

# Lamor Corporation Ab

Financial statements

31 December 2018

# Lamor Corporation Ab

Business ID: 2038517-1  
Registered office: Porvoo

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## **REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 2018**

### **Business development during the financial period**

Lamor Group's revenue grew by 7% year-on-year to EUR 43.9 million (EUR 41 million in 2017). The business continued to recover from the 2015 trough. Investments in the service business in recent years have paid off and approximately one third of the revenue for the financial period came from service projects.

The group's EBITDA was EUR 2.7 million (EUR 3.6 million in 2017) and net result EUR -1.5 million (EUR -1.0 million in 2017).

Investments in new businesses, especially the service business, continued. In 2018, new local companies were established to support the service business, and persons developing global business were recruited. The new structure enables us to better meet market demand for a wider range of services.

### **Corporate structure and changes in it**

Lamor Peru arranged a share issue in January 2018, resulting in Lamor Corporation Ab's ownership in the company falling to 50.01 per cent. The company will continue to be a subsidiary of Lamor Ab.

In March 2018, Lamor Corporation Ab established a joint venture in Azerbaijan, Lamor NBO (50% ownership), for service projects in Azerbaijan.

In April 2018, Lamor Corporation Ab acquired Meritaito Oy's oil spill response equipment manufacturing business.

In May 2018, Corena Group Ab established a subsidiary in Chile, Corena Chile SpA (75% ownership in the group) for service projects in Chile.

In August 2018, Corena Group Ab established a subsidiary in Bolivia, Corena Group Bolivia SRL (100% ownership) for service projects in Bolivia.

In October 2018, Lamor Corporation Ab acquired a 50% stake in the Brazilian Lamor Do Brazil to strengthen its service business in Brazil.

In December 2018, Lamor Corporation Ab sold 20% of its subsidiary Lamor Cevre Hizmetleri Sanayi ve Ticaret Anonim Sirket in Turkey. After the sale, Lamor Corporation Ab owns 31% of the company. Half (10%) the shares sold were sold to a member of the Board of Directors of Lamor Corporation Ab on behalf of the company he owns. After the share sale, Lamor Corporation Ab sold the company a manufacturing licence for Lamor's products. In connection with the sale of the licence, an EUR 1.0 million signing fee on the price of the licence was recorded in the financial statements 2018. The total value of the licence is EUR 3.0 million.

Lamor Group is organised globally so that head office functions are located in the parent company in Finland, and there are also subsidiaries in the USA, China, Spain and the United Kingdom that sell oil spill response equipment. Wholly or partially owned service companies related to the growth strategy now operate in Azerbaijan, Bolivia, Chile, Ecuador, Kazakhstan, Colombia, China, Mexico, Oman, Panama, Peru, Turkey, Brazil, Ukraine and Russia.

### Significant events after the end of the financial period

No significant events after the end of the financial period.

### Assessment of likely future developments

Revenue growth is expected to continue both after the recovery of the oil spill response equipment market and thanks to investments in and growth prospects of the service business.

### Report on the scope of research and development

Capitalised development expenditure was EUR 2.2 million (EUR 1.5 million in 2017) including the development of oil spill response equipment and service business.

### Assessment of the main risks and uncertainties of operations

In its business, the company is exposed to various strategic, operational and financial risks that the company's management actively monitors and protects.

Strategic risks consist of variations in demand, project nature, emerging market transactions and risks related to the political and operating environment.

Operational risks include process, personnel, legal and environmental risks. Measures related to the minimisation of operational risks include the ISO 9001, 14001 and 18001 standardised management system, corporate governance guidelines, insurance cover and a continuous training programme covering the entire personnel.

Financial risks include liquidity, exchange rate, interest rate and credit risks. Liquidity risk arises from strong fluctuations in demand related to the group's business operations, as well as from the payment culture of certain markets, and is managed, for example, by maintaining adequate financial limits. Currency and credit risks are proactively monitored by management and systematically insured and protected.

### Key figures and personnel information

EUR 1,000	Group			Parent company		
	2018	2017	2016	2018	2017	2016
Revenue	43,913	40,900	35,698	28,078	27,296	21,544
Operating profit (EBIT)	-539	936	-801	1,222	-835	-3,484
Operating profit (EBIT) margin %	0%	4%	-2%	4%	0%	-16%
EBITDA	2,721	3,566	2,076	3,782	1,463	-1,036
Profit (loss) for the financial year	-1,477	-981	-2,065	309	12	-4,015
Equity ratio	34%	40%	42%	41%	45%	55%
Current ratio	1.04	1.11	1.16	0.93	1.00	1.13
Quick ratio	0.91	0.98	1.01	0.85	0.91	0.96
Secured liabilities / EBITDA	4.40	2.21	2.64	2.78	6.12	-5.29

Equity	13,325	15,018	15,513	17,675	17,259	17,247
	Group			Parent company		
	2018	2017	2016	2018	2017	2016
Average number of employees during the financial period	386	163	83	31	33	41
EUR 1,000						
Wages, salaries and fees for the financial period	5,681	3,693	3,713	2,136	2,331	2,731
Pension and other personnel expenses	714	648	848	401	461	599
Total	6,395	4,341	4,561	2,538	2,792	3,330

**Proposal of the Board of Directors for measures concerning the company's result and proposal on the possible distribution of other unrestricted equity**

Lamor Corporation Ab's result for the financial year shows a profit of EUR 308,682.26 in the parent company. The Board of Directors proposes to the Annual General Meeting that no dividend be paid and that the result for the financial period be recorded in the Retained earnings account.

**Number of shares in the company**

The company's share capital is divided into 384,204 shares with an accountable par value of EUR 366,375.40. All shares have an equal right to dividends and company assets.

Own shares held by the parent company on 31 December 2018:

Quantity	Share of share capital	Share of votes
2,081 pcs	0.54%	0.54%

**Foreign branches**

The group has two registered representative offices in China, Beijing and one representative office in Colombia.

**Related parties**

In August 2018, Lamor Corporation Ab converted its related party receivables from Hailer Oy to a 6.4% investment in the company. Further information on related parties is provided in the notes after liabilities and securities.

**Company's Board of Directors, CEO and auditors**

During the financial period, the composition of the company's Board of Directors was as follows: Jukka Suominen (Chair until 7 September 2018), Esa Ikäheimonen (elected to the Board of Directors on 29 August 2018) (Chair from 7 September 2018), Fred Larsen, Nico Larsen, Matthew Bryza and Vesa Tiitinen (deputy member).

Fred Larsen was CEO during the financial period.

The company's auditor was Audit Firm Ernst & Young Oy, with Juha Hilmola, APA, as the principal auditor.

Lamor Corporation Ab

Board of Directors

## INCOME STATEMENT

	Note	Group		Parent company	
		1 Jan 2018 - 31 December 2018	1 Jan 2017 - 31 December 2017	1 Jan 2018 - 31 December 2018	1 Jan 2017 - 31 December 2017
<b>Revenue</b>	1	<b>43,913,098.88</b>	<b>40,899,906.34</b>	<b>28,077,893.77</b>	<b>27,296,334.25</b>
Production for own use		1,878,125.34	1,491,367.92	1,491,002.04	1,236,556.62
Other operating income	2	1,611,598.03	1,513,143.69	1,400,894.33	941,617.69
Materials and services	3	-29,458,025.88	-24,384,982.18	-17,726,728.87	-16,167,917.92
Personnel expenses	4	-6,395,440.62	-4,341,351.35	-2,537,744.10	-2,792,411.46
Depreciation, amortisation and impairment	5	-3,260,274.35	-2,629,261.13	-2,560,645.92	-2,297,847.54
Other operating expenses	6	-9,027,875.38	-12,056,987.73	-6,922,496.80	-9,051,539.20
Share of associated companies' profits	7	199,509.42	444,631.96		
<b>Operating profit (EBIT)</b>		<b>-539,284.56</b>	<b>936,467.52</b>	<b>1,222,174.45</b>	<b>-835,207.56</b>
Financial income and expenses	8	-952,153.77	-810,577.70	-600,501.49	1,195,430.33
<b>Profit (loss) before appropriations and taxes</b>		<b>-1,491,438.33</b>	<b>125,889.82</b>	<b>621,672.96</b>	<b>360,222.77</b>
<b>Profit (loss) before taxes</b>		<b>-1,491,438.33</b>	<b>125,889.82</b>	<b>621,672.96</b>	<b>360,222.77</b>
Income taxes	9	-331,219.63	-848,908.85	-312,990.70	-348,400.21
Minority interest	10	345,782.50	-257,596.02		
<b>Profit (loss) for the financial year</b>		<b>-1,476,875.46</b>	<b>-980,615.05</b>	<b>308,682.26</b>	<b>11,822.56</b>

**BALANCE SHEET**

		<b>Group</b>		<b>Parent company</b>	
	<b>Note</b>	<b>1 Jan 2018 - 31 December 2018</b>	<b>1 Jan 2017 - 31 December 2017</b>	<b>1 Jan 2018 - 31 December 2018</b>	<b>1 Jan 2017 - 31 December 2017</b>
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Intangible assets	11	6,034,748.43	4,510,116.61	8,384,531.54	8,129,502.61
Goodwill	11	3,282,557.41	4,277,892.44		
Tangible assets	12	3,682,474.58	3,496,236.92	475,198.13	610,441.74
Investments	13	4,095,234.80	3,350,697.09	9,863,620.91	9,452,482.25
<b>Total non-current assets</b>		<b>17,095,015.22</b>	<b>15,634,943.06</b>	<b>18,723,350.58</b>	<b>18,192,426.60</b>
<b>CURRENT ASSETS</b>					
Inventories	14	8,995,835.64	8,277,475.75	6,320,061.95	6,059,765.98
Non-current receivables	15	696,123.11	95,521.76	3,487,169.43	672,097.73
Current receivables	16	21,763,191.34	22,002,156.27	18,823,124.04	17,663,184.76
Deferred tax assets	17	402,860.99	426,582.01	26,933.23	338,746.59
Cash and cash equivalents		3,281,887.64	2,090,209.74	233,397.38	212,752.38
<b>Total current assets</b>		<b>35,139,898.72</b>	<b>32,891,945.53</b>	<b>28,890,686.03</b>	<b>24,946,547.44</b>
<b>TOTAL ASSETS</b>		<b>52,234,913.94</b>	<b>48,526,888.59</b>	<b>47,614,036.61</b>	<b>43,138,974.04</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
	18				
Share capital		366,375.40	366,375.40	366,375.40	366,375.40
Reserve for invested unrestricted equity		15,072,265.57	14,897,934.64	14,897,934.64	14,897,934.64
Retained earnings (loss)		-636,598.39	733,985.84	2,102,385.98	1,982,725.58
Profit (loss) for the financial year		-1,476,875.46	-980,615.05	308,682.26	11,822.56
<b>Total equity</b>		<b>13,325,167.12</b>	<b>15,017,680.83</b>	<b>17,675,378.28</b>	<b>17,258,858.18</b>
<b>Regulated provisions</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Minority interest</b>		<b>2,912,366.88</b>	<b>2,350,931.39</b>		
<b>LIABILITIES</b>					
Non-current liabilities	19	2,774,281.17	1,681,162.93	2,768,781.61	1,673,599.28
Interest-bearing liabilities		2,424,281.17	629,619.38	2,418,781.61	611,111.08
Non-interest-bearing liabilities		350,000.00	1,051,543.55	350,000.00	1,062,488.20
Current liabilities	20	33,223,098.77	29,477,113.44	27,169,876.72	24,206,516.58
Interest-bearing liabilities		11,810,154.32	10,600,443.10	11,268,133.35	10,600,443.10
Non-interest-bearing liabilities		21,412,944.45	18,876,670.34	15,901,743.37	13,606,073.48
<b>Total liabilities</b>		<b>35,997,379.95</b>	<b>31,158,276.37</b>	<b>29,938,658.33</b>	<b>25,880,115.86</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>52,234,913.94</b>	<b>48,526,888.59</b>	<b>47,614,036.61</b>	<b>43,138,974.04</b>



## CASH FLOW STATEMENT

EUR 1,000

	Group		Parent company	
	1 Jan 2018	1 Jan 2017	1 Jan 2018	1 Jan 2017
	-	-	-	-
	31	31	31	31
	December	December	December	December
	2018	2017	2018	2017
<b>Cash flow from operating activities:</b>				
Profit (loss) before extraordinary items (+/-)	-1,491	126	622	360
Adjustments:				
Planned depreciation	3,260	2,629	2,561	2,298
Other income and expenses not subject to payment (+/-)	524	-497	564	603
Financial income and expenses (+/-)	952	772	600	-1,546
Other adjustments (+/-)	-200	752	0	350
<b>Cash flow before change in working capital</b>	<b>3,045</b>	<b>3,782</b>	<b>4,347</b>	<b>2,065</b>
Change in working capital:				
Increase (-) / decrease (+) in current non-interest-bearing trade receivables	585	-5,305	-1,559	-7,613
Increase (-) / decrease (+) in inventories	-718	-1,718	-261	-422
Increase (-) / decrease (+) in current non-interest-bearing debts	2,275	2,404	2,354	3,973
<b>Cash flow from operating activities before financial items and taxes</b>	<b>5,187</b>	<b>-837</b>	<b>4,881</b>	<b>-1,997</b>
Interest paid and payments on other operating financial expenses (-)	-948	-873	-711	-740
Interest received on operating activities	156	98	95	98
Direct taxes paid (-)	-210	0	0	0
<b>Cash flow from operating activities (A)</b>	<b>4,185</b>	<b>-1,612</b>	<b>4,265</b>	<b>-2,639</b>
Cash flow from investments:				
Investments in tangible and intangible assets (-)	-3,975	-5,250	-2,680	-1,556
Investments in other investments (-)	-398	360	-337	-992
Loans granted (-)	-601	0	-2,815	-494
Dividends received on investments	0	939	147	2,223
<b>Cash flow from investing activities (B)</b>	<b>-4,974</b>	<b>-3,951</b>	<b>-5,685</b>	<b>-819</b>
Cash flow from financing activities:				
Withdrawals/repayments of current loans	1,202	4,952	663	4,952
Withdrawals/repayments of non-current loans	778	-1,595	778	-1,595
<b>Cash flow from financing activities (C)</b>	<b>1,980</b>	<b>3,357</b>	<b>1,441</b>	<b>3,357</b>
<b>Change in liquid assets (A + B + C) increase (+) / decrease (-)</b>	<b>1,191</b>	<b>-2,206</b>	<b>21</b>	<b>-101</b>
<b>Cash and cash equivalents at 1 January</b>	<b>2,090</b>	<b>3,716</b>	<b>212</b>	<b>314</b>
<b>Transferred cash and cash equivalents</b>	<b>0</b>	<b>580</b>	<b>0</b>	<b>0</b>
<b>Cash and cash equivalents at 31 December</b>	<b>3,281</b>	<b>2,090</b>	<b>233</b>	<b>213</b>
Change in cash and cash equivalents	1,191	-2,206	21	-101

## NOTES ON THE PREPARATION OF THE FINANCIAL STATEMENTS

### General

The company's financial statements were prepared in accordance with Finnish Accounting Standards (FAS). The financial statements are presented in euros.

### Valuation principles

#### Valuation of non-current assets

##### Intangible and tangible assets

Intangible and tangible assets are recognised at acquisition cost less depreciation according to plan. Variable costs are included in the acquisition cost. Planned depreciation is calculated as straight-line depreciation based on the useful lives of intangible and tangible assets.

The businesses transferred from the subsidiaries of Clean Globe International Oy and Lamor Technics Oy are seen to have long financial impact periods and the goodwill resulting from their acquisition is thus depreciated in 10 years.

Depreciation periods are:

Development expenditure	
Product development projects	5 years
Software development projects	5 years
Intangible assets	
Computer programmes	3-5 years
Immaterial rights	5 years
Licence agreements	5 years
Goodwill	5-10 years
Other long-term expenditure	
Renovations	3-10 years
Machinery and equipment	
Oil spill response equipment	5-10 years
Machinery and equipment	3-7 years
Office equipment	5 years
Computer equipment	3 years
Transport equipment	5 years

Shares and holdings are recognised at original acquisition cost.

#### Valuation of inventories

Inventories are recognised in accordance with the FIFO principle at their acquisition cost or at a lower replacement cost or probable selling price.

#### Recognition of deferred taxes

All material deferred taxes are recognised in the consolidated financial statements.

Lamor USA Corporation has accumulated losses of approx. EUR 2.0 million due in 2035. No tax asset is recognised for accumulated losses.

#### Items in foreign currency

Assets and liabilities denominated in foreign currency are converted into euro at the exchange rate at the balance sheet date. Exchange differences related to revenue and purchases are recognised as an adjustment to the corresponding items in the income statement, exchange differences resulting from financial activities are recognised net in financial income and expenses.

**Accounting principles for consolidated financial statements**

The parent company of Lamor Corporation Ab group is Larsen Family Corporation Oy (LFC Oy). The company has prepared consolidated financial statements for the financial period.

In the financial period, Lamor Corporation Ab did not establish new subsidiaries. Corena Group Ab established subsidiaries: CorenaGroup Bolivia SRL and Corena Chile SpA.

During the financial period, the subsidiary Lamor Cevre Hizmetleri became an associated company and a new joint venture, Lamor NBO, was established in Azerbaijan.

**Scope of consolidated financial statements**

All group and associated companies except Lamor Ukraine LLC, Lamor Central Asia, Lamor Do Brazil and Lamor Environmental Solutions Panama have been consolidated into the consolidated financial statements. The impact of the non-consolidated companies' business on the result for the financial period is limited. The minority interests of group companies are presented on their own line in the balance sheet. Associated companies (ownership over 20%) have been consolidated using the equity method. The group's share of the associated companies' profit for the financial year is presented on its own line in the consolidated income statement.

**Internal shareholding**

The consolidated financial statements were prepared using the acquisition cost method.

**Internal transactions and margins**

Intra-group transactions, unrealised gains on internal deliveries, mutual receivables and liabilities as well as internal profit distribution have been eliminated.

**Conversion differences**

The income statements of foreign group companies have been changed to the average exchange rate at the end of the financial period, and the balance sheets have been converted into Finnish currency at the exchange rate at the balance sheet date. The exchange rate differences resulting from the conversion, as well as the conversion differences resulting from the conversion of foreign subsidiaries' equity, are presented under 'Retained earnings'. The conversion differences caused by equity are included in the group's unrestricted equity.

Notes to the income statement	1 Jan 2018 - 31 December 2018	1 Jan 2017 - 31 December 2017	1 Jan 2018 - 31 December 2018	1 Jan 2017 - 31 December 2017
1 Revenue				
Breakdown of revenue by market area				
Domestic	2,987,588.35	2,357,306.99	2,948,978.35	2,357,306.99
EU sales	7,558,597.26	8,224,270.71	7,216,878.54	7,610,521.33
Sales outside the EU	23,605,816.98	18,133,376.94	17,384,071.93	16,686,859.53
Service sales	9,761,096.29	12,184,951.70	527,964.95	641,646.40
Total	<u>43,913,098.88</u>	<u>40,899,906.34</u>	<u>28,077,893.77</u>	<u>27,296,334.25</u>
2. Other operating income				
Product development grants	303,901.24	122,429.11	303,901.24	122,429.11
Capital gains	236,113.11	0.00	45,820.00	0.00
Other operating income	1,071,583.68	1,390,714.58	1,051,173.09	819,188.58
Total	<u>1,611,598.03</u>	<u>1,513,143.69</u>	<u>1,400,894.33</u>	<u>941,617.69</u>
3. Materials and services				
Purchases during the financial period	-24,044,596.21	-16,620,562.55	-16,523,066.28	-16,021,112.66
Change in inventory	952,287.89	500,372.33	64,295.97	455,235.51
Materials and supplies	-23,092,308.32	-16,120,190.22	-16,458,770.31	-15,565,877.15
External services	-6,365,717.56	-8,264,791.96	-1,267,958.56	-602,040.77
Total	<u>-29,458,025.88</u>	<u>-24,384,982.18</u>	<u>-17,726,728.87</u>	<u>-16,167,917.92</u>
4. Personnel expenses				
Wages, salaries and fees	-5,681,027.58	-3,692,618.73	-2,135,921.94	-2,331,108.84
Pension expenses	-528,064.34	-542,818.14	-364,780.67	-413,933.94*
Other indirect personnel expenses	-186,348.70	-105,914.48	-37,041.49	-47,368.68*
Total	<u>-6,395,440.62</u>	<u>-4,341,351.35</u>	<u>-2,537,744.10</u>	<u>-2,792,411.46</u>
* Comparative data for 2017 adjusted for the parent company's pension expenses and other indirect personnel expenses.				
Average number of employees during the financial period	386	163	31	33
Executive pay and remuneration				
Pay and remuneration for CEO and Board members	300,933.51	464,238.35	125,000.13	272,235.56
5. Depreciation, amortisation and impairment				
Planned depreciation	-3,260,274.35	-2,629,261.13	-2,560,645.92	-2,297,847.54
Total	<u>-3,260,274.35</u>	<u>-2,629,261.13</u>	<u>-2,560,645.92</u>	<u>-2,297,847.54</u>
6. Other operating expenses				
Voluntary personnel expenses	-775,235.33	-1,135,900.72	-821,769.70	-999,118.00
Lease expenses	-736,520.51	-609,113.78	-472,193.63	-456,650.37
Travel expenses	-1,025,844.18	-1,249,166.44	-386,537.56	-773,140.66
Transport expenses	-718,217.45	-922,037.95	-674,310.58	-628,411.56
Advertising and PR expenses	-613,748.88	-857,500.57	-448,520.38	-767,207.51
Operating and maintenance expenses	-149,362.02	-226,438.40	-65,819.24	-164,662.51

Commissions and royalties	-1,410,485.22	-2,162,473.15	-1,371,848.59	-2,119,769.67
Administrative expenses	-439,979.69	-872,371.93	-265,953.92	-464,411.79
Purchased services	-1,884,822.82	-2,189,465.88	-1,748,723.02	-1,693,698.28
Other operating expenses	-1,273,659.28	-1,832,518.92	-666,820.18	-984,468.85
<b>Total</b>	<b>-9,027,875.38</b>	<b>-12,056,987.74</b>	<b>-6,922,496.80</b>	<b>-9,051,539.20</b>

#### Auditor's fees

Audit	-66,587.09	-63,474.61	-41,776.89	-38,325.00
Other services (tax and special services)	-6,751.00	-59,233.00	-6,751.00	-59,233.00
<b>Total</b>	<b>-73,338.09</b>	<b>-122,707.61</b>	<b>-48,527.89</b>	<b>-97,558.00</b>

	<b>Group</b>		<b>Parent company</b>	
	<b>1 Jan 2018 - 31 December 2018</b>	<b>1 Jan 2017 - 31 December 2017</b>	<b>1 Jan 2018 - 31 December 2018</b>	<b>1 Jan 2017 - 31 December 2017</b>

#### 7. Share of associated companies' profits

Shanghai Dong An Offshore	23,415.24	39,669.32	0.00	0.00
West LLC / Echoself Sakhalin	176,094.18	137,443.99	0.00	0.00
Corena S. A.	0.00	267,518.65	0.00	0.00
<b>Total</b>	<b>199,509.42</b>	<b>444,631.96</b>	<b>0.00</b>	<b>0.00</b>

#### 8. Financial income and expenses

Dividend income	0.00	0.00	146,642.19	2,223,733.45
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#### Financial income

Interest income	12,027.32	4,199.99	9,235.30	3,737.76
Interest income from group companies	0.00	0.00	42,141.81	6,608.26
Exchange rate gains	114,758.05	87,845.12	43,140.72	87,812.12
<b>Total</b>	<b>126,785.37</b>	<b>92,045.11</b>	<b>94,517.83</b>	<b>98,158.14</b>

#### Financial expenses

Interest expenses	-621,981.45	-311,968.36	-436,403.44	-333,012.08
Exchange rate losses	-56,176.42	-199,064.59	-10,207.16	-51,903.32
Other financial expenses	-400,781.27	-391,589.86	-395,050.91	-391,545.86
<b>Total</b>	<b>-1,078,939.14</b>	<b>-902,622.81</b>	<b>-841,661.51</b>	<b>-776,461.26</b>

#### Other financial expenses

Impairments on investments in non-current assets	0.00	0.00	0.00	-350,000.00
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## 9. Income taxes

Income taxes on ordinary operations	-294,358.67	-525,028.74	0.00	-582.68
Income taxes for previous financial periods	-1,265.73	0.00	-1,177.34	0.00
Other taxes	-10,377.91	-87,381.81	0.00	-87,381.81
Change in deferred tax liabilities	-25,217.32	-236,498.30	-311,813.36	-260,435.72
<b>Total</b>	<b>-331,219.63</b>	<b>-848,908.85</b>	<b>-312,990.70</b>	<b>-348,400.21</b>

## 10. Minority interest

Lamor Peru	-210,787.99	0.00	0.00	0.00
Lamor Cevre Hizmetleri	0.00	34,318.90	0.00	0.00
Lamor Middle East LLC	-30,863.29	39,662.44	0.00	0.00
Lamor Russia Oy	0.00	-125.42	0.00	0.00
Lamor Panama	0.00	14,750.30	0.00	0.00
Corena S.A.	-178,511.46	-343,743.24	0.00	0.00
Corena Group Oy (group)	-12,653.66	-2,459.00	0.00	0.00
<b>Total</b>	<b>345,782.50</b>	<b>-257,596.02</b>	<b>0.00</b>	<b>0.00</b>

## Notes to balance sheet assets

### 11. Intangible assets

**31 December 2018    31 December 2017    31 December 2018    31 December 2017**

#### Development expenditure

Acquisition cost 1 Jan	3,542,153.93	3,045,622.73	3,287,342.63	3,045,622.73
Increases	2,278,006.14	1,491,369.92	1,890,882.84	1,236,558.62
Decreases	0.00	0.00	0.00	0.00
Acquisition cost 31 Dec	<b>5,820,160.07</b>	<b>4,536,992.65</b>	<b>5,178,225.47</b>	<b>4,282,181.35</b>
Depreciation for the financial period	-1,280,461.00	-994,838.72	-1,229,498.74	-994,838.72
Accumulated depreciation and impairment 31 Dec	<b>-1,280,461.00</b>	<b>-994,838.72</b>	<b>-1,229,498.74</b>	<b>-994,838.72</b>
Book value 31 Dec	<b>4,539,699.07</b>	<b>3,542,153.93</b>	<b>3,948,726.73</b>	<b>3,287,342.63</b>

#### Immaterial rights

Acquisition cost 1 Jan	839,475.80	639,663.65	877,957.28	710,514.52
Increases	845,984.95	350,211.39	699,574.86	306,036.98
Decreases	0.00	0.00	0.00	0.00
Acquisition cost 31 Dec	<b>1,685,460.75</b>	<b>989,875.04</b>	<b>1,577,532.14</b>	<b>1,016,551.50</b>
Depreciation for the financial period	-190,411.39	-150,399.24	-181,506.19	-138,594.22
Accumulated depreciation and impairment 31 Dec	<b>-190,411.39</b>	<b>-150,399.24</b>	<b>-181,506.19</b>	<b>-138,594.22</b>
Book value 31 Dec	<b>1,495,049.36</b>	<b>839,475.80</b>	<b>1,396,025.95</b>	<b>877,957.28</b>

**31 December 2018    31 December 2017    31 December 2018    31 December 2017**

Other long-term expenditure

Acquisition cost 1 Jan	128,486.88	142,092.19	0.00	0.00
Increases	0.00	0.00	0.00	0.00
Decreases	-128,486.88	-13,605.31	0.00	0.00
Acquisition cost 31 Dec	<u>0.00</u>	<u>128,486.88</u>	<u>0.00</u>	<u>0.00</u>
Depreciation for the financial period	0.00	0.00	0.00	0.00
Accumulated depreciation and impairment 31 Dec	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Book value 31 Dec	<u>0.00</u>	<u>128,486.88</u>	<u>0.00</u>	<u>0.00</u>

Goodwill

Acquisition cost 1 Jan	4,277,892.44	4,074,730.39	3,964,202.70	4,888,626.54
Increases	0.00	1,093,806.99	0.00	0.00
Decreases	-13,630.65	0.00	0.00	0.00
Acquisition cost 31 Dec	<u>4,264,261.79</u>	<u>5,168,537.38</u>	<u>3,964,202.70</u>	<u>4,888,626.54</u>
Depreciation for the financial period	-981 704.38	-890,644.94	-924,423.84	-924,423.84
Accumulated depreciation and impairment 31 Dec	<u>-981 704.38</u>	<u>-890,644.94</u>	<u>-924,423.84</u>	<u>-924,423.84</u>
Book value 31 Dec	<u>3,282,557.41</u>	<u>4,277,892.44</u>	<u>3,039,778.86</u>	<u>3,964,202.70</u>
Total intangible assets	<u>9,317,305.84</u>	<u>8,788,009.05</u>	<u>8,384,531.54</u>	<u>8,129,502.61</u>

12. Tangible assets

Machinery and equipment

Acquisition cost 1 Jan	3,496,236.92	1,761,679.50	610,441.74	836,566.45
Increases	1,019,036.24	2,327,935.65	115,074.54	13,866.05
Decreases	-25,101.00	0.00	-25,101.00	0.00
Acquisition cost 31 Dec	<u>4,490,172.16</u>	<u>4,089,615.15</u>	<u>700,415.28</u>	<u>850,432.50</u>
Depreciation for the financial period	-807,697.58	-593,378.23	-225,217.15	-239,990.76
Accumulated depreciation and impairment 31 Dec	<u>-807,697.58</u>	<u>-593,376.23</u>	<u>-225,217.15</u>	<u>-239,990.76</u>
Book value 31 Dec	<u>3,682,474.56</u>	<u>3,496,236.92</u>	<u>475,198.13</u>	<u>610,441.74</u>
Total tangible assets	<u>3,682,474.56</u>	<u>3,496,236.92</u>	<u>475,198.13</u>	<u>610,441.74</u>

### 13. Investments

#### Holdings in group companies

Acquisition cost 1 Jan	0.00	0.00	7,286,945.03	4,959,695.56
Increases	0.00	0.00	20,331.72	2,677,249.47
Decreases	0.00	0.00	-60,676.42	-350,000.00
Transfers between items	0.00	0.00	-94,048.44	0.00
Acquisition cost 31 Dec	0.00	0.00	7,152,551.89	7,286,945.03

Group companies	Registered office	Group ownership %
Lamor USA Corporation	USA	100%
Lamor Vostok	Russia	100%
Lamor Corporation UK Ltd.	United Kingdom	100%
Lamor Middle East LLC	Oman	70%
Lamor Beijing Co Ltd.	China	100%
Lamor Americas LLC	USA	100%
Lamor International Sales Corp.	USA	100%
Lamor Peru S.A.C	Peru	50.1%
Lamor Cevre Hizmetleri	Turkey	51%
Lamor Environ. Solutions Spain	Spain	100%
Corona S.A.	Ecuador	50.01%
Corena Group Ab	Finland	100%
Lamor Russia Oy	Finland	70%
Lamor Environ. Solutions Panama	Panama	52%
Lamor Ukraine LLC	Ukraine	51%

Owned by Corena Group	Registered office	Group ownership %
Ab	Colombia	75%
Corena Colombia S.A.S	Mexico	50%
Polyeco Group Mexico	Mexico	51%
CorenaDPH Mexico	Chile	75%
Corena Chile	Bolivia	100%

#### Holdings in associated companies

	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Acquisition cost 1 Jan	2,878,022.21	5,158,195.89	1,713,194.05	3,397,642.69
Increases	279,728.15	118,113.30	101,053.97	0.00
Decreases	0.00	-2,398,286.98	0.00	-1,684,448.64
Transfers between items	94,523.44	0.00	94,523.44	0.00
Acquisition cost 31 Dec	3,252,273.80	2,878,022.21	1,906,771.46	1,713,194.05



Associated companies	Registered office	Group ownership %
Shanghai Dong An Offshore	China	28.6%
West LLC / Echoself Sakhalin	Russia	26%
Lamor Cevre Hizmetleri	Turkey	31%
Lamor Central Asia	Kazakhstan	40%
Lamor Do Brazil	Brazil	50.00%

#### Other shares and holdings

Acquisition cost 1 Jan	472,674.88	452,343.16	452,343.17	452,343.17
Increases	370,286.12	20,331.72	349,954.39	0.00
Acquisition cost 31 Dec	842,961.00	472,674.88	802,297.56	452,343.17

Lamor Ukraine LLC acquisition cost 20,331.72 is presented as an increase in Other shares and holdings in the group in the financial period 2018. The company has not been consolidated into the group.

Partner enterprises	Registered office	Ownership %	Financial period	Profit for the financial year	Equity		
Corrosion Control International Oy	Finland	19.9%	1 Jul 2017-30 Jun 2018	-97,819.37	-7,152.12		
Hailer Oy	Finland	6.4%	1 Oct 2017-30 Sep 2018	3,152.00	1,183,792.22		
Total investments				4,095,234.80	3,350,697.09	9,863,620.91	9,452,482.25

#### 14. Inventories

Materials and supplies	8,601,254.54	7,622,831.45	5,925,480.85	5,405,121.68
Unfinished products	394,581.10	654,644.30	394,581.10	654,644.30
Total	8,995,835.64	8,277,475.75	6,320,061.95	6,059,765.98

#### 15 Non-current receivables

##### Non-current receivables from group companies

Loan receivables	0.00	0.00	1,471,046.32	576,575.97
Capital loan receivables	0.00	0.00	1,320,000.00	0.00
Total	0.00	0.00	2,791,046.32	576,575.97

Non-current receivables from other companies

Loan receivables from shareholders	171,596.22	95,521.76	171,596.22	95,521.76
Loan receivables from related parties	168,365.61	0.00	168,365.61	0.00
Loan receivables from associated companies	356,161.28	0.00	356,161.28	0.00
<b>Total</b>	<b>696,123.11</b>	<b>95,521.76</b>	<b>696,123.11</b>	<b>95,521.76</b>

The company has granted loans to finance personnel ownership arrangements during the financial periods 2014 and 2018. The capital of the loans at the balance sheet date is EUR 171,596.22.

<b>Total Non-current receivables</b>	<b>696,123.11</b>	<b>95,521.76</b>	<b>3,487,169.43</b>	<b>672,097.73</b>
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16. Current receivables

Current receivables from group companies

Trade receivables	0.00	0.00	4,150,472.90	2,534,275.99
Other receivables	0.00	0.00	2,522,544.67	1,894,864.56
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>6,673,017.57</b>	<b>4,429,140.55</b>

Current receivables from other companies

Trade receivables	17,029,749.92	17,556,457.95	9,082,468.38	11,106,285.72
Advance payments	1,626,686.88	3,028,789.29	1,269,317.58	1,455,922.89
Other receivables	1,694,289.80	879,423.22	1,372,889.40	216,513.93
Accrued income	1,412,464.75	537,467.81	425,431.11	455,321.67
<b>Total</b>	<b>21,763,191.35</b>	<b>22,002,156.27</b>	<b>12,150,106.47</b>	<b>13,234,044.21</b>

<b>Total current receivables</b>	<b>21,763,191.35</b>	<b>22,002,156.27</b>	<b>18,823,124.04</b>	<b>17,663,184.76</b>
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<b>Current accrued income</b>	<b>31 December 2018</b>	<b>31 December 2017</b>	<b>31 December 2018</b>	<b>31 December 2017</b>
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VAT assets	911,449.23	373,426.75	376,180.81	293,545.01
Other	501,015.52	164,041.06	49,250.30	161,776.66
<b>Total</b>	<b>1,412,464.75</b>	<b>537,467.81</b>	<b>425,431.11</b>	<b>455,321.67</b>

17. Deferred tax assets

Deferred tax assets from established losses	402,860.99	426,582.01	26,933.22	338,746.59
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## Notes to balance sheet equity and liabilities

### 18. EQUITY

#### Restricted equity

Share capital 1 Jan	366,375.40	366,375.40	366,375.40	366,375.40
Change	0.00	0.00	0.00	0.00
Share capital 31 Dec	<u>366,375.40</u>	<u>366,375.40</u>	<u>366,375.40</u>	<u>366,375.40</u>

Total restricted equity	<u>366,375.40</u>	<u>366,375.40</u>	<u>366,375.40</u>	<u>366,375.40</u>
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#### Unrestricted equity

Reserve for invested unrestricted equity 1 Jan	14,897,934.64	14,897,934.64	14,897,934.64	14,897,934.64
Increase, transfer from profits	174,330.93	0.00	0.00	0.00
Reserve for invested unrestricted equity 31 Dec	<u>15,072,265.57</u>	<u>14,897,934.64</u>	<u>14,897,934.64</u>	<u>14,897,934.64</u>

Retained earnings 1 Jan	-246,629.21	248,588.12	1,994,548.14	1,982,725.58
Decrease, transfer to reserve for invested unrestricted equity	-174,330.93	0.00	0.00	0.00
Dividends paid	26,329.49	0.00	26,329.49	0.00
Corrections to previous financial periods	0.00	0.00	0.00	0.00
Sales (+) / acquisitions (-) of own shares	81,508.35	0.00	81,508.35	0.00
Conversion differences and other changes	-323,476.09	485,397.72	0.00	0.00
Retained earnings 31 Dec	<u>-636,598.39</u>	<u>733,985.84</u>	<u>2,102,385.98</u>	<u>1,982,725.58</u>

Profit (loss) for the financial year	<u>-1,476,875.46</u>	<u>-980,615.05</u>	<u>308,682.26</u>	<u>11,822.56</u>
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Total unrestricted equity	<u>12,958,791.72</u>	<u>14,651,305.43</u>	<u>17,309,002.88</u>	<u>16,892,482.78</u>
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Total equity	<u>13,325,167.12</u>	<u>15,017,680.83</u>	<u>17,675,378.28</u>	<u>17,258,858.18</u>
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#### Calculation of distributable equity

Retained earnings	0.00	0.00	2,102,385.98	1,982,725.58
Profit (loss) for the financial year	0.00	0.00	308,682.26	11,822.56
Reserve for invested unrestricted equity	0.00	0.00	14,897,934.64	14,897,934.64
Capitalised development expenditure	0.00	0.00	-3,948,726.73	-3,287,342.63
Total	<u>0.00</u>	<u>0.00</u>	<u>13,360,276.15</u>	<u>13,605,140.15</u>

## 19. Non-current liabilities

### Interest-bearing non-current liabilities

To financial institutions	1,384,615.36	618,674.73	1,384,615.36	611,111.08
To shareholders	250,000.00	250,000.00	250,000.00	250,000.00
To others	789,665.81	812,488.20	784,166.25	812,488.20
<b>Total</b>	<b>2,424,281.17</b>	<b>1,681,162.93</b>	<b>2,418,781.61</b>	<b>1,673,599.28</b>

<b>Total interest-bearing non-current liabilities</b>	<b>2,424,281.17</b>	<b>1,681,162.93</b>	<b>2,418,781.61</b>	<b>1,673,599.28</b>
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### Non-interest-bearing non-current liabilities

To others	350,000.00	0.00	350,000.00	0.00
<b>Total</b>	<b>350,000.00</b>	<b>0.00</b>	<b>350,000.00</b>	<b>0.00</b>

<b>Total non-interest-bearing non-current liabilities</b>	<b>350,000.00</b>	<b>0.00</b>	<b>350,000.00</b>	<b>0.00</b>
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<b>Total interest-bearing and non-interest-bearing non-current liabilities</b>	<b>2,774,281.17</b>	<b>1,681,162.93</b>	<b>2,768,781.61</b>	<b>1,673,599.28</b>
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### Liabilities due in more than five years

Loans from financial institutions	0.00	0.00	0.00	0.00
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## 20 Current liabilities

### Interest-bearing current liabilities

To financial institutions	9,554,545.28	8,344,834.06	9,012,524.31	8,344,834.06
To others	2,255,609.04	2,255,609.04	2,255,609.04	2,255,609.04
<b>Total</b>	<b>11,810,154.32</b>	<b>10,600,443.10</b>	<b>11,268,133.35</b>	<b>10,600,443.10</b>

<b>Total interest-bearing current liabilities</b>	<b>11,810,154.32</b>	<b>10,600,443.10</b>	<b>11,268,133.35</b>	<b>10,600,443.10</b>
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<b>Non-interest-bearing current liabilities to group companies</b>	<b>31 December 2018</b>	<b>31 December 2017</b>	<b>31 December 2018</b>	<b>31 December 2017</b>
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Trade payables	0.00	0.00	755,583.89	1,551,592.81
Other liabilities	0.00	0.00	24,685.87	24,685.87
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>780,269.76</b>	<b>1,576,278.68</b>

### Non-interest-bearing current liabilities to other companies

Advances received	5,133,058.26	4,921,773.11	4,761,839.49	4,662,486.11
Trade payables	10,613,721.62	9,569,556.95	7,205,496.52	4,829,359.90
Other liabilities	583,856.88	1,790,842.64	25,803.81	30,512.62
Accruals	5,082,307.70	2,594,497.64	3,128,333.79	2,507,436.17
<b>Total</b>	<b>21,412,944.46</b>	<b>18,876,670.34</b>	<b>15,121,473.61</b>	<b>12,029,794.80</b>

## Accruals

Holiday pay debt with social costs	503,160.92	341,373.04	275,171.92	288,391.17
Pay debt with social costs	310,233.41	72,295.53	42,054.86	60,606.76
Grant projects	1,751,475.09	957,525.28	1,751,475.09	957,525.28
Dividend debt	327,004.18	7,407.04	7,407.04	7,407.04
Deferred interest	496,135.40	337,679.81	468,232.60	337,679.81
Tax liability	254,919.92	0.00	0.00	0.00
Other current accruals	1,439,378.77	878,216.94	583,992.28	855,826.11
<b>Total</b>	<b>5,082,307.70</b>	<b>2,594,497.64</b>	<b>3,128,333.79</b>	<b>2,507,436.17</b>

Total non-interest-bearing current liabilities	<u>21,412,944.46</u>	<u>18,876,670.34</u>	<u>15,901,743.37</u>	<u>13,606,073.48</u>
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Total interest-bearing and non-interest-bearing current liabilities	<u>33,223,098.77</u>	<u>29,477,113.44</u>	<u>27,169,876.72</u>	<u>24,206,516.58</u>
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## Notes on securities and contingent liabilities

Securities granted	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Business mortgages	<u>21,806,375.84</u>	<u>21,806,375.84</u>	<u>21,806,375.84</u>	<u>21,806,375.84</u>

### Liabilities backed by mortgages or pledges

Credit account (limit EUR 3.5 million)	1,336,028.59	1,722,611.82	1,336,028.59	1,722,611.82
Loans from financial institutions	9,061,111.08	7,233,333.32*	9,061,111.08	7,233,333.32*
<b>Total</b>	<u>10,397,139.67</u>	<u>8,955,945.14</u>	<u>10,397,139.67</u>	<u>8,955,945.14</u>

\* Comparative data for 2017 have been adjusted for both the parent company's and the group's loans from financial institutions.

## Contingent and other liabilities

### Amounts payable for leasing contracts

Payable in the following financial period	66,095.20	39,065.33	50,948.84	22,856.86
Payable later	25,985.61	27,783.58	17,988.72	18,234.35
<b>Total</b>	<u>92,080.89</u>	<u>66,848.91</u>	<u>68,937.56</u>	<u>41,091.21</u>

### Guarantees

Guarantees provided on behalf of group companies	990,486.31	611,029.68	990,486.31	611,029.68
Offer and delivery guarantees for others	5,735,368.08	6,664,312.27	5,735,368.08	6,664,312.27
<b>Total</b>	<u>6,725,854.39</u>	<u>7,275,341.95</u>	<u>6,725,854.39</u>	<u>7,275,341.95</u>

### Lease liabilities

Payable in the following financial period	176,440.03	165,772.00	158,251.38	146,793.99
Payable later	22,684.72	41,160.95	0.00	0.00
<b>Total</b>	<u>199,124.74</u>	<u>206,932.95</u>	<u>158,251.38</u>	<u>146,793.99</u>

## Related party transactions

The company has no significant related party transactions that would not have been carried out under normal commercial terms.

So-called related party income constitutes EUR 4,478.04 (EUR 418,000.00 in 2017) of the company's other income. Related party receivables at the balance sheet date are EUR 266,490.67 (EUR 579,237.18 in 2017). The company has purchases of EUR 957,206.83 (EUR 537,688.30 in 2017) from related parties during the financial period. At the balance sheet date, liabilities to related parties are EUR 2,698,091.54 (EUR 2,487,344.84 in 2017).

## Formulas for calculating key figures in accordance with the company's financing agreements

Equity ratio	$\frac{\text{Equity (including minority interest)}}{\text{Balance sheet total - advances received}} \times 100$
Current ratio	$\frac{\text{Inventories + financial assets}}{\text{Current liabilities}}$
Quick ratio	$\frac{\text{Cash and current receivables}}{\text{Current liabilities - advances received}}$
Secured liabilities / EBITDA	$\frac{\text{Interest-bearing liabilities from financial institutions}}{\text{EBITDA (-/+ gains or losses on the sale of assets related to other than day-to-day business)}}$

## **SIGNATURES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018 AND THE REPORT OF THE BOARD OF DIRECTORS**

### **BOARD OF DIRECTORS' SIGNATURES**

The Board of Directors proposes that the profit for the financial year, EUR 308,682.26 be transferred to retained earnings and that no dividend be paid.

Porvoo, 27 June 2019

Esa Ikäheimonen  
Chair of the Board

Fred Larsen  
Member of the Board, CEO

Nico Larsen  
Member of the Board

Matthew Bryza  
Member of the Board

### **AUDITOR'S NOTE**

A report has been submitted today on the audit carried out.

Place and date

Audit firm Ernst & Young Oy

Juha Hilmola  
APA

## LIST OF ACCOUNTING BOOKS AND VOUCHER TYPES

Accounting books	Voucher type	Storage method
Balance sheet book		Bound
Journal and general ledger		Computer
Accounts receivable		Computer
Accounts payable		Computer
Accounts receivable vouchers	MY, 3, 98	Computer / paper vouchers
Accounts payable vouchers	WF, OL, JA, 4, 99	Computer / paper vouchers
Bank and cash vouchers	1,2,5,6,7	Paper vouchers
Wages, salaries and holiday pay provision	PA, LV	Paper vouchers
Travel invoices and credit cards	TR, EC	Computer / paper vouchers
Memo vouchers	9	Paper vouchers