Tel.: +45 39 15 52 00
koebenhavn@bdo.dk
www.bdo.dk

BDO Statsautoriseret revisionsaktieselskab
Havneholmen 29
DK-1561 Copenhagen V
CVR no. 20 22 26 70

JERNSTØBERIET DANIA APS

MARKEDSVEJ 21, 9600 AARS

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2016

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 27 April 2017

George Michael Ruhl

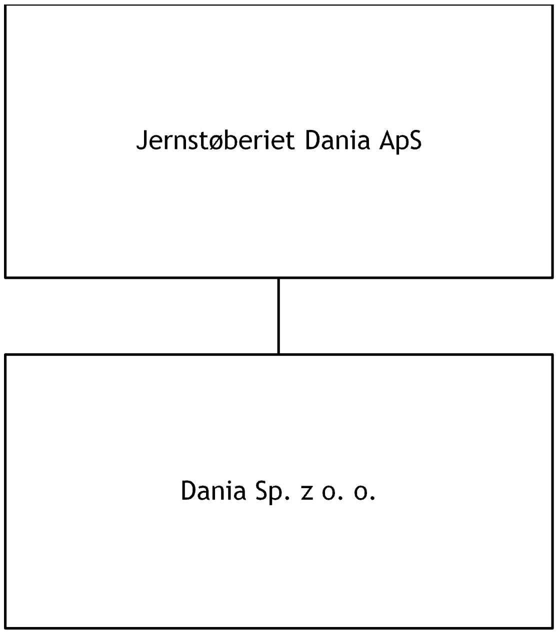
CVR NO. 11 79 39 91

CONTENTS

COMPANY DETAILS

Company	Jernstøberiet Dania ApS Markedsvej 21 9600 Aars	
	Website:	www.dania-as.dk
	E-mail:	dania-as@dania-as.dk
	CVR no.:	11 79 39 91
	Established:	11 December 1987
	Registered Office:	Aars
	Financial Year:	1 January - 31 December
Board of Directors	George Michael Ruhl, Chairman Thomas Krosnar Hana Krosnar Kim Bach Andersen, Elected by employees Michael Sanderson, Elected by employees	
Board of Executives	Jørn Krogager Henriksen	
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V	
Bank	Nordea Bank Danmark A/S Prinsensgade 15 9000 Aalborg	

GROUP STRUCTURE



STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of Jernstøberiet Dania ApS for the year 1 January - 31 December 2016.

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

In our opinion the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Company's financial position at 31 December 2016 and of the results of the Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2016.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the review.

We recommend the Annual Report be approved at the Annual General Meeting.

Aars, den 29. marts 2017

Board of Executives

Jørn Krogager Henriksen

Board of Directors

George Michael Ruhl Chairman	Thomas Krosnar	Hana Krosnar
Kim Bach Andersen Elected by employees	Michael Sanderson Elected by employees	

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Jernstøberiet Dania ApS

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Jernstøberiet Dania ApS for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity, cash flows, notes and a summary of significant accounting policies for both the Group and the Parent Company. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the assets, liabilities and financial position of the Group and the Parent Company at 31 December 2016 and of the results of the Group and the Parent Company operations and cash flows for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Management's Responsibility for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and the Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such Internal control as management determines is necessary to enable the preparation of Consolidated Financial Statements and the Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Parent Company Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Consolidated Financial Statements and the Parent Company Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibility for the Consolidated Financial Statements and the Parent Company Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Parent Company Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Consolidated Financial Statements and the Parent Company Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent 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 Financial Statements and the Parent Company Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and the Parent Company Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. 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 internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Consolidated Financial Statements and the Parent Company Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

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

Copenhagen, 29 March 2017

BDO Statsautoriseret revisionsaktieselskab
CVR-nr. 20 22 26 70

Ole C. K. Nielsen
State Authorised Public Accountant

FINANCIAL HIGHLIGHTS OF THE GROUP

	2016 DKK mill.	2015 DKK mill.	2014 DKK mill.	2013 DKK mill.	2012 DKK mill.
Income statement					
Net revenue	214	230	260	263	262
Operating profit/loss	9	-6	6	5	31
Financial income and expenses, net	-1	-2	-5	-4	-4
Profit/loss for the year	-1	-7	1	2	20
Balance sheet					
Balance sheet total	174	192	191	204	169
Equity	97	98	105	105	101
Invested capital	105	102	111	111	106
Cash flows					
Cash flows from operating activities	10	-1	30	3	17
Cash flows from investing activities	-3	-11	-5	-36	-9
Cash flows from financing activities	-8	2	-7	6	-6
Investment in tangible fixed assets	3	11	24	36	9
Average number of full-time employees	**307**	**323**	**333**	**293**	**267**
Ratios					
Profit margin	0,6	-2,6	2,3	1,9	5,0
Rate of return	-1,2	-7,7	1,1	0,9	8,6
Solvency ratio	55,7	51,0	55,0	51,5	59,8
Return on equity	Neg.	Neg.	1,2	1,0	29,7

FINANCIAL HIGHLIGHTS OF THE GROUP

The ratios stated in the list of key figures and ratios have been calculated as follows:

Profit margin:

$$\frac{\textit{Operating profit / loss} \times 100}{\textit{Net revenue}}$$

Rate of return:

$$\frac{\textit{Profit / loss on ordinary activities} \times 100}{\textit{Average invested capital}}$$

Invested capital:

Intangible fixed assets (ex goodwill) + tangible assets + inventories + receivables + other working current assets - trade payables - other provisions - other long and short term working liabilities

Solvency ratio:

$$\frac{\textit{Equity ex minorities, at year end} \times 100}{\textit{Total equity and liabilities, at year end}}$$

Return on equity:

$$\frac{\textit{Profit/loss after tax} \times 100}{\textit{Average equity}}$$

The ratios essentially follows the Danish Financial Analysts.

MANAGEMENT'S REVIEW

Principal activities

The company's main activity is manufacturing and sales of customer specified machine molded iron castings, supplied as raw castings, machined castings or ready for assembly goods.

The components are primarily supplied to the segments; Hydraulics, Commercial Vehicles, Wind Turbines and Machine Components.

Development in activities and financial position

Turnover

Turnover was lower in 2016 compared to 2015. The foundry activities showed a net decrease of 7%, while the machine shop activities increased by 2%. Total 63% of the sales were to customers outside Denmark.

The market saw a significant decrease in activities in the late spring of 2015 caused by downturn in the agricultural markets in Europe and North America and that continued in 2016. Further the market also declined in the oil and gas industry as well as the Chinese construction industries.

Results

The group EBITDA was 13.7 m DKK and earnings -0.7 m DKK. The result was influenced by a significant market downturn in the second half of 2015 as continued in same low level in 2016. Compared to 2015 the company was financially down sized close to break even.

The result is not satisfactory.

Market Development

The market in Europe was weak in 2016 but signs of recovering were shown second part of the year. Especially the development in the agricultural market and the construction industry in China had an impact on the activity level. Some new projects were won to compensate for old parts being phased out; but some major businesses won were significantly delayed and will only show full effect second half of 2017. This is especially the case for machined castings in the machine shop in Poland, which acts as a subcontractor to Dania ApS.

Dania mainly supplies to factories of large international companies in northern Europe. Our customers typically supply their products, including Dania components, to the global market. Thus Dania's exposure is wide and not so vulnerable to regional stagnations.

Development in activities and financial position (continued)

Investments
Investments in 2016 were less than the year before, investments of 3.3 mDKK were made during 2016.

Equity and liquidity
Equity decreased by 0.9 mDKK, while solidity increased from 51% to 60%.

Organisation and Management
New CEO joined Dania ApS on 15. March 2016 and new Sales Manager joined 1. June 2016.

A new strategy for the company is made. The main topic in the strategy is growth, operational savings, and KPI improvements. The strategies also have major focus on recovering and improving the customer relations.

Management works systematically with comprehensive improvement and development activities according to specific strategy and business plans.

The average number of employees decreased from 323 to 307 for the group.

Environmental situation
Dania ApS obtained in 2016 the energy standard ISO 50001. The standard supporting the management system will help the company to optimize the energy consumption.

The company meets the requirements provided in its environmental permit under the Environmental Code §5. A systematic effort is made to define, develop and implement environmental improvement activities specifically focused on energy consumption.

The company submits green accounts in accordance with applicable law.

Knowledge and Core Competencies
Dania mainly sells complex and core intensive castings. The latest technology for casting simulation is used and the company collaborates with external research and development centers. Through the company's management system within quality, environmental and energy control, competencies for various functions are ensured.

Corporate Social Responsibility
The company has social responsibility policies and complying accordingly.

Employee Relations
The company is a member of DI and thus follows the principles of labour rights.

Profit/loss for the year compared to future expectations
The turnover is expected to grow in 2017 and the development to continue in the years to come.

Projects that were partially implemented in 2016 will show full effect in 2017, and new projects won in 2016 will be implemented and start to get effect.

Overall, the Management of Dania ApS expects to improve the business performance in 2017 compared to 2016

Significant events after the end of the financial year
No events have occurred after the end of the financial year of material importance for the company's financial position.

Future expectations

In general, Dania expects a more positive development in the global industrial activity in 2017. The expectation is that the improvement will lead to a significant strengthening of Dania's sales of new projects and thus generate future turnover.

The strategic change of ownership in 2012 resulted in 2013 in relocation of the machine shop to Poland as well as cooperation with sister companies in Europe, China and USA. The international development activities will continue in 2017 to support our international customers.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

		Group		Parent company	
	Note	2016 DKK '000	2015 DKK '000	2016 DKK '000	2015 DKK '000
NET REVENUE	1	**214.808**	**229.755**	**214.163**	**227.962**
Cost of sales		-102.820	-120.631	-120.550	-131.769
Other external expenses		-8.863	-8.707	-5.712	-6.445
GROSS PROFIT/LOSS		**103.125**	**100.417**	**87.901**	**89.748**
Staff costs	2	-89.447	-94.293	-78.747	-84.399
Depreciation, amortisation and impairment		-12.425	-12.082	-8.620	-8.427
OPERATING PROFIT		**1.253**	**-5.958**	**534**	**-3.078**
Result of equity investments in group and associat		0	0	-961	-4.453
Other financial income	3	298	573	1.008	1.046
Other financial expenses		-2.827	-2.841	-1.634	-1.298
PROFIT BEFORE TAX		**-1.276**	**-8.226**	**-1.053**	**-7.783**
Tax on profit/loss for the year	4	532	1.046	309	603
PROFIT FOR THE YEAR	5	**-744**	**-7.180**	**-744**	**-7.180**

BALANCE SHEET AT 31 DECEMBER

		Group		Parent company	
ASSETS	**Note**	**2016** DKK '000	**2015** DKK '000	**2016** DKK '000	**2015** DKK '000
Land and buildings		36.638	38.000	36.638	38.000
Production plants and machinery		56.911	67.104	29.769	36.029
Other plants, machinery, tools and equipment		2.098	2.297	420	566
Tangible fixed assets in progress and prepayment		1.632	403	521	0
Tangible fixed assets	6	**97.279**	**107.804**	**67.348**	**74.595**
Equity investments in group enterprises		0	0	7.705	0
Fixed asset investments	7	**0**	**0**	**7.705**	**0**
FIXED ASSETS		**97.279**	**107.804**	**75.053**	**74.595**
Raw materials and consumables		6.672	4.392	5.276	3.954
Work in progress		4.406	5.740	3.892	5.525
Finished goods and goods for resale		18.753	21.129	16.621	18.020
Inventories		**29.831**	**31.261**	**25.789**	**27.499**
Trade receivables		42.009	44.943	42.002	44.943
Receivables from group enterprises		63	54	17.338	15.539
Other receivables		2.872	3.391	1.919	1.691
Receivables corporation tax		2.073	1.934	0	0
Receivables		**47.017**	**50.322**	**61.259**	**62.173**
Cash and cash equivalents		**169**	**2.897**	**36**	**2.798**
CURRENT ASSETS		**77.017**	**84.480**	**87.084**	**92.470**
ASSETS		**174.296**	**192.284**	**162.137**	**167.065**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group 2016 DKK '000	Group 2015 DKK '000	Parent company 2016 DKK '000	Parent company 2015 DKK '000
Share capital		15.500	15.500	15.500	15.500
Retained profit		81.580	82.501	81.580	82.501
EQUITY		**97.080**	**98.001**	**97.080**	**98.001**
Provision for deferred tax	8	7.732	6.610	7.732	6.610
PROVISION FOR LIABILITIES		**7.732**	**6.610**	**7.732**	**6.610**
Mortgage debt		15.003	18.829	9.464	12.063
Lease liabilities		3.296	3.789	3.296	3.268
Long-term liabilities	9	**18.299**	**22.618**	**12.760**	**15.331**
Short-term portion of long-term liabilities	9	4.348	7.165	2.643	5.451
Bank debt		18.345	20.371	14.195	15.724
Trade payables		13.457	21.265	11.996	9.901
Payables to group enterprises		269	626	1.671	1.652
Other liabilities		14.766	15.628	14.060	14.395
Current liabilities		**51.185**	**65.055**	**44.565**	**47.123**
LIABILITIES		**69.484**	**87.673**	**57.325**	**62.454**
EQUITY AND LIABILITIES		**174.296**	**192.284**	**162.137**	**167.065**

Contingencies etc.	10
Charges and securities	11
Related parties	12

EQUITY

	Group		
	Share capital	Retained profit	Total
Equity at 1 January 2016	15.500	82.501	98.001
Foreign exchange adjustments		-177	-177
Proposed distribution of profit		-744	-744
Equity at 31 December 2016	**15.500**	**81.580**	**97.080**

	Parent company		
	Share capital	Retained profit	Total
Equity at 1 January 2016	15.500	82.501	98.001
Foreign exchange adjustments		-177	-177
Proposed distribution of profit		-744	-744
Equity at 31 December 2016	**15.500**	**81.580**	**97.080**

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group		Parent company	
	2016 DKK '000	**2015** DKK '000	**2016** DKK '000	**2015** DKK '000
Profit/loss for the year	-744	-7.180	-744	-7.180
Reversed depreciation of the year	12.425	12.031	8.620	8.427
Profit from affiliates	0	0	961	4.453
Reversed tax on profit/loss for the year	-532	-1.046	-309	-603
Corporation tax paid	1.432	0	1.432	-755
Change in inventory	1.430	-1.098	1.711	783
Change in receivables	3.444	1.876	3.318	778
Change in current liabilities (ex bank, tax and dividend)	-8.586	-5.734	1.778	-6.229
Other cash flows from operating activities	1.288	-11	-177	0
CASH FLOWS FROM OPERATING ACTIVITIES	**10.157**	**-1.162**	**16.590**	**-326**
Purchase of tangible fixed assets	-3.282	-11.472	-13.357	-9.112
Sale of tangible fixed assets	0	63	914	63
Other cash flows from investing activities	0	0	0	-2.404
CASH FLOWS FROM INVESTING ACTIVITIES	**-3.282**	**-11.409**	**-12.443**	**-11.453**
Repayments of loans	-7.600	2.045	-5.379	3.760
CASH FLOWS FROM FINANCING ACTIVITIES	**-7.600**	**2.045**	**-5.379**	**3.760**
CHANGE IN CASH AND CASH EQUIVALENTS	**-725**	**-10.526**	**-1.232**	**-8.019**
Cash and cash equivalents at 1. januar	-17.474	-6.948	-12.927	-4.907
CASH AND CASH EQUIVALENTS AT 31. DECEMBER	**-18.199**	**-17.474**	**-14.159**	**-12.926**
Specification of cash and cash equivalents at 31 December:				
Cash and cash equivalents	170	2.897	36	2.798
Bank debt	-18.369	-20.371	-14.195	-15.724
CASH AND CASH EQUIVALENTS, NET DEBT	**-18.199**	**-17.474**	**-14.159**	**-12.926**

NOTES

	Group		Parent company		
	2016 DKK '000	2015 DKK '000	2016 DKK '000	2015 DKK '000	Note
Net revenue					1
Revenue, Denmark......................	78.342	79.678	78.342	78.802	
Revenue, countries outside Denmark.................................	136.466	150.077	135.821	149.160	
	214.808	**229.755**	**214.163**	**227.962**	
Staff costs					2
Average number of employees Group: 307 (2015: 323) Parent company: 204 (2015: 231)					
Wages and salaries.....................	79.834	84.110	70.905	75.721	
Pensions.................................	2.591	5.625	5.253	5.618	
Social security costs...................	7.022	4.558	2.589	3.060	
	89.447	**94.293**	**78.747**	**84.399**	
Remuneration of management and board of directors......................	1.737	1.841	1.737	1.841	
	1.737	**1.841**	**1.737**	**1.841**	
Other financial income					3
Group enterprises......................	46	11	658	483	
Other interest income..................	252	572	351	563	
	298	**583**	**1.009**	**1.046**	
Tax on profit/loss for the year					4
Adjustment of tax for previous years......................................	-1.432	0	-1.432	0	
Adjustment of deferred tax...........	900	-1.046	1.123	-603	
	-532	**-1.046**	**-309**	**-603**	
PROPOSED DISTRIBUTION OF PROFIT					5
Accumulated profit.....................	-744	-7.180	-744	-7.180	
	-744	**-7.180**	**-744**	**-7.180**	

NOTES

Note

Tangible fixed assets 6

	Group	
	Land and buildings	Production plants and machinery
Cost at 1 January 2016	94.020	222.266
Exchange adjustment	0	-1.626
Transferred	0	2.113
Additions	0	1.857
Disposals	0	-3.793
Cost at 31 December 2016	**94.020**	**220.817**
Depreciation at 1 January 2016	56.020	155.162
Exchange adjustment	0	-247
Transferred	0	521
Reversal of depreciation of assets disposed of	0	-3.770
Depreciation for the year	1.362	10.648
Depreciation and write-down at 31 December 2016	**57.382**	**162.314**
Carrying amount at 31 December 2016	**36.638**	**58.503**

	Group	
	Other plants, machinery, tools and equipment	Tangible fixed assets in progress and prepayment
Cost at 1 January 2016	10.439	403
Exchange adjustment	-14	-15
Transferred	-2.061	-51
Additions	180	1.244
Disposals	-619	0
Cost at 31 December 2016	**7.925**	**1.581**
Depreciation and write-down at 1 January 2016	8.142	
Exchange adjustment	-6	
Transferred	-521	
Reversal of depreciation of assets disposed of	-619	
Depreciation for the year	371	
Depreciation and write-down at 31 December 2016	**7.367**	
Carrying amount at 31 December 2016	**558**	**1.581**

Recognised assets not owned by the company: DKK ('000) 5,499.

NOTES

Note

Tangible fixed assets 6

	Parent company	
	Land and buildings	Production plants and machinery
Cost at 1 January 2016	94.020	185.824
Additions	0	1.632
Disposals	0	-4.700
Cost at 31 December 2016	**94.020**	**182.756**
Depreciation at 1 January 2016	56.020	149.795
Reversal of depreciation of assets disposed of	0	-3.770
Depreciation for the year	1.362	6.962
Depreciation and write-down at 31 December 2016	**57.382**	**152.987**
Carrying amount at 31 December 2016	**36.638**	**29.769**

	Parent company	
	Other plants, machinery, tools and equipment	Tangible fixed assets in progress and prepayment
Cost at 1 January 2016	8.052	0
Additions	134	521
Disposals	-619	0
Cost at 31 December 2016	**7.567**	**521**
Depreciation and write-down at 1 January 2016	7.487	
Reversal of depreciation of assets disposed of	-619	
Depreciation for the year	279	
Depreciation and write-down at 31 December 2016	**7.147**	
Carrying amount at 31 December 2016	**420**	**521**

Fixed asset investments 7

	Parent company
	Equity investments in group enterprises
Cost at 1 January 2016	8.800
Exchange adjustment	-661
Additions	11.247
Cost at 31 December 2016	**19.386**
Write-down and amortisation of goodwill at 1 January 2016	11.204
Exchange adjustment	-484
Write-down for the year	961
Write-down and amortisation of goodwill at 31 December 2016	**11.681**
Carrying amount at 31 December 2016	**7.705**

NOTES

Note

Fixed asset investments (continued) 7
Investments in subsidiaries (DKK '000)

Name and registered office	Equity	Profit/loss for the year	Ownership
Dania Sp. z o. o., ul. Jana Pawla, nr II 26, 05-250 Slupno..........	7.705	-961	100 %

Provision for deferred tax 8

Provision for deferred tax comprises deferred tax on contract work in progress, inventory and intangible and tangible fixed assets.

	Group		Parent company	
	2016 DKK '000	**2015** DKK '000	**2016** DKK '000	**2015** DKK '000
Deferred tax at 1 January 2016......	6.610	7.213	6.610	7.213
Deferred tax for the year.............	1.123	-603	1.123	-603
Deferred tax 31 December 2016...	**7.733**	**6.610**	**7.733**	**6.610**

NOTES

Note

Long-term liabilities 9

Group

	1/1 2016 total liabilities	31/12 2016 total liabilities	Repayment next year	Debt outstanding after 5 years
Mortgage debt....................	13.617	11.541	2.077	1.922
Bank loan..........................	9.001	7.244	1.705	0
Lease liabilities...................	7.165	3.862	566	1.443
	29.783	**22.647**	**4.348**	**3.365**

Parent company

	1/1 2016 total liabilities	31/12 2016 total liabilities	Repayment next year	Debt outstanding after 5 years
Mortgage debt....................	13.617	11.541	2.077	1.922
Lease liabilities...................	7.165	3.862	566	1.443
	20.782	**15.403**	**2.643**	**3.365**

Contingencies etc. 10

The company is with approx. 1,100 other Danish companies party to a pending case against Dong (ex Elsam), as the Competition Appeals Tribunal is convisted of abuse of market power in determining the settlement price of electricity. DONG has appealed the decision to the Maritime and Commercial Court. Of the total requirement of 4.4 billion. DKK represents the Company's share DKK 12.1 million.

Operating lease:
The Company has entered into operating leases with an average annual lease payment of DKK ('000) 235 leases have a remaining maturity of up to 24 months and a total remaining lease payments DKK ('000) 431.

Joint liabilities
The Danish companies of the group is jointly and severally liable for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

NOTES

Note

Charges and securities 11

Mortgages
For the safety of mortgage debt og DKK ('000) 11,551 is pledged to DKK ('000) 56,500 in land and buildings which is booked at DKK ('000) 36,638 and other fixed assets booked at DKK ('000) 30,710.

The company has pledged DKK ('000) 27,000 for concerns with the bank that pledge in the following assets:

Simple claims
Inventory
Unregistered vehicles
Other machinery, tools and equipment etc.
Goodwill etc.

Related parties 12
The Company's related parties include the following:

The Controlling interest
Eurac Ltd.
16 Mannings Heath Road
Poole, BH12 4NJ

Transactions with related parties
The company did not carry out any substantial transactions that were not concluded on market conditions. Accordring to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

ACCOUNTING POLICIES

The annual report of Jernstøberiet Dania ApS for 2016 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium enterprise.

The Annual Report is prepared consistently with the accounting principles used last year.

Consolidated financial statements
The consolidated financial statements include the parent company Jernstøberiet Dania ApS and its subsidiaries in which Jernstøberiet Dania ApS directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the group structure.

The consolidated financial statements consolidate the financial statements of the parent company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, internal balances and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

New acquired or established enterprises are recognised in the consolidated financial statements from the time of acquisition. Sold or wound up enterprises are recognised in the consolidated income statement up to the time of disposal. Comparative figures are not adjusted for new acquired, sold or wound up enterprises.

Acquired enterprises are recognised in the consolidated financial statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods. Upon calculation of the fair value of properties used in the business a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor’s opinion, built on an overall assessment of the production equipment.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries’ market value of net assets and liabilities at the acquisition date.

Positive differences between acquisition value and market value of acquired and identified assets and liabilities are recognised in intangible fixed assets as goodwill and amortised systematically in the Income Statement under an individual assessment of the useful life. Negative differences are recognised in the Income Statement upon acquisition.

Investments in associates are measured in the balance sheet at the proportional share of the value of the enterprises, calculated under the accounting policies of the parent company and eliminating proportionally any unrealised intercompany gains and losses. The proportional share of the results of the associates is recognised in the income statement after elimination of the proportional share of internal gains and losses.

INCOME STATEMENT

Net revenue
The net revenue from sale of finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year. Net revenues is recognised exclusive of VAT, duties and less discounts related to the sale.

Cost of sales
Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

ACCOUNTING POLICIES

Other external costs
Other external costs include costs relating to distribution, sale, advertising, administration, premises and similar expenses.

Staff costs
Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Investments in subsidiaries
The income statement of the parent company recognises the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

Financial income and expenses in general
Financial income and expenses include interest income and expenses, financial expenses of finance leases, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax on profit for the year
The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that can be attributed to the profit for the year, and is recognised directly in the equity by the portion that can be attributed to entries directly to the equity.

The company is jointly taxed with Roulunds Braking ApS. The current Danish corporation tax is distributed between the jointly taxed Danish companies in proportion to their taxable income, and with full distribution with refund regarding taxable losses. The jointly taxed companies are included in the tax-on-account scheme.

BALANCE SHEET

Tangible fixed assets
Land and buildings, production plant and machinery, other plants, fixtures and equipment are measured at cost less accumulated depreciation and write-down. No depreciation is provided on land.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Buildings	10-40 years	0%
Production plant and machinery	5-15 years	0%
Other plants, fixtures and equipment	3-5 years	0%
Leased other assets	10 years	0%

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

ACCOUNTING POLICIES

Decrease in value of fixed assets
The book value of tangible fixed assets are assessed annually for indications of impairment beyond what is expressed through depreciation.

If there are indications of imoairment, and impairment test of each asset or group of assets is carried out. The assets are written down to their recoverable amounts if this is lower than the book value.

The recoverable amount is the higher of fair value less costs to sell and capitalised value. The capatalised value is calculated as the present value of expected net cash flows from the use of the asset or asset group.

Fixed asset investments
Investments in subsidiaries are measured in the parent company's balance sheet under the equity method.

Investments in subsidiaries are measured in the Balance Sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill calculated in accordance with the acquisition method.

Net revaluation of investments in subsidiary enterprises is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value. The acquisition method is used on purchase of subsidary enterprises, see description above under consolidated financial statement.

Subsidiary enterprises with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the parent company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds accounts receivable, the residual amount is recognised under provision for liabilities to the extent that the parent company's has a legal or actual liability to cover the subsidiary's deficit.

Impairment of fixed assets
The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, write-down is provided to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

ACCOUNTING POLICIES

Inventories
Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, write-down is provided to the lower value.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables
Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down to meet expected losses.

Dividend
The expected payment of dividend for the year is recognised as a seperate item under the equity capital.

Tax payable and deferred tax
Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. Change in deferred tax due to change in the actual tax rate is recognised in the income statement except adjustments on equity.

ACCOUNTING POLICIES

Liabilities
Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Mortgage debt is measured at amortised cost which for cash loans is equal to the debt outstanding and for bond loans is equal to the debt outstanding, calculated on the basis of the underlying cash value of the loan at the time of borrowing.

Other liabilities are measured at amortised cost equal to nominal value.

Other liabilities which include debt to supppliers, affiliates and associates and other are measured at amortised cost which usually corresponds to the nominal value.

Accruals recognised as liabilities include payments received regarding income in subsequent years.

The capitalised residual lease liability in finance lease contracts is also recognised as financial liabilities.

Foreign currency translation
Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

Accounts receivables, payable and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

ACCOUNTING POLICIES

CASH FLOW STATEMENT

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:
Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:
Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:
Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:
Cash and cash equivalents include bank overdraft and liquid funds.