Deloitte
Statsautoriseret
Revisionspartnerselskab
CVR-nr. 33963556
City Tower, Værkmestergade 2
8000 Aarhus C

Telefon 89 41 41 41
Telefax 89 41 42 43
www.deloitte.dk

HEJK ApS
Neptunvej 1
8600 Silkeborg
Central Business Registration
No 16822000

Annual report 2016

The Annual General Meeting adopted the annual report on 31.05.2017

Chairman of the General Meeting

Name: Kristian Saxtrup Sylvest

Contents

Entity details

Entity
HEJK ApS
Neptunvej 1
8600 Silkeborg

Central Business Registration No: 16822000
Registered in: Silkeborg
Financial year: 01.01.2016 - 31.12.2016

Executive Board
Kristian Saxtrup Sylvest

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of HEJK ApS for the financial year 01.01.2016 - 31.12.2016.

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 Entity's financial position at 31.12.2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Silkeborg, 31.05.2017

Executive Board

Kristian Saxtrup Sylvest

Independent auditor's report

To the shareholders of HEJK ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of HEJK ApS for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2016 - 31.12.2016 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 financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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 responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 exits. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

Independent auditor's report

reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Entity'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 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 Entity'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 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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 the management commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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 the management commentary.

Aarhus, 31.05.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Thomas Rosquist Andersen State Authorised Public Accountant	Steen Andersen State Authorised Public Accountant

Management commentary

	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000	2012 DKK'000
Financial highlights					
Key figures					
Revenue	591.112	590.067	573.093	462.795	507.153
Gross profit/loss	81.932	66.199	80.532	53.165	57.978
Operating profit/loss	27.461	12.747	34.891	9.407	8.901
Net financials	(9.339)	(8.607)	(12.926)	(12.363)	(13.425)
Profit/loss for the year	13.846	3.282	16.820	(2.108)	(4.119)
Total assets	331.023	287.325	272.430	260.298	261.116
Investments in property, plant and equipment	4.106	8.231	768	702	3.251
Equity	21.598	6.159	(2.679)	(10.349)	(8.053)
Employees in average	94	97	85	80	69
Ratios					
Gross margin (%)	13,9	11,2	14,1	11,5	11,4
Net margin (%)	2,3	0,6	2,9	(0,5)	(0,8)
Solvency ratio	2,5	(0,3)	(1,0)	(4,0)	(3,1)

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios
Gross margin (%)	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Revenue}}$	The entity's operating profitability.
Solvency ratio	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity

Management commentary

Primary activities

The Company's business activity is stockholding and trading of stainless steel primarily in Northern Europe, secondarily in the rest of the world.

Development in activities and finances

The Company's income statement for the fiscal year ended 31. December, 2016 shows a net profit of DKK 13.846 thousand, and the balance sheet shows equity of DKK 21.598 thousand, which in addition to subordinated debt of DKK 16.019 thousand add up to a total liable capital of DKK 37.617 and a solvency of 11% including subordinated debt.

The first half of 2016 was characterized by a continued decline in raw material prices, with the Nickel prices dropping below 8.500 USD/ton in May 2016 marking a 13-year low, but also marking the start of a modest rebound in the price of Nickel during the second half of the year with the Nickel price finishing the year around 10.000 USD/ton.

As always the development in raw material prices has a direct influence on the prices of stainless steel, and the rebound in Nickel prices helped pushing up the average sales prices by 10 % from the lowest point in May and by 5 % compared to January 2016, resulting in improved profitability during the second half of the year. This in turn enabled the Company to deliver an acceptable financial result for the full fiscal year.

An increase in quantitative sales (tons) of 11 % y.o.y., in a market which didn't show any real signs of overall demand growth, means the Company again gained market share. Productivity in terms of operating costs per ton improved quite significantly in line with a core strategic goal of being most competitive through cost efficiency.

All five operating companies contributed with positive financial results, and in particular the Scandinavian companies achieved significant improvement in performance.

The Company continued its focus on e-business, and saw a significant increase in the number of customers using the web-shop, which was upgraded with many new functionalities. Other digitalization initiatives were also taken, and the company is at the forefront of this important evolution.

Profit/loss for the year in relation to expected developments

Profit for 2016 has met expectations.

Uncertainty relating to recognition and measurement

A deferred tax asset has been recognized in the company, totaling DKK 12.369 thousand. The utilization of it will depend on positive results of operations in a 3-5-year period. Management firmly believes that the deferred tax asset can be utilized via continued positive operating income in the years to come.

Management commentary

Outlook

2017 has started where 2016 ended with further increase in market prices still driven by the rebound in raw material prices, but also supported by increased market activity. European stainless steel manufacturers report longer lead-times and minor increases in the base prices, which exclude the raw material elements, have been accepted by the market.

Nickel prices are still below what is perceived as being a fair level given the costs of extraction, but a more decisive upwards price change probably require further improvement in the market demand for stainless steel. This, in turn, will only materialize if the global economy gains further traction and provided the production capacity for stainless steel is controlled. Such a rebalancing of the raw material markets and the stainless steel market itself will eventually help to further improve the financial performance of the Company.

Particular risks

The Company uses currency hedges to hedge purchases of goods. The Company is dependent on the development in the prices of raw materials, especially nickel and molybdenum.

Statutory report on corporate social responsibility

The Company has not drawn up any CSR policy nor any policy regarding climate and environment.

Account of the gender composition of management

The Company has not drawn up any policy for the underrepresented gender.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Consolidated income statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Revenue	2	591.112	590.067
Cost of sales		(485.050)	(498.949)
Other external expenses	3	(24.130)	(24.919)
Gross profit/loss		**81.932**	**66.199**
Staff costs	4	(54.471)	(47.658)
Depreciation, amortisation and impairment losses		0	(5.794)
Operating profit/loss		**27.461**	**12.747**
Income from investments in associates		48	(244)
Other financial income	5	391	535
Other financial expenses	6	(9.778)	(8.898)
Profit/loss before tax		**18.122**	**4.140**
Tax on profit/loss for the year	7	(4.276)	(858)
Profit/loss for the year	8	**13.846**	**3.282**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Completed development projects		3.742	4.076
Intangible assets	9	**3.742**	**4.076**
Land and buildings		29.945	30.515
Plant and machinery		0	0
Other fixtures and fittings, tools and equipment		4.335	7.552
Property, plant and equipment	10	**34.280**	**38.067**
Investments in associates		0	0
Other investments		3	3
Other receivables		63	76
Fixed asset investments	11	**66**	**79**
Fixed assets		**38.088**	**42.222**
Raw materials and consumables		162.354	136.516
Prepayments for goods		3.396	1.220
Inventories		**165.750**	**137.736**
Trade receivables		93.320	76.856
Receivables from associates		7.456	7.019
Deferred tax	13	12.369	17.053
Other receivables		5.140	1.581
Income tax receivable		605	0
Prepayments	14	976	1.027
Receivables		**119.866**	**103.536**
Cash		**7.319**	**3.831**
Current assets		**292.935**	**245.103**
Assets		**331.023**	**287.325**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Contributed capital		300	300
Revaluation reserve		1.339	1.339
Retained earnings		6.694	(2.388)
Equity attributable to the Parent's owners		**8.333**	**(749)**
Share of equity attributable to minority interests		**13.265**	**6.908**
Equity		**21.598**	**6.159**
Subordinate loan capital	15	16.019	21.019
Mortgage debts		18.078	19.940
Finance lease liabilities		1.876	1.297
Non-current liabilities other than provisions	16	**35.973**	**42.256**
Current portion of long-term liabilities other than provisions	16	2.340	2.214
Bank loans		136.152	120.323
Trade payables		115.522	89.884
Payables to associates		2.398	2.398
Income tax payable		217	0
Other payables		16.823	24.091
Current liabilities other than provisions		**273.452**	**238.910**
Liabilities other than provisions		**309.425**	**281.166**
Equity and liabilities		**331.023**	**287.325**
Uncertainty relating to recognition and measurement	1		
Associates	12		
Financial instruments	18		
Unrecognised rental and lease commitments	19		
Mortgages and securities	20		
Subsidiaries	21		

Consolidated statement of changes in equity for 2016

	Contributed capital DKK'000	Revaluation reserve DKK'000	Retained earnings DKK'000	Share of equity attributable to minority interests DKK'000
Equity beginning of year	300	1.339	(2.388)	6.907
Exchange rate adjustments	0	0	(687)	(70)
Fair value adjustments of hedging instruments	0	0	962	365
Value adjustments	0	0	836	510
Tax of equity postings	0	0	(276)	(46)
Profit/loss for the year	0	0	8.247	5.599
Equity end of year	**300**	**1.339**	**6.694**	**13.265**

	Total DKK'000
Equity beginning of year	6.158
Exchange rate adjustments	(757)
Fair value adjustments of hedging instruments	1.327
Value adjustments	1.346
Tax of equity postings	(322)
Profit/loss for the year	13.846
Equity end of year	**21.598**

Consolidated cash flow statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Operating profit/loss		27.409	12.594
Amortisation, depreciation and impairment losses		5.814	5.794
Working capital changes	17	(32.637)	(7.713)
Cash flow from ordinary operating activities		**586**	**10.675**
Financial income received		391	535
Financial income paid		(9.778)	(8.898)
Income taxes refunded/(paid)		0	(692)
Cash flows from operating activities		**(8.801)**	**1.620**
Acquisition etc of property, plant and equipment		(4.106)	(8.231)
Sale of property, plant and equipment		1.723	0
Cash flows from investing activities		**(2.383)**	**(8.231)**
Loans raised		15.829	6.009
Instalments on loans etc		(1.157)	(1.377)
Cash flows from financing activities		**14.672**	**4.632**
Increase/decrease in cash and cash equivalents		**3.488**	**(1.979)**
Cash and cash equivalents beginning of year		3.831	5.810
Cash and cash equivalents end of year		**7.319**	**3.831**

Notes to consolidated financial statements

1. Uncertainty relating to recognition and measurement

The value of the deferred tax assets is depending on the future earnings of the company and the group. Thus, the measurement of the asset is connected with a significant uncertainty since unforeseen events may have either positive or negative influence on the future earnings.

2. Revenue

The company has not performed a segmentation of revenue as it considers its activities as one segment.

	2016 DKK'000	2015 DKK'000
3. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	350	350
Tax services	60	70
	410	**420**

	2016 DKK'000	2015 DKK'000
4. Staff costs		
Wages and salaries	44.799	43.771
Pension costs	3.336	3.344
Other social security costs	472	491
Other staff costs	5.864	52
	54.471	**47.658**
Average number of employees	**94**	**97**

	Remuneration of management 2016 DKK'000	Remuneration of management 2015 DKK'000
Executive Board	4.241	4.200
Board of Directors	377	367
	4.618	**4.567**

Notes to consolidated financial statements

	2016 DKK'000	2015 DKK'000
5. Other financial income		
Interest income	221	535
Exchange rate adjustments	79	0
Other financial income	91	0
	391	**535**

	2016 DKK'000	2015 DKK'000
6. Other financial expenses		
Interest expenses	6.485	8.833
Exchange rate adjustments	3	65
Other financial expenses	3.290	0
	9.778	**8.898**

	2016 DKK'000	2015 DKK'000
7. Tax on profit/loss for the year		
Tax on current year taxable income	217	0
Change in deferred tax for the year	4.059	865
Adjustment concerning previous years	0	(7)
	4.276	**858**

	2016 DKK'000	2015 DKK'000
8. Proposed distribution of profit/loss		
Retained earnings	8.247	1.807
Minority interests' share of profit/loss	5.599	1.475
	13.846	**3.282**

Notes to consolidated financial statements

	Completed develop- ment projects DKK'000
9. Intangible assets	
Cost beginning of year	17.061
Additions	2.035
Cost end of year	**19.096**
Amortisation and impairment losses beginning of year	(12.985)
Amortisation for the year	(2.369)
Amortisation and impairment losses end of year	**(15.354)**
Carrying amount end of year	**3.742**

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000
10. Property, plant and equipment			
Cost beginning of year	34.217	624	37.829
Additions	153	0	3.953
Disposals	0	0	(7.440)
Cost end of year	**34.370**	**624**	**34.342**
Revaluations beginning of year	1.786	0	0
Revaluations end of year	**1.786**	**0**	**0**
Depreciation and impairment losses beginning of the year	(5.488)	(624)	(30.277)
Depreciation for the year	(723)	0	(5.146)
Reversal regarding disposals	0	0	5.416
Depreciation and impairment losses end of the year	**(6.211)**	**(624)**	**(30.007)**
Carrying amount end of year	**29.945**	**0**	**4.335**

Notes to consolidated financial statements

	Investments in associates DKK'000	Other investments DKK'000	Other receivables DKK'000
11. Fixed asset investments			
Cost beginning of year	290	3	76
Disposals	0	0	(13)
Cost end of year	**290**	**3**	**63**
Impairment losses beginning of year	(290)	0	0
Exchange rate adjustments	8	0	0
Share of profit/loss for the year	48	0	0
Investments with negative equity depreciated over receivables	(56)	0	0
Impairment losses end of year	**(290)**	**0**	**0**
Carrying amount end of year	**0**	**3**	**63**

	Registered in	Equity interest %
12. Associates		
Dacapo S.A.	Switzerland	25,0

	2016 DKK'000
13. Deferred tax	
Changes during the year	
Beginning of year	17.053
Recognised in the income statement	(4.059)
Recognised directly in equity	(625)
End of year	**12.369**

14. Prepayments

Prepayments are prepaid costs for the next year.

Notes to consolidated financial statements

15. Subordinate loan capital

	2016 DKK'000
Claims of creditor subordinated to other creditors	
Vandango Invest ApS	15.019
Dacapo Invest A/S	1.000
	16.019

	Instalments within 12 months 2016 DKK'000	Instalments within 12 months 2015 DKK'000	Instalments beyond 12 months 2016 DKK'000	Outstanding after 5 years DKK'000
16. Liabilities other than provisions				
Subordinate loan capital	0	0	16.019	16.019
Mortgage debts	1.785	1.784	18.078	11.051
Finance lease liabilities	555	430	1.876	0
	2.340	**2.214**	**35.973**	**27.070**

	2016 DKK'000	2015 DKK'000
17. Change in working capital		
Increase/decrease in inventories	(24.327)	(2.599)
Increase/decrease in receivables	(20.396)	(3.998)
Increase/decrease in trade payables etc	12.086	(1.116)
	(32.637)	**(7.713)**

18. Financial instruments

Other receivables include a positive fair value of DKK 2,632k from currency hedges. The contracts hedge currency risk from future goods purchases in USD totalling USD 6,687k (DKK 62,892k). The fair value adjustment is registered on equity and is expected to be realised in profit and loss after balance date. The currency hedges runs 0 to 6 months.

The fair value of debt instruments recognized in other payables amounts to 6,006k. Currency rate swaps is used to hedge exposure to currency rate risk related to mortage debt in EUR with a book value of 18,078k DKK.

Notes to consolidated financial statements

	2016 DKK'000	2015 DKK'000
19. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**6.032**	**6.345**

20. Mortgages and securities

The following assets have been put up as security for the Company's debt:

Unsecured claims and inventory owned by Dacapo Stainless B.V. have been put up as security for credit facilities in ABN Amro Bank, The Netherlands. Bank loans amount to DKK 21,211k.

Unsecured claims owned by Dacapo Stainless AB and Dacapo Stainless AS have been put up as security for credit facilities in Coface Finans A/S. Loans amount to DKK 7,728k.

Unsecured claims owned by Dacapo Stainless GmbH have been put up as security for credit facilities in Jyske Bank, Germany. Bank loans amount to DKK 2,385k.

Company charge of DKK 100,000k consisting of unsecured claims, inventory, operating equipment, etc. owned by Dacapo Stainless A/S have been put up as security for credit facilities in Jyske Bank as well as pledges in shares and receivables of DKK 28,324k in group enterprises. Bank loans amount to DKK 86,032k.

Land and buildings with a carrying amount of DKK 29,945 have been put up as security for the Company's debt.

	Registered in	Corpo- rate form	Equity inte- rest %
21. Subsidiaries			
2-F Finans ApS	Silkeborg	ApS	66,7
Saxtrup A/S	Silkeborg	A/S	100,0

Parent income statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Other external expenses		(8)	(23)
Operating profit/loss		**(8)**	**(23)**
Income from investments in group enterprises		8.398	1.953
Other financial income		(1)	0
Other financial expenses	1	(185)	(165)
Profit/loss before tax		**8.204**	**1.765**
Tax on profit/loss for the year	2	43	42
Profit/loss for the year	3	**8.247**	**1.807**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Investments in group enterprises		18.057	8.825
Investments in associates		0	0
Other investments		3	3
Fixed asset investments	4	**18.060**	**8.828**
Fixed assets		**18.060**	**8.828**
Receivables from group enterprises		56	54
Receivables from associates		64	58
Deferred tax	5	2.247	2.247
Income tax receivable		43	0
Receivables		**2.410**	**2.359**
Current assets		**2.410**	**2.359**
Assets		**20.470**	**11.187**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Contributed capital		300	300
Reserve for net revaluation according to the equity method		5.363	0
Retained earnings		2.670	(1.050)
Equity		**8.333**	**(750)**
Bank loans		4.001	4.000
Payables to group enterprises		5.686	5.492
Payables to associates		2.398	2.398
Other payables		52	47
Current liabilities other than provisions		**12.137**	**11.937**
Liabilities other than provisions		**12.137**	**11.937**
Equity and liabilities		**20.470**	**11.187**
Contingent liabilities	6		
Mortgages and securities	7		

Parent statement of changes in equity for 2016

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	300	0	(1.050)	(750)
Value adjustments	0	836	0	836
Profit/loss for the year	0	4.527	3.720	8.247
Equity end of year	**300**	**5.363**	**2.670**	**8.333**

Notes to parent financial statements

	2016 DKK'000	2015 DKK'000
1. Other financial expenses		
Financial expenses from group enterprises	114	108
Other financial expenses	71	57
	185	**165**

	2016 DKK'000	2015 DKK'000
2. Tax on profit/loss for the year		
Tax on current year taxable income	(43)	0
Change in deferred tax for the year	0	(42)
	(43)	**(42)**

	2016 DKK'000	2015 DKK'000
3. Proposed distribution of profit/loss		
Transferred to reserve for net revaluation according to the equity method	4.527	0
Retained earnings	3.720	1.807
	8.247	**1.807**

	Investments in group enterprises DKK'000	Investments in associates DKK'000	Other investments DKK'000
4. Fixed asset investments			
Cost beginning of year	12.695	290	3
Cost end of year	**12.695**	**290**	**3**
Revaluations beginning of year	(3.870)	0	0
Adjustments on equity	835	0	0
Share of profit/loss for the year	8.397	0	0
Revaluations end of year	**5.362**	**0**	**0**
Impairment losses beginning of year	0	(290)	0
Impairment losses end of year	**0**	**(290)**	**0**
Carrying amount end of year	**18.057**	**0**	**3**

Notes to parent financial statements

	2016 DKK'000
5. Deferred tax	
Changes during the year	
Beginning of year	2.247
End of year	**2.247**

	2016 DKK'000	2015 DKK'000
6. Contingent liabilities		
Recourse and non-recourse guarantee commitments	148.393	133.266
Hereof contingent liabilities to group enterprises	**148.393**	**133.266**

The Company serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these companies.

7. Mortgages and securities

Bank debt is secured by way of shares in subsidiaries. The book value is DKK 18,057k.

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (big).

The accounting policies applied for this consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group’s accounting policies.

Subsidiaries’ financial statement items are recognised in full in the consolidated financial statements. Minority interests’ pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

Accounting policies

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Business combinations
Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life, however, no more than 20 years. Negative differences in amount (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet under deferred income, and they are recognised in the income statement when such adverse development is realised.

Profits or losses from divestment of equity investments
Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Income statement
Revenue
Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales
Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

Accounting policies

Other external expenses
Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs
Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses
Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in associates
Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after elimination of internal profits or losses.

Other financial income
Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet
Intellectual property rights etc
Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in

Accounting policies

question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is five years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. Development projects are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	50 years
Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	3-10 years

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Investments in associates
Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised pro rata internal profits and losses.

Associates with negative equity are measured at DKK 0, and any receivables from these associates are written down by the share of such negative equity if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if there is a legal or constructive obligation to cover the liabilities of the relevant associate.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Other investments
Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

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

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Income tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Accounting policies

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Finance lease liabilities
Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

Accounting policies

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank debt.