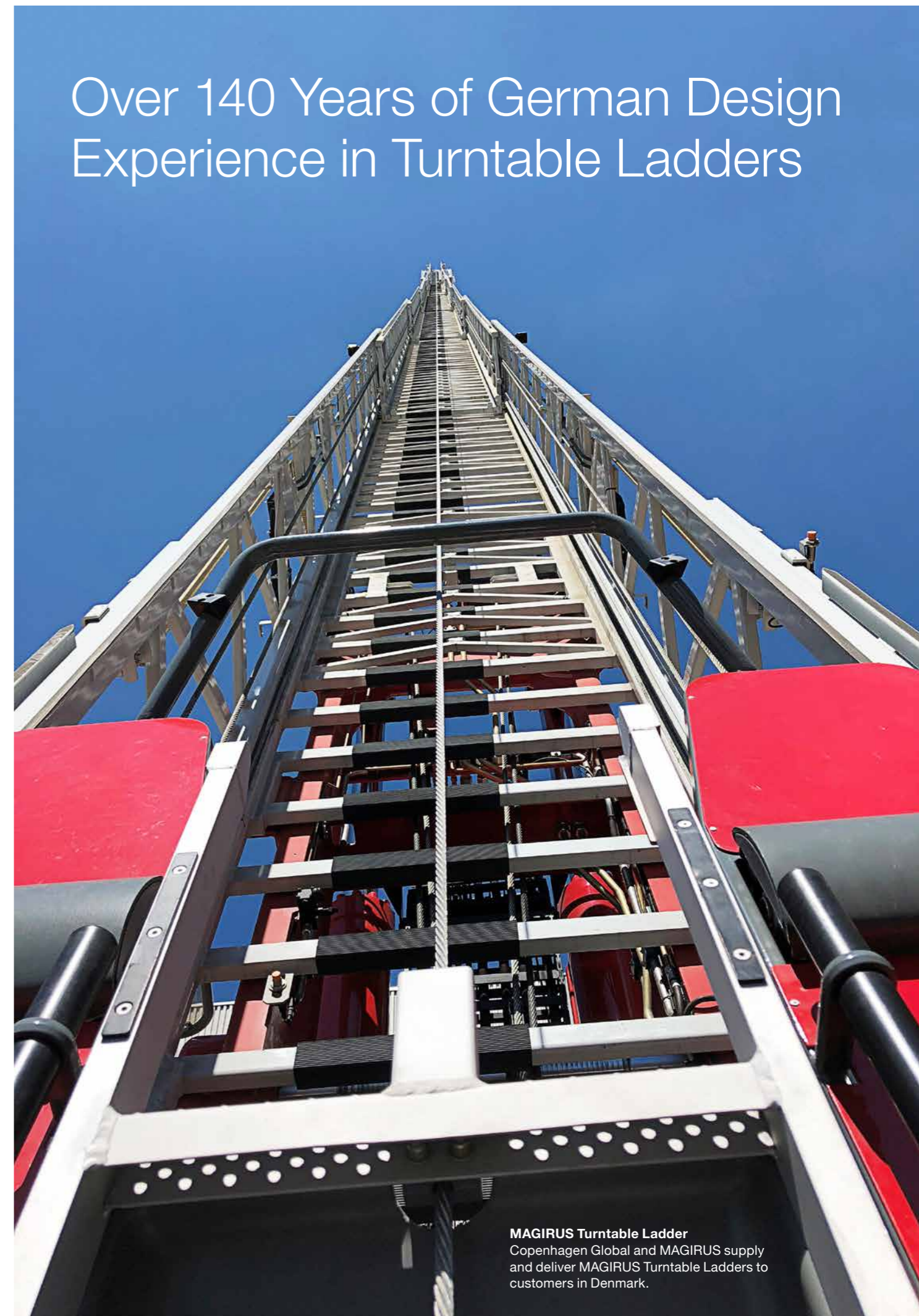


■ Copenhagen Contractors ■ Copenhagen Global  
■ Copenhagen Election ■ HDD

## Certifications



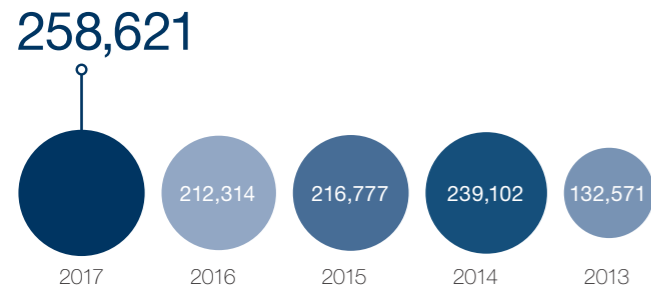
## Memberships



**MAGIRUS Turntable Ladder**  
Copenhagen Global and MAGIRUS supply and deliver MAGIRUS Turntable Ladders to customers in Denmark.

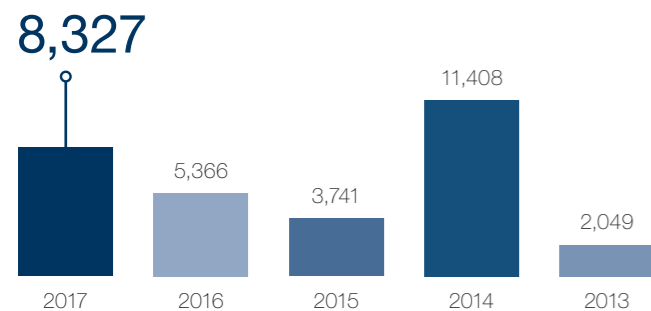
# Copenhagen Group at a Glance

## Revenue (DKK in thousands)



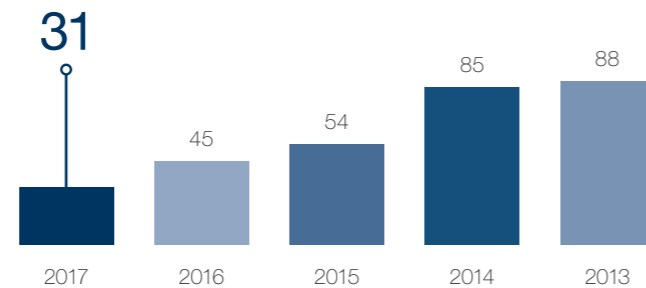
Revenue increased to DKK 258.6 million (DKK 212.3 million) with a DKK 46.3 million or a 22.2% increase, predominantly due to large orders in Copenhagen Global and Copenhagen Elections plus positive currency gains.

## Net Profit (DKK in thousands)



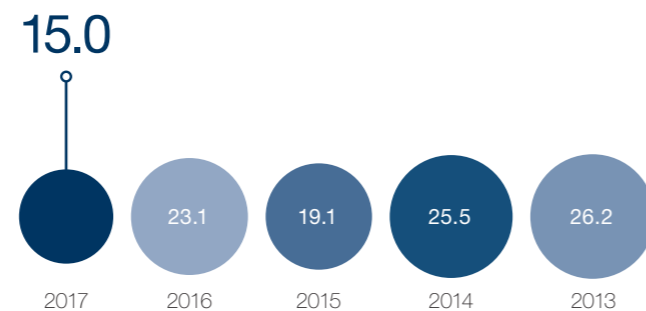
Net profit increased to DKK 8.3 million (DKK 5.4 million) with a DKK 2.9 million or a 53.7% increase, predominantly due to utilisation of tax losses that were not capitalised in previous years' accounts.

## Employees (FTEs)



Number of Full Time Equivalent (FTE) employees reflect our project-based business model. As projects close down, such as the ones in Afghanistan, the number of FTEs is reduced automatically. At present, besides our HDD services in Kuwait, the majority of work undertaken by us relates to tendering and administration of ongoing projects at our head office in Copenhagen, Denmark; hence, a lower FTE count in 2017.

## Solvency Ratio (%)



Our solvency ratio, i.e. our ability to cover our long-term debts, fluctuates between the years as its calculation is subject to net profit, depreciation, short- and long-term liabilities. In 2017, our solvency ratio was negatively impacted by multiple large orders in Copenhagen Global for trucks and armoured vehicles in December as also evident from information regarding our trade debtors and creditors.

# Consolidated Financial Highlights

DKK in thousands.	2017	2016	2015	2014	2013
<b>Profit and loss account</b>					
Net turnover	258,621	212,314	216,777	239,102	132,571
Gross profit	24,370	36,965	27,413	49,421	47,373
Results from operating activities	8,712	9,798	2,920	14,614	5,456
Net financials	-1,879	-2,834	1,071	-135	-4,447
Results for the year	8,327	5,366	3,741	11,408	2,049

## Balance sheet

Balance sheet sum	116,197	38,510	78,331	71,971	47,016
Investments in tangible fixed assets represent	286	4,932	4,334	2,155	3,644
Equity	17,689	9,153	15,282	18,333	12,320

## Cash flow

Operating activities	-3,818	15,459	-10,014	24,466	8,068
Investment activities	-159	-3,915	-1,443	-1,683	-2,364
Financing activities	5,164	-13,207	-5,272	-3,664	-10,571
Cash flow in total	1,188	-1,663	-16,729	19,119	-4,867

## Employees

Average number of full time employees	31	45	54	85	88
---------------------------------------	----	----	----	----	----

## Key figures in %

Gross margin	9.4	17.4	12.6	20.7	35.7
Profit margin	3.4	4.6	1.3	6.1	4.1
Solvency ratio	15.0	23.1	19.1	25.5	26.2
Return on equity	62.9	45.5	22.5	71.6	18.1

The calculation of key figures and ratios follow the Danish Association of Finance Analysts' recommendations.

# Horizontal Directional Drilling Services

**Installation of Underground Horizontal Pipes**  
Copenhagen Contractors (HDD) undertakes horizontal directional drilling services for customers in the Middle East. Underground pipes are used for transporting water, oil, gas, electricity etc.



# Management's Review

Even though Copenhagen Group by the end of 2016 had multiple pillars to stand on, it was a daunting task to say goodbye to a steady revenue stream from our activities in Afghanistan, represented by Copenhagen Contractors. In 2017, we therefore had to really test if our broad palette of products and services was strong enough to make up for the big loss of revenue stemming from our work for NATO in Afghanistan.

Our worries were put to shame by achieving the highest revenue in the company's history of DKK 259 million - an increase of 22.2% compared to last year. This result is primarily due to the continued and strong growth of Copenhagen Global, which supplies vehicles, boats, spare parts and after sales services to international organisations and national governments under long-term agreements. A big order for the supply and delivery of 68 IVECO trucks, of different configurations, to Mosul in Iraq via an international organisation positively affected our good result for the year.

During the past four years, Copenhagen Global has grown from a company specialising in armoured vehicles and heavy duty trucks to a company that offers the entire palette of products from CNH Industrial – from engines to fire trucks – and various special purpose boats and related equipment from reputable global manufacturers. In 2017, we managed to add new products and services to our portfolio, such as BRP Lynx snowmobiles.

In 2017, we also expanded our work with MAGIRUS, which manufactures fire trucks and equipment, by becoming an authorised dealer for the Kingdom of Denmark and Iceland. In September 2017, we sold and delivered our first MAGIRUS turntable ladder to a Danish customer and in December 2017, we won yet another contract for the supply and delivery of two MAGIRUS low liner turntable ladders to another Danish customer in early 2018.

Despite very little activity under our long-term agreement for the supply of electoral materials, our electoral support business unit, Copenhagen Election, also contributed positively to our group's overall result by supplying large volumes of indelible ink directly to national election commissions.

Due to the high associated costs of closing down our operations in Afghanistan, Copenhagen Contractors took a minor loss in 2017. The loss was offset by revenue from a long-term engineering consultancy contract in Bangkok, Thailand for an international organisation and provision of wash-down and disinfection services for the Danish Defence.

In 2016, we terminated the operating activities of our Horizontal Directional Drilling business in Jordan, but kept the business open to recuperate any outstanding debt still owed to us. Despite a slight improvement in revenue for our business in Kuwait following large and profitable orders end of 2017, net profit for the year was negatively affected by large expenses to external consultants and accountants.

In 2017, we decided to acquire DynCorp International's share of Copenhagen Arctic as we intend to use this business unit for pursuing business opportunities in the Nordic Arctic region. We also expect the contract for the operation and maintenance of the Thule Air Base in Greenland for the US Air Force to be re-tendered again soon, for which we intend to bid.

## Financial Development

In 2017, revenue increased by 22.2% from DKK 212 million to DKK 259 million. The increase in revenue was a result of large orders in Copenhagen Global and Copenhagen Elections plus positive currency gains.

**B6 and VR7 Armoured Vehicles**  
Copenhagen Global and UAW supply and deliver B6 and VR7 armoured vehicles to international organisation and foreign diplomatic services worldwide.



# Armoured Special Utility Vehicles

Despite a higher revenue, gross profit decreased by 34.1% to DKK 24.4 million from DKK 37 million. This lower gross profit was a result of large investments made in Copenhagen Global during the past year compared to the year before, such as rental of warehouse/workshop, procurement of service vehicles and use of external consulting services.

Operating profit decreased by 11.1% to DKK 8.7 million, constituting a profit margin of 3.4%. The decrease in operating profit was lower than the decrease in gross profit due to lower staff costs and less depreciation compared to the year before.

Total balance was increased by 301.8% to DKK 116.2 million from DKK 38.5 million. This unusual high number in 2017 was due to large orders for vehicles placed by our customers at the very end of the annual year, resulting in an inflated balance sheet at year end for Copenhagen Global and thereby also Copenhagen Group.

With a net profit of DKK 8.3 million for 2017, total equity ultimo 2017 amounts to DKK 17.7 million and translates into an equity share of 15.0%, which is a deterioration from 24% last year.

#### Expectations for the Future

Supporting international organisations and national governmental bodies worldwide with products and services from cradle to grave remains our core business focus.

In 2017, Copenhagen Global tendered for a few large long-term agreements with international organisations, which will affect our future financial results, either positively or negatively.

Nonetheless, we expect the Danish market, particularly the maritime sector, to contribute positively to the result of Copenhagen Global in 2018. During 2017, we invested heavily in this sector with the employment of technical staff, procurement of equipment and establishment of a workshop. We hope all our efforts to this end will bear fruit in the years to come.

Furthermore, with the dealership for both FPT Industrial and MAGIRUS in the Kingdom of Denmark, we also expect to expand our presence in the Danish market, by not only supplying and delivering engines, generators, fire trucks and equipment, but also offering repair and maintenance services to customers. During 2018, we should be able to increase our domestic revenue share from the current 13.7% to at least 20%.

Given the current political climate with geopolitical tensions, particularly between the Western World and Russia, we expect heighten military presence in the Baltic countries by NATO forces. Copenhagen Contractors will spearhead our entry into these countries by offering support (products and services) to national and international armed forces operating on the border to Russia.

Given that the procurement of electoral materials has been decentralised during the past few years, it requires a slightly new marketing model to sell our products for national elections. To support this new reality, we are now marketing and selling our electoral materials directly to national election commissions. However, year 2018 holds few elections in developing countries, where our products are used; therefore, expectations for the next financial year for Copenhagen Election are somewhat low.

#### Risk Management

Proper management of risks is extremely important to us, since our corporate set-up and customer database do not lend us much room for manoeuvring with respect to social acceptability and financial credibility.

Before bidding for a new potential contract we conduct an internal assessment of the customer and scope of work to ensure it meets our obligations to UN Global Compact to which we are a long-standing signatory.

Our suppliers undergo same level of scrutiny, in particular with respect to ISO 9001 on quality, ISO 14001 on environment and OHSAS 18001 on occupational health and safety.

To hedge our financial risks, we aim to quote customers in the same currency as that quoted to us by our suppliers. Our business transactions are, for the most part, also restricted to DKK, EUR and USD; hence, the biggest risk relates to fluctuations in the USD exchange rate towards EUR and DKK.

The vast majority of our contracts are with stable national governments and reputable international organisations; hence, a loss on debtors or a long delay in payments by a customer is rarely a problem for us.

#### Employees

Dedicated and motivated employees are paramount to the success of our company.

Offering employees the chance to further develop their skills set and take on new responsibilities is important to us.

Our employees are also strongly encouraged to propose new products and services to market and ideas on how to further improve our internal processes.

Each year, all of our employees are asked to participate in the employee satisfaction survey with the aim to improve employee engagement, satisfaction, work processes, and management practices.

# A Year in Review



### Elections

We produced and shipped a large batch of our indelible ink product for political elections in a developing country.



### Iraq

Under one of our Long Term Agreements, we obtained a purchase order for 66 IVECO trucks to Iraq. One of our largest shipments to date.



### Breakthrough

Together with our strategic partner, MAGIRUS, we supplied and delivered our first MAGIRUS Turntable Ladder to Beredskab Øst in Denmark.



### Flying Solo

We acquired DynCorp's 30% share of Copenhagen Arctic making us the sole owner of this business entity. We will use Copenhagen Arctic for pursuing opportunities in the arctic region in the years to come.

January

February

March

May

September

October

November

December

### Pack Up Shop

We completed our engagements in Afghanistan and handed over our last facility to the US Army.



### Unmanned Systems

We officially concluded an agreement with Textron Systems Inc. for the promotion and sale of its unmanned systems for both air and sea in the Kingdom of Denmark.



### DSEI 2017

Together with our strategic partners, United States Marine Inc. and Kongsberg, we showcased our 13 meter Nunya boat installed with an overhead weapon station in London at the ExCel Centre for DSEI 2017 – the world leading defence and security event.



### New Era – New Look

We launched a new and clean look for our corporate websites following changes in our strategic focus as a result of the closure of our long-term projects in Afghanistan on behalf of NATO.



# Corporate Responsibility

We publish an independent annual Communication on Progress (COP), disclosing our corporate responsibility policies, key actions and performance.

Throughout all aspects of our operations – from tendering to buy-back and disposal of products – we are committed to conduct our business in a responsible and lawful manner with respect for the wider economic, social and environmental impacts of our activities.

We strive to promote the same principles and values underlying our business in our relationships with customers, suppliers and business partners.

We are fully committed to reducing the impacts of our operations and business activities on the environment through the mitigation of natural resource depletion and pollution.

We respect internationally recognised human rights and work to ensure that we do not contribute to human rights violations as a result of our global business activities.

We work against all forms of corruption in accordance with the law and the fundamental values of our company. We are committed to working effectively towards the elimination of facilitation payments in line with relevant international standards.

As a major supplier of products and services to various UN agencies, the UN's Sustainable Development Goals (SDGs) are very important to us and we do our best to contribute to the fulfilment of the SDGs most relevant to our businesses. Of the 17 SDGs established and agreed upon globally, we currently aim to help fulfil the following SDGs through our business conduct:

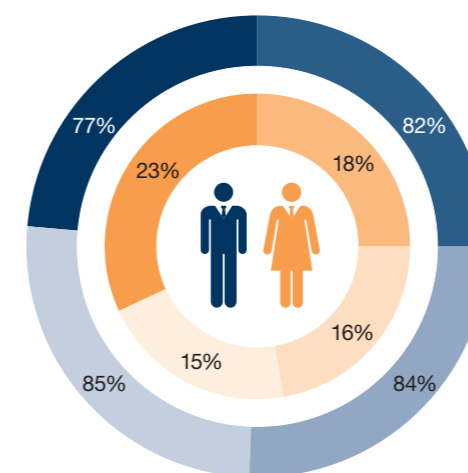


By supporting national election commissions worldwide with our electoral products, we aim to promote democracy through free and fair elections.

By optimising our own operations and working closely with our partners we aim to ship the vast majority of our goods by sea to reduce our carbon footprint.

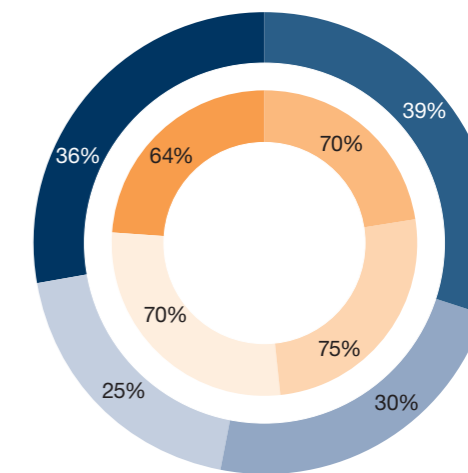
By collaborating with partners on the correct management, transport and disposal of hazardous material, such as our indelible ink products, we help our customers protect the environment.

Gender Balance



2017 2016 2015 2014

Nationality



Danish 2017 2016 2015 2014  
Non-Danish 2017 2016 2015 2014

# Nunya – A 13M High Speed Interception Craft

**USMI 13M Nunya**  
Copenhagen Global sells, leases and maintains  
a 13 meter High Speed Interception Craft  
manufactured by United States Marine Inc.  
(USMI) to customers in Scandinavia, Europe,  
Middle East and Africa.

*Photo Credits: Dan Ljungsvik and HSBO 2018*



# Statement by the Management

The Board of Directors and the Managing Director have today presented the Annual Report of Copenhagen Group A/S for the financial year 1 January to 31 December 2017.

The Annual Report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion, the consolidated annual accounts and the annual accounts provide a true and fair view of the assets, the liabilities and the financial position, consolidated and for the company respectively as on 31 December 2017, and of the results of the activities and cash flows, consolidated and of the company respectively in the financial year 1 January to 31 December 2017.

We are of the opinion that the Management's Review includes a fair description of the issues dealt with.

The Annual Report is recommended for approval by the general meeting.

Copenhagen, 22 May 2018

Managing Director

Jeppe Handwerk  
CEO

Board of Directors

Casper Moltke-Leth  
Chairman

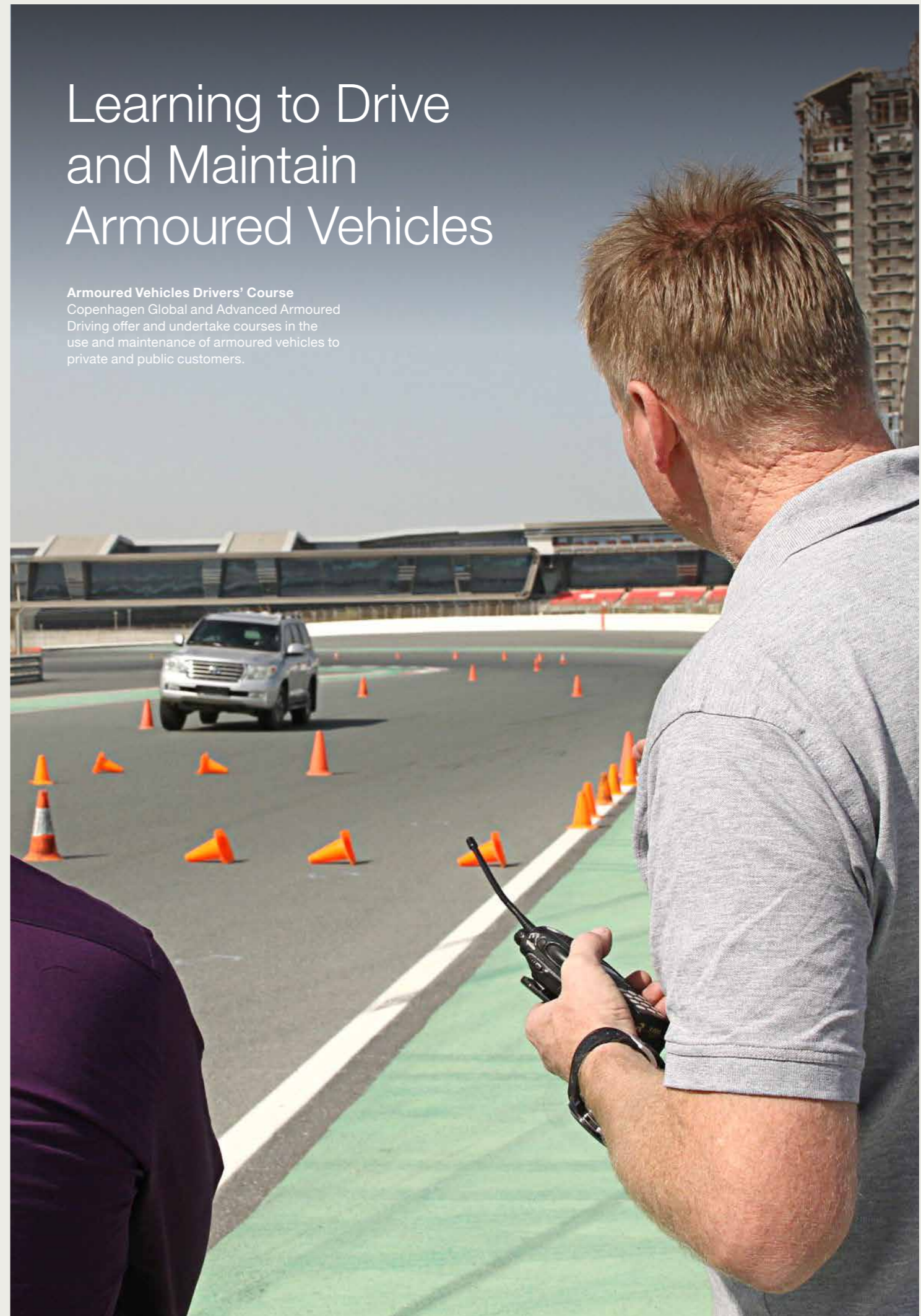
Jeppe Handwerk  
CEO

Meta Birgitte Zachau Handwerk  
Board Member

## Learning to Drive and Maintain Armoured Vehicles

### Armoured Vehicles Drivers' Course

Copenhagen Global and Advanced Armoured Driving offer and undertake courses in the use and maintenance of armoured vehicles to private and public customers.



# Independent Auditor's Report

*To the Shareholders of Copenhagen Group A/S*

## Opinion

We have audited the consolidated annual accounts and the annual accounts of Copenhagen Group A/S for the financial year 1 January to 31 December 2017, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity, cash flow statement and notes, consolidated and for the company respectively. The consolidated annual accounts and the annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated annual accounts and the annual accounts give a true and fair view of the assets, liabilities and financial position, consolidated and for the company respectively at 31 December 2017 and of the results of the company's operations and cash flows, consolidated and for the company respectively for the financial year 1 January to 31 December 2017 in accordance with the Danish Financial Statements Act.

## Basis for Opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts".

We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

## The Management's Responsibilities for the Consolidated Annual Accounts and the Annual Accounts

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

In preparing the consolidated annual accounts and the annual accounts, the management is responsible for evaluating the group's and the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the consolidated annual accounts and the annual accounts, unless the manage-

ment either intends to liquidate the group or the company or to cease operations, or if it has no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts and the Annual Accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts and the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the consolidated annual accounts and the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated annual

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

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

- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's preparation of the consolidated annual accounts and the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the group's and 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 consolidated annual accounts and the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated annual accounts and the annual accounts, including the disclosures in the notes, and whether the consolidated annual accounts and the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the business activities within the group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

## Statement on the Management's Review

The management is responsible for the Management's Review.

Our opinion on the consolidated annual accounts and the annual accounts does not cover the Management's Review, and we do not express any kind of assurance opinion on the Management's Review.

In connection with our audit of the consolidated annual accounts and the annual accounts, our responsibility is to read the Management's Review and in that connection consider whether the Management's Review is materially inconsistent with the consolidated annual accounts and the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that the Management's Review is in accordance with the consolidated annual accounts or the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the Management's Review.

Copenhagen, 22 May 2018

Christensen Kjærulff  
Company reg. no. 15.91 56 41



Elan Schapiro  
State Authorised Public Accountant

# Ensuring Building Safety during Earthquakes

## Seismic Retrofit of High Rise Buildings

Copenhagen Contractors and Asian Institute of Technology have provided seismic design and consulting services for an international organisation in Bangkok, Thailand to ensure life-safety and collapse prevention of its office premises during a potential earthquake.

# Profit and Loss Account

1 January - 31 December

Note	GROUP		PARENT ENTERPRISE	
	2017	2016	2017	2016
Net turnover	258,620,663	212,314,054	11,515,912	14,316,200
Other operating income	587,373	0	0	0
Raw materials and consumables used	-224,997,673	-165,813,699	-20,282	-497,021
Other external costs	-9,840,002	-9,535,313	-6,578,846	-6,481,812
<b>Gross results</b>	<b>24,370,361</b>	<b>36,965,042</b>	<b>4,916,784</b>	<b>7,337,367</b>
2 Staff costs	-15,389,785	-22,421,842	-7,897,749	-9,651,229
3 Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-268,466	-4,745,246	-83,229	-199,522
<b>Operating profit</b>	<b>8,712,110</b>	<b>9,797,954</b>	<b>-3,064,194</b>	<b>-2,513,384</b>
4 Income from equity investments in group enterprises	0	0	10,332,318	8,259,425
Other financial income from group enterprises	0	0	1,273,010	1,008,795
Other financial income	2,694,141	374	435,413	469,226
5 Other financial costs	-4,573,607	-2,833,935	-4,219,183	-2,198,899
<b>Results before tax</b>	<b>6,832,644</b>	<b>6,964,393</b>	<b>4,757,364</b>	<b>5,025,163</b>
6 Tax on ordinary results	1,494,459	-1,598,620	3,516,632	410,006
<b>7 Results for the year</b>	<b>8,327,103</b>	<b>5,365,773</b>	<b>8,273,996</b>	<b>5,435,169</b>
The group's results are as follows:				
Shareholders in Copenhagen Group A/S	8,273,996	5,435,169		
Minority interests	53,107	-69,396		
	<b>8,327,103</b>	<b>5,365,773</b>		

All amounts in DKK.

# Balance Sheet 31 December

## Assets

Note	GROUP		PARENT ENTERPRISE	
	2017	2016	2017	2016
	<b>Fixed assets</b>			
8	0	135,730	0	36,945
	<u>0</u>	<u>135,730</u>	<u>0</u>	<u>36,945</u>
9	1,722,746	1,748,078	1,722,746	1,748,078
10	4,162,103	4,279,829	36,494	57,446
	<u>5,884,849</u>	<u>6,027,907</u>	<u>1,759,240</u>	<u>1,805,524</u>
11	0	0	25,679,349	15,138,033
12	550,243	679,605	476,015	539,406
	<u>550,243</u>	<u>679,605</u>	<u>26,155,364</u>	<u>15,677,439</u>
	<b>6,435,092</b>	<b>6,843,242</b>	<b>27,914,604</b>	<b>17,519,908</b>
	<b>Current assets</b>			
	4,500,573	2,192,826	0	0
	2,159,358	1,592,677	0	0
	915,909	534,084	0	0
	<u>958,186</u>	<u>4,314,141</u>	<u>0</u>	<u>0</u>
	<u>8,534,026</u>	<u>8,633,728</u>	<u>0</u>	<u>0</u>
	92,094,511	17,868,020	0	20,017
13	1,826,223	1,751,310	0	0
	298,588	233,586	12,851,533	15,068,622
14	3,582,390	1,619,738	2,388,494	397,458
	0	0	1,525,596	1,331,403
	1,053,804	382,987	125,188	2,677
15	<u>22,828</u>	<u>63,094</u>	<u>22,828</u>	<u>37,672</u>
	<u>98,878,344</u>	<u>21,918,735</u>	<u>16,913,639</u>	<u>16,857,849</u>
	2,349,506	1,114,431	1,291,942	174,034
	<b>109,761,876</b>	<b>31,666,894</b>	<b>18,205,581</b>	<b>17,031,883</b>
	<b>116,196,968</b>	<b>38,510,136</b>	<b>46,120,185</b>	<b>34,551,791</b>

All amounts in DKK.

# Balance Sheet 31 December

## Equity and Liabilities

Note	GROUP		PARENT ENTERPRISE	
	2017	2016	2017	2016
	<b>Equity</b>			
16	3,000,000	3,000,000	3,000,000	3,000,000
	<u>14,396,161</u>	<u>5,913,167</u>	<u>14,396,155</u>	<u>5,913,161</u>
	17,396,161	8,913,167	17,396,155	8,913,161
	<u>293,086</u>	<u>239,979</u>	<u>0</u>	<u>0</u>
	<b>17,689,247</b>	<b>9,153,146</b>	<b>17,396,155</b>	<b>8,913,161</b>
	<b>Provisions</b>			
17	<u>100,000</u>	<u>100,762</u>	<u>0</u>	<u>0</u>
	<b>100,000</b>	<b>100,762</b>	<b>0</b>	<b>0</b>
	<b>Liabilities</b>			
18	1,045,690	1,095,141	1,045,690	1,095,141
19	0	2,190,654	0	2,190,654
20	<u>1,131,429</u>	<u>988,471</u>	<u>0</u>	<u>0</u>
	<u>2,177,119</u>	<u>4,274,266</u>	<u>1,045,690</u>	<u>3,285,795</u>
	2,238,561	2,249,000	2,238,561	2,249,000
	17,850,346	10,379,466	7,766,842	6,435,717
	223,145	45,000	0	45,000
	73,383,175	9,428,674	576,144	625,378
	0	0	15,992,005	11,480,582
	24,136	94,998	0	0
	<u>2,511,239</u>	<u>2,784,824</u>	<u>1,104,788</u>	<u>1,517,158</u>
	<u>96,230,602</u>	<u>24,981,962</u>	<u>27,678,340</u>	<u>22,352,835</u>
	<b>98,407,721</b>	<b>29,256,228</b>	<b>28,724,030</b>	<b>25,638,630</b>
	<b>116,196,968</b>	<b>38,510,136</b>	<b>46,120,185</b>	<b>34,551,791</b>
1	<b>Special items</b>			
21	<b>Mortgage and securities</b>			
22	<b>Contingencies</b>			

All amounts in DKK.

## Consolidated Statement of Changes in Equity

	Contributed capital	Results brought forward	Proposed dividend for the financial year	Minority interests	In total
Equity 1 January 2016	3,000,000	7,472,799	4,500,000	309,375	15,282,174
Distributed dividend	0	0	-4,500,000	0	-4,500,000
Profit or loss for the year brought forward	0	5,435,170	0	-69,396	5,365,774
Extraordinary dividend adopted during the financial year	0	-7,000,000	0	0	-7,000,000
Currency translation	0	5,198	0	0	5,198
Equity 1 January 2017	3,000,000	5,913,167	0	239,979	9,153,146
Profit or loss for the year brought forward	0	8,273,996	0	53,107	8,327,103
Currency translation	0	208,998	0	0	208,998
	<b>3,000,000</b>	<b>14,396,161</b>	<b>0</b>	<b>293,086</b>	<b>17,689,247</b>

All amounts in DKK.

## Statement of Changes in Equity of the Parent Enterprise

	Contributed capital	Results brought forward	Proposed dividend for the financial year	In total
Equity 1 January 2016	3,000,000	7,472,794	4,500,000	14,972,794
Distributed dividend	0	0	-4,500,000	-4,500,000
Profit or loss for the year brought forward	0	-1,564,831	0	-1,564,831
Extraordinary dividend adopted during the financial year	0	7,000,000	0	7,000,000
Distributed extraordinary dividend adopted during the financial year	0	-7,000,000	0	-7,000,000
Currency translation	0	5,198	0	5,198
Equity 1 January 2017	3,000,000	5,913,161	0	8,913,161
Profit or loss for the year brought forward	0	8,273,996	0	8,273,996
Currency translation	0	208,998	0	208,998
	<b>3,000,000</b>	<b>14,396,155</b>	<b>0</b>	<b>17,396,155</b>

All amounts in DKK.

# Cash Flow Statement

1 January - 31 December

Note	GROUP		PARENT ENTERPRISE	
	2017	2016	2017	2016
Results for the year	8,327,103	5,365,773	8,273,996	5,435,169
23 Adjustments	653,473	9,177,427	-11,254,961	-7,749,032
24 Change in working capital	-10,839,351	3,944,205	-594,254	-218,556
Cash flow from operating activities before net financials	-1,858,775	18,487,405	-3,575,219	-2,532,419
Interest received and similar amounts	2,675,857	374	1,708,423	1,478,023
Interest paid and similar amounts	-4,539,854	-2,833,935	-4,219,183	-2,198,899
Cash flow from ordinary activities	-3,722,772	15,653,844	-6,085,979	-3,253,295
Corporate tax paid	-94,998	-195,050	1,331,403	0
<b>Cash flow from operating activities</b>	<b>-3,817,770</b>	<b>15,458,794</b>	<b>-4,754,576</b>	<b>-3,253,295</b>
Purchase of tangible fixed assets	-285,734	-4,932,338	0	-62,858
Sale of tangible fixed assets	130,551	1,030,861	0	0
Purchase of financial fixed assets	0	0	0	-2,513,156
Purchase of financial fixed assets	0	-13,156	0	0
Dividends received	0	0	0	24,000,000
Other cash flows from (spent in) investment activities	-3,566	0	0	0
<b>Cash flow from investment activities</b>	<b>-158,749</b>	<b>-3,914,633</b>	<b>0</b>	<b>21,423,986</b>
Repayments of long-term debt	-919,419	-4,638,849	-919,419	836,502
Dividend paid	0	-11,500,000	0	-11,500,000
Available funds	6,139,755	2,931,690	6,728,512	-7,517,411
Other cash flows from financing activities	-55,900	0	0	0
<b>Cash flow from financing activities</b>	<b>5,164,436</b>	<b>-13,207,159</b>	<b>5,809,093</b>	<b>-18,180,909</b>
<b>Changes in available funds</b>	<b>1,187,917</b>	<b>-1,662,998</b>	<b>1,054,517</b>	<b>-10,218</b>
Available funds 1 January 2017	1,114,431	2,837,767	174,034	184,252
Exchange rate adjustments (available funds)	47,158	-60,338	63,391	0
<b>Available funds 31 December 2017</b>	<b>2,349,506</b>	<b>1,114,431</b>	<b>1,291,942</b>	<b>174,034</b>
<b>Available funds</b>				
Available funds	2,349,506	1,114,431	1,291,942	174,034
<b>Available funds 31 December 2017</b>	<b>2,349,506</b>	<b>1,114,431</b>	<b>1,291,942</b>	<b>174,034</b>

All amounts in DKK.

# Notes

## 1. Special items

Special items include significant income and expenses of a special nature in proportion to the enterprise's ordinary operating activities, such as the cost of extensive structuring of processes and fundamental structural adjustments and any gains and losses related and which over time have a significant impact. Special items also include other significant amounts of non-recurring nature.

As mentioned in the management's review, the results for the year are affected by a change in financial estimates, which has a material effect on the results for the year.

Special items for the year are specified below, showing where these are recognised in the income profit and loss account.

### Income

Reversal of writedown of fixed assets

Special items are recognised in the following items in the annual accounts:

Depreciation and writedown relating to tangible fixed assets

### Results of special items, net

GROUP
2017
1,675,245
1,675,245
1,675,245
1,675,245

## 2. Staff costs

Salaries and wages

Other costs for social security

Other staff costs

Executive board and board of directors

Average number of employees

	GROUP		PARENT ENTERPRISE	
	2017	2016	2017	2016
Salaries and wages	13,550,324	19,172,027	6,696,856	8,264,599
Other costs for social security	-146,764	151,184	42,046	135,690
Other staff costs	1,986,225	3,098,631	1,158,847	1,250,940
	<b>15,389,785</b>	<b>22,421,842</b>	<b>7,897,749</b>	<b>9,651,229</b>
Executive board and board of directors	2,920,000	3,450,000	584,000	810,000
Average number of employees	31	45	7	9

All amounts in DKK.

## Notes

	GROUP		PARENT ENTERPRISE	
	2017	2016	2017	2016
<b>3. Depreciation, amortisation and writedown relating to tangible and intangible fixed assets</b>				
Amortisation of intangible assets	135,730	276,540	36,945	168,777
Depreciation on buildings	25,332	25,332	25,332	25,332
Depreciation and writedown on plants, operating assets, fixtures and furniture	237,955	4,443,374	20,952	5,413
Profit/loss on sale of tangible assets	-130,551	0	0	0
	<u>268,466</u>	<u>4,745,246</u>	<u>83,229</u>	<u>199,522</u>
<b>4. Income from equity investments in group enterprises</b>				
Copenhagen Contractors A/S			-333,153	3,574,858
Copenhagen Election A/S			2,399,755	-2,942,598
Copenhagen Global A/S			8,139,547	9,736,092
Copenhagen Arctic A/S			123,917	-161,935
Copenhagen Contractors Ltd, Kuwait			41,234	-746,360
Copenhagen Contractors Ltd, Jordan			-38,982	-1,200,632
			<u>10,332,318</u>	<u>8,259,425</u>
<b>5. Other financial costs</b>				
Financial costs, group enterprises	0	0	1,277,890	1,491,038
Other financial costs	4,573,607	2,833,935	2,941,293	707,861
	<u>4,573,607</u>	<u>2,833,935</u>	<u>4,219,183</u>	<u>2,198,899</u>
<b>6. Tax on ordinary results</b>				
Tax of the results for the year	468,193	248,358	-1,525,596	-1,331,403
Adjustment for the year of deferred tax	-1,962,652	1,350,262	-1,991,036	921,397
	<u>-1,494,459</u>	<u>1,598,620</u>	<u>-3,516,632</u>	<u>-410,006</u>

All amounts in DKK.

## Notes

	GROUP		PARENT ENTERPRISE	
	2017	2016	2017	2016
<b>7. Proposed distribution of the results</b>				
Extraordinary dividend adopted during the financial year			0	7,000,000
Allocated to results brought forward			8,273,996	0
Allocated from results brought forward			0	-1,564,831
<b>Distribution in total</b>			<u>8,273,996</u>	<u>5,435,169</u>
	31/12 2017	31/12 2016	31/12 2017	31/12 2016
<b>8. Intellectual property</b>				
Cost 1 January 2017	2,148,315	2,148,315	1,542,997	1,542,997
<b>Cost 31 December 2017</b>	<u>2,148,315</u>	<u>2,148,315</u>	<u>1,542,997</u>	<u>1,542,997</u>
Amortisation and writedown 1 January 2017	-2,012,585	-1,736,046	-1,506,052	-1,337,276
Amortisation for the year	-135,730	-276,539	-36,945	-168,776
<b>Amortisation and writedown 31 December 2017</b>	<u>-2,148,315</u>	<u>-2,012,585</u>	<u>-1,542,997</u>	<u>-1,506,052</u>
<b>Book value 31 December 2017</b>	<u>0</u>	<u>135,730</u>	<u>0</u>	<u>36,945</u>
<b>9. Land and property</b>				
Cost 1 January 2017	10,965,179	10,965,179	1,900,000	1,900,000
Disposals during the year	-6,496,504	0	0	0
<b>Cost 31 December 2017</b>	<u>4,468,675</u>	<u>10,965,179</u>	<u>1,900,000</u>	<u>1,900,000</u>
Depreciation and writedown 1 January 2017	-9,217,101	-9,191,769	-151,922	-126,590
Depreciation for the year	-25,332	-25,332	-25,332	-25,332
Reversal of depreciation, amortisation and writedown, assets disposed of	6,496,504	0	0	0
<b>Depreciation and writedown 31 December 2017</b>	<u>-2,745,929</u>	<u>-9,217,101</u>	<u>-177,254</u>	<u>-151,922</u>
<b>Book value 31 December 2017</b>	<u>1,722,746</u>	<u>1,748,078</u>	<u>1,722,746</u>	<u>1,748,078</u>

All amounts in DKK.

## Notes

	GROUP		PARENT ENTERPRISE	
	31/12 2017	31/12 2016	31/12 2017	31/12 2016
<b>10. Other plants, operating assets, and fixtures and furniture</b>				
Cost 1 January 2017	29,441,592	35,332,107	2,171,467	2,108,609
Translation by use of the exchange rate valid on balance sheet date 31 December 2017	-1,132,663	561,955	0	0
Additions during the year	285,734	4,932,338	0	62,858
Disposals during the year	-490,046	-11,384,808	0	0
<b>Cost 31 December 2017</b>	<b>28,104,617</b>	<b>29,441,592</b>	<b>2,171,467</b>	<b>2,171,467</b>
Amortisation and writedown 1 January 2017	-25,161,763	-30,573,754	-2,114,021	-2,108,608
Adjustment of writedown, opening balance	1,675,245	0	0	0
Translation by use of the exchange rate valid on balance sheet date 31 December 2017	909,683	-457,355	0	0
Depreciation for the year	-1,855,727	-4,483,188	-20,952	-5,413
Reversal of depreciation, amortisation and writedown, assets disposed of	490,048	10,352,534	0	0
<b>Amortisation and writedown 31 December 2017</b>	<b>-23,942,514</b>	<b>-25,161,763</b>	<b>-2,134,973</b>	<b>-2,114,021</b>
<b>Book value 31 December 2017</b>	<b>4,162,103</b>	<b>4,279,829</b>	<b>36,494</b>	<b>57,446</b>

All amounts in DKK.

## Notes

	GROUP		PARENT ENTERPRISE	
	31/12 2017	31/12 2016	31/12 2017	31/12 2016
<b>11. Equity investments in group enterprises</b>				
Acquisition sum, opening balance 1 January 2017			62,851,579	60,351,579
Additions during the year			0	2,500,000
<b>Cost 31 December 2017</b>			<b>62,851,579</b>	<b>62,851,579</b>
Revaluations, opening balance 1 January 2017			-47,713,546	-31,978,169
Translation by use of the exch, rate valid on balance sheet date			208,998	5,198
Results for the year before goodwill amortisation			10,332,318	8,259,425
Dividend			0	-24,000,000
<b>Revaluation 31 December 2017</b>			<b>-37,172,230</b>	<b>-47,713,546</b>
<b>Book value 31 December 2017</b>			<b>25,679,349</b>	<b>15,138,033</b>
<b>Group enterprises:</b>			<b>Domicile</b>	<b>Share of ownership</b>
Copenhagen Contractors A/S			Copenhagen	100 %
Copenhagen Election A/S			Copenhagen	100 %
Copenhagen Global A/S			Copenhagen	100 %
Copenhagen Artic A/S			Copenhagen	70 %
Copenhagen Contractors Int, Ltd,			Jordan	100 %
Copenhagen Contractors Int, Ltd,			Kuwait	100 %
<b>12. Deposits</b>				
Cost 1 January 2017	679,605	664,287	539,406	526,250
Additions during the year	0	15,318	0	13,156
Disposals during the year	-129,362	0	-63,391	0
<b>Cost 31 December 2017</b>	<b>550,243</b>	<b>679,605</b>	<b>476,015</b>	<b>539,406</b>
<b>Book value 31 December 2017</b>	<b>550,243</b>	<b>679,605</b>	<b>476,015</b>	<b>539,406</b>

All amounts in DKK.

## Notes

	GROUP		PARENT ENTERPRISE	
	31/12 2017	31/12 2016	31/12 2017	31/12 2016
<b>13. Work in progress for the account of others</b>				
Sales value of the production of the period	1,826,223	1,751,310	0	0
Work in progress for the account of others, net	1,826,223	1,751,310	0	0
<b>14. Deferred tax assets</b>				
Deferred tax assets 1 January 2017	1,619,738	2,970,000	397,458	1,318,855
Adjustments	1,962,652	-1,350,262	1,991,036	-921,397
	<b>3,582,390</b>	<b>1,619,738</b>	<b>2,388,494</b>	<b>397,458</b>
<b>15. Accrued income and deferred expenses</b>				
Accruals consist of prepaid expenses related to the next fiscal year,				
<b>16. Contributed capital</b>				
Contributed capital 1 January 2017			3,000,000	3,000,000
			<b>3,000,000</b>	<b>3,000,000</b>
<b>17. Other provisions</b>				
Other provisions 1 January 2017	100,762	173,387	0	0
Change of the year in other provisions	-762	-72,625	0	0
	<b>100,000</b>	<b>100,762</b>	<b>0</b>	<b>0</b>

The share capital consists of 3,000,000 shares, each with a nominal value of DKK 1.

During the last 5 years, there has been the following changes to the contributed capital:

The company has in 2014 reduced the contributed capital from DKK 6,000,001 to DKK 3,000,000 through a share annulment paid out to the shareholders.

The company has in 2012 increased the contributed capital from DKK 5,714,307 to DKK 6,000,001 through a cash capital increase.

All amounts in DKK.

## Notes

	GROUP		PARENT ENTERPRISE	
	31/12 2017	31/12 2016	31/12 2017	31/12 2016
<b>18. Mortgage debt</b>				
Mortgage debt in total	1,093,190	1,140,141	1,093,190	1,140,141
Share of amount due within 1 year	-47,500	-45,000	-47,500	-45,000
	<b>1,045,690</b>	<b>1,095,141</b>	<b>1,045,690</b>	<b>1,095,141</b>
<b>Share of liabilities due after 5 years</b>	<b>845,000</b>	<b>915,000</b>	<b>845,000</b>	<b>915,000</b>
<b>19. Bank debts</b>				
Bank debts in total	2,191,061	4,394,654	2,191,061	4,394,654
Share of amount due within 1 year	-2,191,061	-2,204,000	-2,191,061	-2,204,000
	<b>0</b>	<b>2,190,654</b>	<b>0</b>	<b>2,190,654</b>
<b>Share of liabilities due after 5 years</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>20. Other debts</b>				
<b>Other debts in total</b>	<b>1,131,429</b>	<b>988,471</b>	<b>0</b>	<b>0</b>
<b>Share of liabilities due after 5 years</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>21. Mortgage and securities</b>				
As security for mortgage debts, tDKK 1,093, mortgage has been granted on land and buildings representing a book value of tDKK 1,723 at 31 December 2017.				
As security for bank debts, tDKK 9,958, mortgage has been granted available funds representing a book value of tDKK 1,372 at 31 December 2017.				
For bank debts, tDKK 20,041, the group has provided security in company assets representing a nominal value of tDKK 18,500. This security comprises the below assets, stating the book values:				
Inventories		tDKK 7,303		
Receivable from sales and services		tDKK 83,176		
Other plants, operating assets, fixtures and furniture		tDKK 3,252		

All amounts in DKK.

# Notes

## 22. Contingencies

### Contingent liabilities for the group

	DKK in thousands
Leasing liabilities	1,372
Recourse guarantee commitments	20,041
Recourse liability to products sold	<u>5,251</u>
<b>Contingent liabilities in total</b>	<b><u>26,664</u></b>

Comprising:

Contingent liabilities, group enterprises	<u>20,041</u>
---	---------------

### Joint taxation

Handwerk Holding A/S, company reg. no 33055889 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

## 23. Adjustments

	GROUP		PARENT ENTERPRISE	
	2017	2016	2017	2016
Depreciation and amortisation	268,466	4,745,246	83,229	199,521
Income from equity investments in group enterprises	0	0	-10,332,318	-8,259,425
Dividends from group enterprises	0	0	-1,273,010	-1,008,795
Other financial income	-2,694,141	-374	-435,413	-469,226
Other financial costs	4,573,607	2,833,935	4,219,183	2,198,899
Tax on ordinary results	<u>-1,494,459</u>	<u>1,598,620</u>	<u>-3,516,632</u>	<u>-410,006</u>
	<b><u>653,473</u></b>	<b><u>9,177,427</u></b>	<b><u>-11,254,961</u></b>	<b><u>-7,749,032</u></b>

All amounts in DKK.

# Notes

## 24. Change in working capital

	GROUP		PARENT ENTERPRISE	
	2017	2016	2017	2016
Change in inventories	-321,969	5,188,197	0	0
Change in debtors	-74,507,252	27,862,761	-87,650	66,981
Change in trade creditors and other liabilities	<u>63,989,870</u>	<u>-29,106,753</u>	<u>-506,604</u>	<u>-285,537</u>
	<b><u>-10,839,351</u></b>	<b><u>3,944,205</u></b>	<b><u>-594,254</u></b>	<b><u>-218,556</u></b>

All amounts in DKK.

# Accounting Policies

The Annual Report for Copenhagen Group A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (medium sized enterprises). The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK). In a previous financial year, there has been a write-down of tangible fixed assets. This write-down has been reversed because of a change in the estimate of the use of the asset.

## Recognition and Measurement in General

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, write-down, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account. Assets are recognised in the balance sheet when the group is liable to achieve future, financial benefits and the value of the asset can be measured reliably. Liabilities are recognised in the balance sheet when the group is liable to lose future, financial benefits and the value of the liability can be measured reliably. At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item. At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the Annual Report is presented, and which concerns matters existing on the balance sheet date.

## The Consolidated Annual Accounts

The consolidated annual accounts comprise the parent company Copenhagen Group A/S and those group enterprises of which Copenhagen Group A/S directly or indirectly owns more than 50 % of the voting rights or in other ways has controlling interest.

As it appears from the group chart, enterprises of which the group owns between 20 and 50% of the voting rights and exercises considerable, but not controlling interest are considered associated enterprises. By the consolidation, elimination of intercompany income and costs, shareholding, intercompany balances and dividends and realised and unrealised gains and losses from transactions among the consolidated enterprises takes place.

Equity interests in group enterprises are settled by the proportional share of the group enterprises' trade value of net assets and liabilities at the date of acquisition.

## Minority Interests

The items of the group enterprises are recognised by 100 % in the consolidated annual accounts. The minority interests' proportionate share of the profit or loss and the equity of the group enterprises are adjusted annually, and they are recognised as a separate item below the profit and loss account and as a separate item in the balance sheet respectively.

## THE PROFIT AND LOSS ACCOUNT

### Net Turnover

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received.

The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

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

When the results of a contract can not be determined reliably, the net turnover is only recognised on a cost basis, however, to the extent that it is probable that the costs will be recovered.

## Cost of Sales

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

## Other Operating Income

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

## Other External Costs

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

## Staff Costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

## Depreciation, Amortisation and Write-Down

Depreciation, amortisation and write-down comprise depreciation on, amortisation of and write-down relating to intangible and tangible fixed assets respectively.

## Net Financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.



## Snowmobiles in the Arctic

**BRP Lynx Snowmobiles for Danish Defence**  
Copenhagen Global and BRP Lynx have supplied snowmobiles to the Danish Defence for use in the arctic region and elsewhere.

### Results from Equity Investments in Group Enterprises

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the individual group enterprises are recognised in the profit and loss account at a proportional share of the group enterprises' results after tax.

### Tax of the Results for the Year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The parent enterprise and the Danish group enterprises are subject to the Danish rules on compulsory joint taxation of the consolidated Danish enterprises. The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

### THE BALANCE SHEET

#### Intangible Fixed Assets and Intellectual Property

Acquired software and intellectual property is measured at cost price less accumulated amortization and is amortized by the straight-line method over the expected useful life estimated to three to five years.

#### Tangible Fixed Assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and write-down. Land is not depreciated. The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues. If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use. The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life: buildings, Denmark (30 years); Other Plants, Operating Assets, Fixtures and Furniture (3-5 years).

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

#### Write-Down of Fixed Assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively. If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Write-down takes place to the recoverable amount, if this value is lower than the book value. The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised write-down is reversed when the condition for the write-down no longer exist. Write-down relating to goodwill is not reversed.

### FINANCIAL FIXED ASSETS

#### Equity Investments in Group Enterprises

Equity investments in group enterprises are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

Group enterprises and associated enterprises with negative equity are recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity.

If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserves under the equity for net revaluation as per the equity method. Dividends from group enterprises expected to be decided before the approval of this Annual Report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprises.

#### Inventories

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, write-down takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

#### Debtors

Debtors are measured at amortised cost, which usually corresponds to face value. In order to meet expected losses, write-down takes place at the net realisable value.

#### Work in Progress for the Account of Others

Contract work in progress is measured at the selling price of the work performed, however with deduction of invoicing on account and expected losses. Contract work in progress is characterised by the manufactured goods featuring a high level of individualisation in the design.

Furthermore, it is a requirement that before work is commenced, a binding contract is to be entered into, implying penalty or damages in case of subsequent cancellation.

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

When it is probable that the total contract costs will exceed the total contract revenue, the expected contract loss is immediately recognised as costs and provisions. If the results of a contract can not be estimated reliably, the selling price is only recognised on a cost basis, however, to the extent that it is probable that the costs will be recovered.

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

#### Prepayments from customers are recognised under liabilities.

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

#### Accrued Income and Deferred Expenses

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

#### Available Funds

Available funds comprise cash at bank and in hand.

### EQUITY

#### Dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

#### Corporate Tax and Deferred Tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes.

Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Copenhagen Group A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus. Deferred tax assets, including the tax value of tax losses eligible for carryover, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

#### Other Provisions

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

Guarantee liabilities comprise liabilities for repairs within the guarantee period of 1-5 years. The provisions are measured at the net realisable value and recognised on basis of the obtained experience with guarantee work. If provisions have an expected due date later than 1 year from the balance sheet date, they are discounted at the average bond interest. When it is likely that the total costs will exceed the total income of work in progress for the account of others, provisions are made for the total loss expected on the contract. Provisions are recognised as costs under production costs.

#### Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

Mortgage debt and bank debt are for instance measured at amortised cost. As to cash loans, this corresponds to the outstanding debt of the loan. For bond loans, the amortised cost corresponds to an outstanding debt calculated as the underlying cash value at the date of borrowing adjusted by amortisation of the market value adjustment on the date of the borrowing carried out over the repayment period. Liabilities relating to investment properties are measured at amortised cost. Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

### THE CASH FLOW STATEMENT

The cash flow statement shows the cash flow of the group and the parent enterprise for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively. The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

#### Cash Flow from Operating Activities

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

#### Cash Flow from Investment Activities

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

#### Cash Flow from Financing Activities

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interest-bearing debt, and payment of dividend to the shareholders.

#### Available Funds

Available funds comprise cash funds and short-term securities with a term of less than 3 months which can easily be converted into cash funds and on which only an insignificant risk of value changes exists.

**Copenhagen Group A/S**

Sankt Annae Plads 11 ■ DK-1250 Copenhagen K ■ Denmark  
Phone: +45 33 93 19 88 ■ Email: [info@cphgroup.com](mailto:info@cphgroup.com)  
[www.cphgroup.com](http://www.cphgroup.com) ■ CVR no.: 28 69 89 41