

Nordic Air Filtration A/S

Bergenevej 1
4900 Nakskov

CVR No. 15110899

Annual Report 2017

27. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 17 April 2018

Frank Lykke Petersen
Chairman of the General Meeting

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Management's Statement

Today, Management has considered and adopted the Annual Report of Nordic Air Filtration A/S for the financial year 1 January 2017 - 31 December 2017.

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

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2017 and of the results of the Company's operations and cash flow for the financial year 1 January 2017 - 31 December 2017.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

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

Nakskov, 29 March 2018

Executive Board

Frank Lykke Petersen

Supervisory Board

Jens Röttgering

Christopher Heinrich Helmut
Heine

André Radley Grundahl

Chairman

Independent Auditor's Report

To the shareholders of Nordic Air Filtration A/S

Opinion

We have audited the financial statements of Nordic Air Filtration A/S for the financial year 1 January 2017 - 31 December 2017, which comprise an income statement, balance sheet, cash flows and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2017 and of the results of its operations and cash flows for the financial year 1 January 2017 - 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibility under those standards and requirements are further described in our auditors' report under "Auditors' responsibility for the audit of the financial statements". As required by the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, we are independent of the Company, 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 financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management considers necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The auditor's responsibility for the audit of the financial statements

Our responsibility is to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect material misstatements. Misstatements can arise from fraud or error and can be considered material if it would be reasonable to expect that these - either individually or collectively - could influence the economic decisions taken by the users of financial statements on the basis of these financial statements.

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

- * Identify and assess the risk of material misstatements in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.
- * Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- * Evaluate whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by Management are reasonable.

Independent Auditor's Report

- * Conclude on whether Management's use of the going concern basis of accounting in preparing the financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may imply that the Company can no longer remain a going concern.
- * Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements reflect the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on Management's Review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of opinion providing assurance regarding the Management's review.

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

Moreover, it is our responsibility to consider whether the Management's review meets the disclosure requirements in the Danish Financial Statements Act.

Based on our procedures, we are of the opinion that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements in the Danish Financial Statements Act. In our opinion, the Management's review is not materially misstated.

Maribo, 29 March 2018

aage maagensen
statsautoriseret revisionsaktieselskab
CVR-no. 12901038

Kristian Due Andersen
State Authorised Public Accountant
mne34328

Company details

Company	Nordic Air Filtration A/S Bergenevej 1 4900 Nakskov
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Website	www.nordic-air-filtration.com
CVR No.	15110899
Date of formation	1 April 1991
Registered office	Lolland
Financial year	1 January 2017 - 31 December 2017
Supervisory Board	Jens Röttgering, Chairman Christopher Heinrich Helmut Heine André Radley Grundahl
Executive Board	Frank Lykke Petersen
Auditors	aage maagensen statsautoriseret revisionsaktieselskab C. E. Christiansens Vej 56 4930 Maribo CVR-no.: 12901038

Management's Review

The Company's principal activities

The main activities of the Company are manufacturing and sale of filter cartridges for industrial use in static- and pulse dust collectors and filter elements for use in the Gas Turbine Industry.

The products are mainly sold on the export markets.

Development in activities and financial matters

The Company's Income Statement of the financial year 1 January 2017 - 31 December 2017 shows a result of DKK -2.908.022 and the Balance Sheet at 31 December 2017 a balance sheet total of DKK 93.099.564 and an equity of DKK 26.942.555.

Year 2017 has been a year with focus on creation sustainable growth in Asia and in North America. On both continents year 2017 was the year where production was established, and where filters produced was delivered to local customers.

Being able to develop and grow new markets, and also in new industries, has costed at lot of resources. Industrial Air Filtration now consists of production in Nakskov, the Middle east, North America and Asia, and year 2018 will be the year where we expect to see the return of the investments made.

The result of the year 2017 is highly unsatisfactory.

The negative result is under the influence of two major challenges. One being the inefficiencies in ramping up the production in Nakskov, and the other, being a decrease in the exchange rate of the USD.

Financing and expected development

We expect year 2018 to improve significantly and result in profit..

Price risks

The price level of the Company's raw materials is fluctuating and therefore presents a risk as price increase only to a limited extent can be include in the prices of finished products.

Currency exposure

Because a significant part of the goods are exported and the main part of raw materials are imported, the result, cash flow and equity are affected by the changes in interest rates and exchange rates for a number of currencies. The Company does not make use of any instruments to hedge the exchange rate risks.

Foreign exchange adjustment of t.DKK 1.815 is recognised as an expense to the profit and loss account.

The Company has not carried out any speculative exchange rate transactions.

Interest rate exposure

Moderate changes in the level of interest will have no considerable direct effect on earnings. Interest rate swap is established in relation to mortgage debt.

Environmental and safety conditions

Through investments and production planning the Company has obtained all necessary environmental authorizations. The Company is constantly aiming at investments and working routines, including improvements of safety conditions.

Research and development activities

Development activities are carried out successively. Development activicites primarily comprise the development of new products and production methods and comprise external expenses.

External costs are capitalized in pursuance of section 83 of the Danish Financial Statements Act.

Consolidation

Management's Review

Nordic Air A/S is a 100% owned subsidiary of Hengst SE.

Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

Key Figures and Financial Ratios

The development in the Company's key figures and financial ratios can be described as follows:

Numbers appear in thousands

	2017	2016	2015/16	2014/15	2013/14
Gross profit	48.110	43.204	44.227	40.991	42.211
Operating profit/loss	-1.889	2.883	7.886	5.045	7.632
Net financial income and expenses	-1.807	-56	-645	-481	-733
Profit/loss for the year	-2.908	2.155	5.540	3.576	5.160
Total equity	26.943	29.749	27.530	21.910	23.040
Total assets	93.100	82.382	69.710	61.580	55.967
Operating activities	12.599	7.677	2.932	6.688	12.247
Investing activities	-2.661	-2.740	-906	-5.863	-797
Financing activities	-5.071	-4.152	-4.672	-2.675	-6.027
Investment in non-current assets	2.002	2.214	935	6.107	842
Avg. number of full-time employees	100	91	78	77	79
Return on capital employed (%)	-1	5	12	9	13
Solvency ratio (%)	29	36	39	36	41

For definitions of key ratios, see Accounting and Valuation Principles

Accounting Policies

Reporting Class

The Annual Report of Nordic Air Filtration A/S for 2017 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

Accounting policies has been changed as follows:

- In accordance with the amendment to the Danish Financial Statements Act, current revaluation of useful lives and residual value of intangible assets and tangible assets is ongoing.

Apart from this, accounting policies remain unchanged from last year.

Reporting currency

The Annual Report is presented in Danish kroner.

Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

Derivative financial instruments

Derivative financial instruments are measured at cost and subsequently at fair value at initial recognition in the Balance Sheet. Positive and negative fair values of derivative financial instruments are included in other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments classified as and fulfilling the criteria for hedging the fair value of a recognised asset or liability are recognised in the Income Statement together with any changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments classified as and fulfilling the conditions for hedging future assets and liabilities are recognised in other receivables or other payables and in equity. In the event that the future transaction results in the recognition of assets or liabilities, any amounts previously recognised in equity will be transferred to the cost of the asset or the liability, respectively. In the event that the future transaction results in income or expenses, any amounts previously recognised in equity will be transferred to the Income Statement in the period in which the hedged item affects the Income Statement.

For derivative financial instruments that do not fulfil the conditions for treatment as hedging instruments, changes in the fair value will continuingly be recognised in the Income Statement.

General Information

Basis of recognition and measurement

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

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as

Accounting Policies

described for each item below.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Market value change derived from financial instruments in order to hedge cash flows is recognized directly in equity.

Income Statement

Revenue

The net turnover from the sale of manufactured goods and goods for resale are recognized in the profit and loss account when delivery is made and risk has passed to the buyer. Revenue is recognized net of VAT, duties and sales discounts.

Gross profit/loss

The Company has decided to aggregate certain items of the Income Statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Raw materials and consumables

Costs for raw materials and consumables comprise purchase of goods and services for resale.

Other external expenses

Other external expenses comprise expenses regarding premises, sale and administration.

Staff expenses

Staff expenses comprise wages and salaries, pensions, social security costs and other staff expenses.

Amortisation and impairment of tangible and intangible assets

Amortisation and impairment of intangible and tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life	Residual value
Concessions, patents, licens, trademarks and other similar rights	3-5 years	0%
Properties	5-30 years	0%
Plant and machinery	3-10 years	0%
Other fixtures and fittings, tools and equipment	2-10 years	0%
Leasehold improvements	3-10 years	0%

Land is not amortised.

Profit or loss resulting from the sale of intangible or tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under amortisation.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses regarding securities, debt and foreign currency transactions, amortisation of financial assets and liabilities as well as surcharges and allowances under the tax repayment scheme.

Accounting Policies

Income taxes

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

Accounting Policies

Balance Sheet

Intangible assets

Other intangible assets, including software etc., are measured at cost less accumulated amortisation and impairment losses.

Tangible assets

Tangible assets are measured at cost plus revaluations, if any, and less accumulated amortisation and impairment losses. Cost comprises the purchase price and costs directly attributable to the purchase until the date when the asset is available for use.

The cost of self-constructed assets comprises payroll and materials costs etc. directly incurred for the production as well as the share of the production costs indirectly attributable for this.

Interest expenses on loans for financing the manufacture of property, plant and equipment are not included in the costs.

Leasing assets

Tangible assets that are leased and meet the conditions for financial leasing are treated according to the same guidelines as those applying to purchased assets.

The cost of financially leased assets is measured at the lower value of the purchase prices according to the leases and the present value of the lease payments, determined on the basis of the interest rate implicit in the leases.

Inventories

Inventories are measured at cost on the basis of the FIFO principle or at the net realisable value if the latter is lower.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Work in progress and manufactured goods are measured at manufacturing price comprising cost of goods sold and direct payroll costs.

Merchandise are measured at cost comprising purchase price plus delivery costs.

The net realizable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Accrued income, assets

Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Equity

Proposed dividend for the year is recognised as a separate item in equity.

Accounting Policies

Provisions

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Other provisions

Other provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when, at the balance sheet date, the company has a legal or actual obligation and it is likely that settlement will result in the company spending financial resources.

Provisions that are expected to be settled later than a year from the balance sheet date are measured at the present value and the expected payments. Other provisions are measured at net realisable value.

Financial liabilities

Fixed-rate loans such as mortgage loans and loans from credit institutions are recognised initially at the proceeds received less transaction expenses incurred. In subsequent periods, loans are measured at amortised cost so that the difference between the proceeds and the nominal value is recognised in the Income Statement as an interest expense over the term of the loan.

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Lease commitments

Lease commitments are measured at the present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the individual leases.

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Accruals and deferred income, equity and liabilities

Accruals and deferred income entered as liabilities consist of payments received regarding income in the subsequent financial years.

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

Accounting Policies

Accounting policies Cash Flow Statement

The Cash Flow Statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flow from the operating activity is determined as the profit/loss for the year adjusted for changes in working capital and non-cash income statement items such as amortisation and impairment losses and provisions. The working capital comprises current assets less short-term liabilities, exclusive of the items that are included in cash and cash equivalents.

Cash flow from the investing activity comprises cash flows from purchase and sale of intangible, tangible and investments.

Cash flow from the financing activity comprises cash flows from raising and repaying long-term liabilities and payments to and from the owners.

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Explanation of financial ratios

Key figures and financial ratios are determined based on "Recommendations & Financial Ratios" issued by the Danish Society of Financial Analysts.

$$\text{Return on capital employed (\%)} = \frac{(\text{Operating profit} + \text{Financial income}) \times 100}{\text{Avg. assets}}$$

$$\text{Equity interest (equity ratio) (\%)} = \frac{\text{Total equity} \times 100}{\text{Total liabilities}}$$

Income Statement

	Note	2017 kr.	2016 kr.
Gross profit		48.110.037	43.203.935
Employee benefits expense	1	-47.034.025	-37.606.645
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets recognised in profit or loss	2	-2.964.895	-2.714.189
Profit from ordinary operating activities		-1.888.883	2.883.101
Other finance income from group enterprises		718.367	503.500
Other finance income	3	50.844	204.331
Finance expences	4	-2.575.858	-763.545
Profit from ordinary activities before tax		-3.695.530	2.827.387
Tax expense on ordinary activities	5	787.508	-672.787
Profit		-2.908.022	2.154.600
Proposed distribution of results			
Retained earnings		-2.908.022	2.154.600
Distribution of profit		-2.908.022	2.154.600

Balance Sheet as of 31 December

	Note	2017 kr.	2016 kr.
Assets			
Acquired intangible assets	6	1.520.775	1.058.110
Intangible assets		1.520.775	1.058.110
Land and buildings	7	14.518.237	13.972.852
Plant and machinery	8	7.768.000	9.088.131
Fixtures, fittings, tools and equipment	9	387.269	379.307
Property, plant and equipment in progress and prepayments for property, plant and equipment	10	0	0
Property, plant and equipment		22.673.506	23.440.290
Fixed assets		24.194.281	24.498.400
Raw materials and consumables		16.154.608	21.189.762
Manufactured goods and goods for resale		4.808.545	4.139.253
Prepayments for goods		488.975	41.252
Inventories		21.452.128	25.370.267
Short-term trade receivables		16.108.792	14.806.733
Short-term receivables from group enterprises		22.821.628	15.957.117
Other short-term receivables		1.630.482	955.059
Deferred income	11	352.204	311.300
Receivables		40.913.106	32.030.209
Cash and cash equivalents		6.540.049	483.174
Current assets		68.905.283	57.883.650
Assets		93.099.564	82.382.050

Balance Sheet as of 31 December

	Note	2017 kr.	2016 kr.
Liabilities and equity			
Contributed capital		500.000	500.000
Retained earnings		26.442.555	29.248.761
Equity		26.942.555	29.748.761
Provisions for deferred tax	12	1.145.104	1.945.862
Other provisions	13	1.537.750	2.136.411
Provisions		2.682.854	4.082.273
Mortgage debt		5.149.055	5.583.390
Debt to other credit institutions		0	1.078.150
Other payables		461.938	592.471
Lease commitments		1.955.079	2.855.489
Long-term liabilities other than provisions	14	7.566.072	10.109.500
Short-term part of long-term liabilities other than provisions	14	1.295.000	3.937.000
Debt to other credit institutions		2.797.605	1.607.151
Prepayments received from customers		286.802	146.366
Trade payables		13.252.197	10.322.909
Payables to group enterprises		31.350.644	16.314.027
Tax payables		0	255.090
Other payables		6.925.835	5.848.573
Deferred income, liabilities	15	0	10.400
Short-term liabilities other than provisions		55.908.083	38.441.516
Liabilities other than provisions within the business		63.474.155	48.551.016
Liabilities and equity		93.099.564	82.382.050
Contingent liabilities	16		
Collaterals and assets pledges as security	17		
Ownership	18		
Liabilities under off-balance sheet leases	19		
Related parties	20		

Nordic Air Filtration A/S

Statement of changes in Equity

	Contributed capital	Retained earnings	Total
Equity 1 January 2017	500.000	29.248.761	29.748.761
Profit (loss)	0	-2.908.022	-2.908.022
Revaluation reserve financial instrument	0	130.533	130.533
Tax on changes in financial instrument	0	-28.717	-28.717
Equity 31 December 2017	<u>500.000</u>	<u>26.442.555</u>	<u>26.942.555</u>

The share capital has remained unchanged for the last 5 years.

Cash Flow Statement

	2017 kr.	2016 kr.
Profit	-2.908.022	2.154.600
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets	2.964.895	2.714.189
Adjustments of interest and similar incomes	-769.211	-707.831
Adjustments of interest and similar expenses	2.575.858	763.545
Adjustments of tax expense	-28.717	236.902
Adjustments for deferred tax	-758.791	435.885
Other provisions	-598.661	1.490.411
Decrease (increase) in inventories	3.918.139	-9.985.575
Decrease (increase) in receivables	-8.882.897	-2.282.647
Decrease (increase) in trade payables	19.173.203	14.190.712
Cash flow from operating activities before financial items	14.685.796	9.010.191
Interest received	769.211	707.831
Interest paid	-2.559.442	-748.497
Cash flow from ordinary operating activities	12.895.565	8.969.525
Income taxes paid	-297.057	-1.292.171
Cash flows from operating activities	12.598.508	7.677.354
Purchase of intangible assets	-661.380	-536.449
Purchase of property, plant and equipment	-2.001.596	-2.213.867
Sales of property, plant and equipment	2.200	10.000
Cash flows from investing activities	-2.660.776	-2.740.316
Repayments of long-term liabilities	-5.071.311	-4.152.340
Cash flows from financing activities	-5.071.311	-4.152.340
Net increase (decrease) in cash and cash equivalents	4.866.421	784.698
Cash and cash equivalents, beginning balance	-1.123.977	-1.908.675
Cash and cash equivalents, ending balance	3.742.444	-1.123.977
Cash and cash equivalents specified:		
Cash and cash equivalents	6.540.049	483.174
Short-term debt to banks	-2.797.605	-1.607.151
Cash and cash equivalents in total	3.742.444	-1.123.977

Notes

	2017	2016
1. Employee benefits expense		
Wages and salaries	42.473.017	33.857.918
Post-employment benefit expense	3.220.675	2.644.916
Social security contributions	802.136	607.883
Other employee expense	538.197	495.928
	47.034.025	37.606.645
<i>Hereof remuneration to management</i>		
Board of directors	1.295.812	
	1.295.812	
Average number of employees	100	91
Incitationsprogram management, 2017 dkk. 276.000		
According to Danish Financial Statements Act Section 98b, there is not informed about remuneration to management for 2016.		
2. Depreciations		
Development projects	198.715	145.383
Land and buildings	805.729	651.241
Plant and machinery	1.727.771	1.667.447
Other fixtures and fittings, tools and equipments	234.880	230.452
Profit/loss from the disposals of operating equipm	-2.200	19.666
	2.964.895	2.714.189
3. Finance income		
Other finance income	50.844	204.331
	50.844	204.331
4. Finance expenses		
Finance expenses arising from group enterprises	272.014	126.799
Other finance expenses	2.303.844	636.746
	2.575.858	763.545
5. Tax expense on ordinary activities		
Current tax	0	255.090
Change in deferred tax	-758.791	435.885
Tax on changes in equity	-28.717	-18.188
	-787.508	672.787

Notes

	2017	2016
6. Acquired intangible assets		
Cost at the beginning of the year	3.907.575	3.072.826
Addition during the year, incl. improvements	661.380	536.449
Transfers during the year to other items	0	298.300
Cost at the end of the year	4.568.955	3.907.575
Depreciation and amortisation at the beginning of the year	-2.849.465	-2.704.082
Amortisation for the year	-198.715	-145.383
Impairment losses and amortisation at the end of the year	-3.048.180	-2.849.465
Carrying amount at the end of the year	1.520.775	1.058.110
7. Land and buildings		
Cost at the beginning of the year	21.472.103	20.319.551
Addition during the year, incl. improvements	1.351.114	1.152.552
Cost at the end of the year	22.823.217	21.472.103
Depreciation and amortisation at the beginning of the year	-7.499.251	-6.848.010
Amortisation for the year	-805.729	-651.241
Impairment losses and amortisation at the end of the year	-8.304.980	-7.499.251
Carrying amount at the end of the year	14.518.237	13.972.852
Land and buildings valued according to public land assessment DKK 16.100.000.		
8. Plant and machinery		
Cost at the beginning of the year	22.657.901	21.139.591
Addition during the year, incl. improvements	407.640	1.518.310
Cost at the end of the year	23.065.541	22.657.901
Depreciation and amortisation at the beginning of the year	-13.569.770	-11.902.323
Amortisation for the year	-1.727.771	-1.667.447
Impairment losses and amortisation at the end of the year	-15.297.541	-13.569.770
Carrying amount at the end of the year	7.768.000	9.088.131
Carrying amount of recognised assets not owned by the Company	4.245.363	5.671.306

Notes

	2017	2016
9. Fixtures, fittings, tools and equipment		
Cost at the beginning of the year	2.162.822	2.097.331
Addition during the year, incl. improvements	242.842	97.891
Disposal during the year	-136.000	-32.400
Cost at the end of the year	2.269.664	2.162.822
Depreciation and amortisation at the beginning of the year	-1.783.515	-1.555.796
Amortisation for the year	-234.880	-230.453
Reversal of impairment losses and amortisation of disposed assets	136.000	2.734
Impairment losses and amortisation at the end of the year	-1.882.395	-1.783.515
Carrying amount at the end of the year	387.269	379.307
10. Property, plant and equipment in progress and prepayments for property, plant and equipment		
Cost at the beginning of the year	0	853.186
Change due to change in accounting policies	0	-298.300
Disposal during the year	0	-554.886
Cost at the end of the year	0	0
Carrying amount at the end of the year	0	0
11. Deferred income		
Prepaid insurance premiums	75.400	68.600
Prepaid services	123.215	142.700
Other prepayments	153.589	100.000
Balance at the end of the year	352.204	311.300

Notes

	2017	2016
12. Provisions for deferred tax		
Intangible fixed assets	334.570	232.784
Tangible fixed assets	1.955.486	1.806.444
Current assets	-37.943	-114.141
Liabilities	18.985	20.775
Fiscal deficit	-1.125.994	0
Balance at the end of the year	1.145.104	1.945.862

13. Other provisions

Warranty provision for goods	1.537.750	2.136.411
Balance at the end of the year	1.537.750	2.136.411

14. Long-term liabilities

	Due after 1 year	Due within 1 year	Due after 5 years
Mortgage debt	5.149.055	395.000	3.615.000
Financial instrument	461.938	0	0
Lease commitments	1.955.079	900.000	0
	7.566.072	1.295.000	3.615.000

Leasing commitments (financial leasing) consist of production machinery. Final payment of purchaseoption is included in the debt.

15. Deferred income, liabilities

Periodic interest	0	10.400
Balance at the end of the year	0	10.400

16. Contingent liabilities

The company grants ordinary trade guarantees towards the customers.

17. Collaterals and securities

Mortgage debt is secured by way of mortgage on properties of nominally DKK 7927k. The mortgage also comprise the plant and machinery related to the property.

The debt in bank is secured by way a deposited deed on properties DKK 5.200k nominal. Recognised amount of mortgaged properties DKK 14.518.237.

The debt in bank is secured by way a businessmortgage DKK 8.850k nominal. Recognised amount of montgaged assets:

Trade debt DKK 16.108.792

Inventories DKK 21.452.128

Intangible fixed assets DKK 1.520.775

Total mortgaged assets businessmortgage DKK 39.081.695

Normal performance guarantee DKK 1.024.535

Notes

18. Ownership

The following shareholders hold more than 5% of the company's share capital:
Hengst SE, Münster, Germany

19. Liabilities under leases

Obligations according to rental or lease contracts until expiration:

2017:	DKK 644.533
2016:	DKK 1.038.058

20. Related parties

Related parties with a controlling interest in the company:

Nordic Air Filtration A/S have the following related parties with control:

Hengst Holding SE & Co. KG
Münster
Germany

Nordic Air Filtration A/S' related parties with significant influence includes group companies and associated companies and the companies board of directors, management and managerial staff as well as these persons related family members. Related parties furthermore includes companies in which the first mentioned persons have significant interests.

Nordic Air Filtration A/S is included in the consolidated financial statement of:
Hengst Holding SE & Co. KG, Münster, Germany

The financial statement can be found at www.bundesanzeiger.de