

Thoraso ApS
Skaarupgaard 59
9870 Sindal
Central Business Registration
No 17690833

Annual report 2017

The Annual General Meeting adopted the annual report on 23.05.2018

Chairman of the General Meeting

Name: Eva Jørgensen

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Entity details

Entity

Thoraso ApS
Skaarupgaard 59
9870 Sindal

Central Business Registration No (CVR): 17690833

Registered in: Hjørring

Financial year: 01.01.2017 - 31.12.2017

Board of Directors

Anders Peder Petersen, chairman

Rasmus Hougaard

Sofie Hougaard

Thomas Hougaard

Per Schak Andreasen

Anker Laden-Andersen

Henrik Hougaard

Executive Board

Henrik Hougaard

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Østre Havnepromenade 26, 4. sal

9000 Aalborg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Thoraso ApS for the financial year 01.01.2017 - 31.12.2017.

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 Entity's financial position at 31.12.2017 and of the results of its operations and cash flows for the financial year 01.01.2017 - 31.12.2017.

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.

Sindal, 23.05.2018

Executive Board

Henrik Hougaard

Board of Directors

Anders Peder Petersen
chairman

Rasmus Hougaard

Sofie Hougaard

Thomas Hougaard

Per Schak Andreasen

Anker Laden-Andersen

Henrik Hougaard

Independent auditor's report

To the shareholders of Thoraso ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Thoraso ApS for the financial year 01.01.2017 - 31.12.2017, 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 31.12.2017, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2017 - 31.12.2017 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 Parent'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 as-

Independent auditor's report

urance, 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 these 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 Parent'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 Parent'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.

Independent auditor's report

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.

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.

Aalborg, 23.05.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Thomas Skovsgaard
State Authorised Public Accountant
Identification No (MNE) mne34333

Jakob Olesen
State Authorised Public Accountant
Identification No (MNE) mne34492

Management commentary

	2017 DKK'000	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000
Financial highlights					
Key figures					
Revenue	17.040	619.338	519.043	452.548	489.188
Gross profit/loss	(41.829)	220.332	203.857	196.764	208.007
Operating profit/loss	(47.482)	38.807	18.425	21.380	37.836
Net financials	8.524	17.540	1.238	(3.831)	(1.816)
Profit/loss for the year	372.992	47.771	16.506	12.876	27.203
Total assets	581.818	575.062	491.087	0	0
Investments in property, plant and equipment	1.450	9.501	7.813	16.795	73.928
Equity	517.416	161.397	192.409	177.489	174.849
Equity excl minority interests	517.416	148.728	113.537	100.274	99.237
Cash flows from (used in) operating activities	(58.555)	55.072	14.012	23.681	30.339
Cash flows from (used in) investing activities	452.709	(123.167)	(18.925)	(33.723)	(79.652)
Cash flows from (used in) financing activities	(70.443)	51.328	13.319	(11.779)	29.489
Average numbers of employees	8	453	460	444	418
Ratios					
Gross margin (%)	(245,5)	35,6	39,3	43,5	42,5
Return on equity (%)	112,0	36,4	15,4	12,9	27,3

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

Ratios	Calculation formula	Calculation formula reflects
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity excl minority interests}}$	The entity's return on capital invested in the entity by the owners.

Management commentary

Primary activities

Thoraso ApS is a company that invests in other companies either alone or together with partners. The portfolio of companies consists of a number of companies who's primary activity is within land and forestry and companies who have agriculture as their primary target group. Other main target groups are pet food and fish feed factories (Graintec).

The main activities also comprises investment in real estate.

Development in activities and finances

Thoraso's subsidiary Thoraso Invest ApS sold as per the 30th of November their 90% ownership of SKIOLD A/S with a satisfying result.

The result for 1/1-30/11 from SKIOLD A/S is included in the income statement, however SKIOLD A/S is not included in the consolidation for 2017, due to the disinvestment. We refer to note 5 in the consolidated financial statement.

Thoraso ApS has acquired 10 % of the company SKIOLD Group A/S.

The result for the year is realized better than expected due to the sale of SKIOLD A/S shares. The development in the other activities has followed the expectation at the beginning of the year.

Uncertainty relating to recognition and measurement

Thoraso has provided a loan to DUI Holding A/S for an amount of DKK 13 mio., and has further provided a surety commitment for up to DKK. 4 mio. It is the assesment of the management that it is not necessary to make any provisions in this respect. The assesment is subject to uncertainty.

Outlook

We expect a result before tax in 2018 of 20-25 mio. DKK

Particular risks

As a major part of the portfolio of companies either are located abroad or are exporting, foreign exchange fluctuations will be a risk for the company. Further some of the companies are affected by the development in primarily meat, milk and grain prices.

Intellectual capital resources

The group possesses the professional knowledge required to control and develop the technologies and processes forming part of the principal activities of the group.

Research and development activities

The development activities take place in the individual group companies and focus on a continuous development of new products within the core activities of each company.

Management commentary

Statutory report on corporate social responsibility

The Group has no approved policies regarding corporate social responsibility, including regarding human rights and climatic impacts.

Statutory report on the underrepresented gender

Target figures are not set up and policies are not prepared for the gender distribution in the Group, taken as a whole. The parent company has as its goal to achieve a balanced gender distribution with 2 female representatives in its board of directors within the coming 5 years. The goal has not been obtained yet, however, during 2017 one female member joined the board which is why the gender composition by end of 2017 is one woman and 6 men.

Events after the balance sheet date

Thoraso acquired on 30th of April 2018 further 47,5% of Grintec, and increased the ownership to 90 % in total. Grintec owns 4,7% of the shares and the remaining 5,3 % is owned by management employees.

Consolidated income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Revenue	1	17.039.786	619.337.623
Other operating income		0	1.871.773
Cost of sales		(8.710.998)	(320.252.797)
Other external expenses	2	(50.157.365)	(80.624.797)
Gross profit/loss		(41.828.577)	220.331.802
Staff costs	3	(4.264.850)	(163.266.840)
Depreciation, amortisation and impairment losses		(1.388.834)	(17.720.363)
Other operating expenses		0	(537.798)
Operating profit/loss		(47.482.261)	38.806.801
Income from investments in associates		5.640.733	17.094.397
Income from other fixed asset investments		4.611.618	6.576.664
Other financial income		1.654.125	1.878.531
Impairment losses on financial assets		(31.824)	(3.288.221)
Other financial expenses		(3.350.634)	(4.721.328)
Profit/loss before tax		(38.958.243)	56.346.844
Tax on profit/loss for the year	4	311.143	(8.554.113)
Profit/loss from continuing operations		(38.647.100)	47.792.731
Profit/loss from discontinued operations	5	411.639.246	(21.427)
Profit/loss for the year	6	372.992.146	47.771.304

Consolidated balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Completed development projects		0	12.329.032
Acquired intangible assets		30.350	3.818.657
Goodwill		0	24.943.041
Development projects in progress		0	3.090.882
Intangible assets	7	<u>30.350</u>	<u>44.181.612</u>
Land and buildings		81.106.116	122.743.881
Plant and machinery		0	11.869.469
Other fixtures and fittings, tools and equipment		85.811	2.262.884
Leasehold improvements		0	185.767
Property, plant and equipment	8	<u>81.191.927</u>	<u>137.062.001</u>
Investments in associates		45.109.508	54.946.179
Receivables from associates		55.072.740	50.238.711
Other investments		77.765.017	40.514.232
Deposits		5.900	528.468
Other receivables		30.844.478	14.505.495
Fixed asset investments	9	<u>208.797.643</u>	<u>160.733.085</u>
Fixed assets		<u>290.019.920</u>	<u>341.976.698</u>
Raw materials and consumables		0	24.502.995
Work in progress		0	17.471.433
Manufactured goods and goods for resale		5.559.648	59.428.275
Inventories		<u>5.559.648</u>	<u>101.402.703</u>

Consolidated balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Trade receivables		758.448	93.795.601
Contract work in progress	11	0	3.059.696
Receivables from group enterprises		7.003.281	0
Receivables from associates		53.438	6.142.328
Dividends receivable from associates		169.886	227.620
Deferred tax	12	362.356	1.605.595
Other receivables		2.313.308	6.363.194
Income tax receivable		0	141.598
Joint taxation contribution receivable		361.962	0
Prepayments	13	254.082	2.277.964
Receivables		<u>11.276.761</u>	<u>113.613.596</u>
Cash		<u>274.962.109</u>	<u>18.068.698</u>
Current assets		<u>291.798.518</u>	<u>233.084.997</u>
Assets		<u>581.818.438</u>	<u>575.061.695</u>

Consolidated balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Contributed capital		200.000	200.000
Retained earnings		475.215.884	148.227.769
Proposed dividend		42.000.000	300.000
Equity attributable to the Parent's owners		517.415.884	148.727.769
Share of equity attributable to minority interests		0	12.669.228
Equity		517.415.884	161.396.997
Deferred tax	12	0	3.947.701
Other provisions		3.801.133	17.924.549
Provisions		3.801.133	21.872.250
Mortgage debt		52.855.056	89.017.358
Bank loans		0	6.054.242
Deposits		1.151.418	1.157.410
Other payables		0	84.841.420
Non-current liabilities other than provisions	14	54.006.474	181.070.430
Current portion of long-term liabilities other than provisions	14	641.476	12.589.703
Bank loans		53.666	66.871.290
Prepayments received from customers		940.823	25.790.063
Contract work in progress	11	0	2.692.000
Trade payables		1.925.924	36.973.173
Income tax payable		0	7.245.685
Joint taxation contribution payable		2.081	0
Other payables		3.030.977	51.967.685
Deferred income		0	6.592.419
Current liabilities other than provisions		6.594.947	210.722.018
Liabilities other than provisions		60.601.421	391.792.448
Equity and liabilities		581.818.438	575.061.695
Associates	10		
Assets charged and collateral	16		
Transactions with related parties	17		
Group relations	18		
Subsidiaries	19		

Consolidated statement of changes in equity for 2017

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Share of equity attributable to minority interests DKK
Equity beginning of year	200.000	148.227.769	300.000	12.669.228
Effect of mergers and business combinations	0	0	0	(12.669.228)
Ordinary dividend paid	0	0	(300.000)	0
Exchange rate adjustments	0	(4.004.031)	0	0
Profit/loss for the year	0	330.992.146	42.000.000	0
Equity end of year	200.000	475.215.884	42.000.000	0
				Total DKK
Equity beginning of year				161.396.997
Effect of mergers and business combinations				(12.669.228)
Ordinary dividend paid				(300.000)
Exchange rate adjustments				(4.004.031)
Profit/loss for the year				372.992.146
Equity end of year				517.415.884

Consolidated cash flow statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Operating profit/loss		(47.482.321)	38.806.801
Amortisation, depreciation and impairment losses		1.388.834	17.720.363
Working capital changes	15	(10.220.379)	(10.393.995)
Provisions		0	8.483.081
Discontinued operations		0	(20.573)
Other adjustments		0	2.082.905
Cash flow from ordinary operating activities		(56.313.866)	56.678.582
Financial income received		1.654.125	3.558.614
Financial income paid		(3.350.634)	(4.089.569)
Income taxes refunded/(paid)		(544.290)	(1.076.110)
Cash flows from operating activities		(58.554.665)	55.071.517
Acquisition etc of intangible assets		(1.450.288)	(8.905.789)
Sale of intangible assets		0	920.460
Acquisition etc of property, plant and equipment		(4.148)	(9.501.118)
Acquisition of fixed asset investments		(53.748.012)	(14.505.495)
Sale of fixed asset investments		500.000	0
Disposal of enterprises		507.411.072	0
Acquisitions of equity investments from minorities		0	(91.175.522)
Cash flows from investing activities		452.708.624	(123.167.464)
Loans raised		0	89.429.836
Repayments of loans etc		(91.624.810)	(15.295.154)
Repayment of debt to associates		0	(16.995.839)
Dividend paid		(300.000)	(13.626.050)
Dividend from associates		32.519.886	7.814.940
Cash and cash equivalents related to discontinued operations		(11.038.000)	0
Cash flows from financing activities		(70.442.924)	51.327.733
Increase/decrease in cash and cash equivalents		323.711.035	(16.768.214)
Cash and cash equivalents beginning of year		(48.802.592)	(32.034.378)
Cash and cash equivalents end of year		274.908.443	(48.802.592)

Consolidated cash flow statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Cash and cash equivalents at year-end are composed of:			
Cash		274.962.109	18.068.698
Short-term debt to banks		<u>(53.666)</u>	<u>(66.871.290)</u>
Cash and cash equivalents end of year		<u>274.908.443</u>	<u>(48.802.592)</u>

Notes to consolidated financial statements

	2017 DKK	2016 DKK
1. Revenue		
Revenue EU	17.039.786	334.946.110
Revenue outside EU	0	284.391.513
	17.039.786	619.337.623
	2017 DKK	2016 DKK
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	316.000	326.373
Tax services	188.300	25.000
Other services	237.000	105.000
	741.300	456.373
	2017 DKK	2016 DKK
3. Staff costs		
Wages and salaries	3.842.874	134.586.842
Pension costs	356.075	15.170.551
Other social security costs	65.901	13.509.447
	4.264.850	163.266.840
Average number of employees	8	453
	Remunera- tion of manage- ment 2017 DKK	Remunera- tion of manage- ment 2016 DKK
Total amount for management categories	954.318	947.513
	954.318	947.513
	2017 DKK	2016 DKK
4. Tax on profit/loss for the year		
Current tax	2.081	9.220.868
Change in deferred tax	226.752	49.784
Adjustment concerning previous years	0	(395.651)
Effect of changed tax rates	0	(9.706)
Refund in joint taxation arrangement	(539.976)	(311.182)
	(311.143)	8.554.113

Notes to consolidated financial statements

	2017
	DKK
5. Discontinued operations	
Income statement	
Revenue	496.073.964
Other operation income	1.043.855
Cost of sales	(226.465.097)
Other expenses	(235.130.372)
Financials, netto	4.207.206
Profit/loss for the period	39.729.556
Gains or losses from disposals etc	374.731.918
Pre-tax profit/loss from discontinued operations	414.461.474
Tax on profit/loss from discontinued operations	(2.822.228)
Post-tax profit/loss from discontinued operations	411.639.246

	2017
	DKK
Revenue by geographical market	
Revenue EU	288.094.154
Revenue outside EU	207.979.810
	496.073.964
Revenue by activity	
Processing plant and equipment	260.377.931
Livestock farming and equipment	235.696.033
	496.073.964

Average number of employees from discontinued operations is 459.

	2017	2016
	DKK	DKK
6. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	42.000.000	300.000
Retained earnings	330.992.146	34.702.417
Minority interests' share of profit/loss	0	12.768.887
	372.992.146	47.771.304

Notes to consolidated financial statements

	Completed develop- ment projects DKK	Acquired intangible assets DKK	Goodwill DKK	Develop- ment projects in progress DKK
7. Intangible assets				
Cost beginning of year	35.421.874	13.733.624	42.442.103	3.090.882
Disposals on divestments etc	(35.421.874)	(13.669.224)	0	(3.090.882)
Additions	0	4.148	0	0
Disposals	0	0	(42.442.103)	0
Cost end of year	0	68.548	0	0
Amortisation and impairment losses beginning of year	(23.092.842)	(9.914.967)	(17.499.062)	0
Amortisation for the year	0	(27.367)	0	0
Reversal regarding disposals	23.092.842	9.904.136	17.499.062	0
Amortisation and impairment losses end of year	0	(38.198)	0	0
Carrying amount end of year	0	30.350	0	0
Development projects				

Development projects is sold during the financial year.

Notes to consolidated financial statements

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
8. Property, plant and equipment				
Cost beginning of year	154.515.986	76.358.421	13.643.278	470.182
Disposals on divestments etc	(68.941.020)	(76.358.421)	(12.479.227)	(470.182)
Additions	1.450.288	0	0	0
Cost end of year	87.025.254	0	1.164.051	0
Revaluations beginning of year	25.828.925	0	0	0
Disposals on divestments etc	(25.828.925)	0	0	0
Revaluations end of year	0	0	0	0
Depreciation and impairment losses beginning of year	(57.601.030)	(64.488.952)	(11.380.394)	(284.415)
Depreciation for the year	(1.330.958)	0	(30.509)	0
Reversal regarding disposals	53.012.850	64.488.952	10.332.663	284.415
Depreciation and impairment losses end of year	(5.919.138)	0	(1.078.240)	0
Carrying amount end of year	81.106.116	0	85.811	0

Notes to consolidated financial statements

	Investments in associates DKK	Receivables from associates DKK	Other investments DKK	Deposits DKK
9. Fixed asset investments				
Cost beginning of year	32.155.791	50.238.711	37.361.994	528.468
Disposals on divestments etc	(9.084.256)	0	0	(522.568)
Additions	0	5.334.029	32.639.167	0
Disposals	0	(500.000)	0	0
Cost end of year	23.071.535	55.072.740	70.001.161	5.900
Revaluations beginning of year	22.790.388	0	3.152.238	0
Addition through business combinations etc	293.344	0	0	0
Disposals on divestments etc	(1.369.261)	0	0	0
Exchange rate adjustments	(3.646.515)	0	0	0
Adjustments on equity	(357.485)	0	0	0
Amortisation of goodwill	(83.883)	0	0	0
Share of profit/loss for the year	5.431.271	0	0	0
Dividend	(1.019.886)	0	0	0
Revaluations for the year	0	0	4.611.618	0
Revaluations end of year	22.037.973	0	7.763.856	0
Carrying amount end of year	45.109.508	55.072.740	77.765.017	5.900

Notes to consolidated financial statements

	Other receivables DKK
9. Fixed asset investments	
Cost beginning of year	14.505.495
Disposals on divestments etc	0
Additions	16.338.983
Disposals	0
Cost end of year	30.844.478
Revaluations beginning of year	0
Addition through business combinations etc	0
Disposals on divestments etc	0
Exchange rate adjustments	0
Adjustments on equity	0
Amortisation of goodwill	0
Share of profit/loss for the year	0
Dividend	0
Revaluations for the year	0
Revaluations end of year	0
Carrying amount end of year	30.844.478
	Equity inte- rest %
10. Associates	Registered in
Graintec A/S	Vejle 38,5
Graintec Holding ApS	Vejle 33,3
Engsko A/S	Randers 42,5
Danagri 3S Ltd.	Shropshire, England 33,3
DUI Holding A/S	Sønderborg 33,3
Fortin Madrejon A/S	Hjørring 35,7
Scandinavian Farms Invest A/S	Sønderborg 20,0
Wohnen am See Zerndorf GmbH	Königs Wusterhausen, Deutschland 22,5

Notes to consolidated financial statements

	2017 DKK	2016 DKK
11. Contract work in progress		
Contract work in progress	0	2.753.696
Progress billings regarding contract work in progress	0	(2.386.000)
Transferred to liabilities other than provisions	0	2.692.000
	0	3.059.696
		2017 DKK
12. Deferred tax		
Changes during the year		
Beginning of year		2.342.106
Recognised in the income statement		(226.752)
Reversal regarding disposals		(1.752.998)
End of year		362.356

Tax assets comprises tangible fixed assets, current investments and tax losses carried forward.

Deferred tax asset is recognized as a result of the management' expectation that the tax loss can be used within a short period of time.

13. Prepayments

Prepayments comprise incurred cost relating to subsequent financial year. Prepayments is prepaid insurance and other prepaid costs.

	Due within 12 months 2017 DKK	Due within 12 months 2016 DKK	Due after more than 12 months 2017 DKK	Outstanding after 5 years DKK
14. Liabilities other than provisions				
Mortgage debt	641.476	5.589.703	52.855.056	45.177.832
Deposits	0	0	1.151.418	0
Other payables	0	7.000.000	0	0
	641.476	12.589.703	54.006.474	45.177.832

Notes to consolidated financial statements

	2017	2016
	DKK	DKK
15. Change in working capital		
Increase/decrease in inventories	(145.834)	(2.505.337)
Increase/decrease in receivables	(8.477.257)	(14.477.680)
Increase/decrease in trade payables etc	(1.597.288)	6.558.886
Other changes	0	30.136
	(10.220.379)	(10.393.995)

16. Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties. The mortgage also comprises the plant and machinery deemed part of the property.

Mortgage debt of DKK 53,5m nominal is secured by way of mortgage on properties with a book value of DKK 81,1m.

The group has towards financial institutions supplied guarantees for a part of bank engagements with subsidiary and associated companies for an amount of up to DKK 48,4m. The actual guarantee comprises DKK 47,2m. at the balance day.

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on plant of DKK 43m nominal.

As security for bank loans in the associated company Engsko A/S, Thoraso ApS has as collateral, supplied security in stocks. There are no bank loans in Engsko A/S at the balance sheet day. Thoraso ApS has supplied a limited collateral for Engsko A/S and United Millings Systems ApS. The limitation consists of 50%.

17. Transactions with related parties

The annual report discloses transactions with related parties that are not conducted on market terms. All transactions were made on terms equivalent to arm's length principles.

18. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Thoraso Holding ApS, Sindal

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Thoraso Holding ApS, Sindal

Notes to consolidated financial statements

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>
19. Subsidiaries			
Thoraso Invest ApS	Hjørring	ApS	100,0
DK-Tec A/S	Nyborg	A/S	100,0

Parent income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Revenue	1	5.210.637	5.318.326
Other operating income		429.365	535.015
Other external expenses		(3.247.830)	(3.130.450)
Gross profit/loss		2.392.172	2.722.891
Staff costs	2	(1.802.142)	(1.550.077)
Depreciation, amortisation and impairment losses		(1.330.958)	(1.328.443)
Operating profit/loss		(740.928)	(155.629)
Income from investments in group enterprises		370.116.510	22.911.482
Income from investments in associates		5.640.733	13.862.184
Income from other fixed asset investments		0	1.820.152
Other financial income	3	1.129.938	1.395.988
Impairment losses on financial assets		(31.824)	(3.288.221)
Other financial expenses	4	(3.322.425)	(2.024.819)
Profit/loss before tax		372.792.004	34.521.137
Tax on profit/loss for the year	5	200.142	481.280
Profit/loss for the year	6	372.992.146	35.002.417

Parent balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Land and buildings		81.106.116	80.986.786
Other fixtures and fittings, tools and equipment		47.700	47.700
Property, plant and equipment	7	<u>81.153.816</u>	<u>81.034.486</u>
Investments in group enterprises		508.404.509	157.287.999
Investments in associates		45.109.508	44.492.662
Receivables from associates		55.072.740	50.238.711
Other investments		33.333.600	1.258.600
Other receivables		4.505.495	4.505.495
Fixed asset investments	8	<u>646.425.852</u>	<u>257.783.467</u>
Fixed assets		<u>727.579.668</u>	<u>338.817.953</u>
Trade receivables		0	14.134
Receivables from group enterprises		12.500.937	3.049.211
Receivables from associates		53.438	0
Dividends receivable from associates		169.886	227.620
Deferred tax	9	148.715	321.715
Other receivables		56.608	640.510
Joint taxation contribution receivable		361.962	6.361.941
Prepayments	10	72.773	583
Receivables		<u>13.364.319</u>	<u>10.615.714</u>
Cash		<u>2.879.785</u>	<u>22.669</u>
Current assets		<u>16.244.104</u>	<u>10.638.383</u>
Assets		<u>743.823.772</u>	<u>349.456.336</u>

Parent balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Contributed capital	11	200.000	200.000
Reserve for net revaluation according to the equity method		353.526.032	2.668.582
Retained earnings		121.689.852	145.559.187
Proposed dividend		42.000.000	300.000
Equity		<u>517.415.884</u>	<u>148.727.769</u>
Mortgage debt		52.855.056	53.500.794
Deposits		1.350.918	1.356.910
Other payables		0	84.429.839
Non-current liabilities other than provisions	12	<u>54.205.974</u>	<u>139.287.543</u>
Current portion of long-term liabilities other than provisions	12	641.476	7.184.717
Bank loans		53.666	44.627.545
Prepayments received from customers		940.823	938.641
Trade payables		148.687	96.946
Payables to group enterprises		168.207.332	0
Income tax payable		0	6.906.231
Joint taxation contribution payable		0	254.416
Other payables		2.209.930	1.432.528
Current liabilities other than provisions		<u>172.201.914</u>	<u>61.441.024</u>
Liabilities other than provisions		<u>226.407.888</u>	<u>200.728.567</u>
Equity and liabilities		<u>743.823.772</u>	<u>349.456.336</u>
Contingent liabilities	13		
Assets charged and collateral	14		
Related parties with controlling interest	15		
Transactions with related parties	16		

Parent statement of changes in equity for 2017

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend DKK
Equity beginning of year	200.000	2.668.582	145.559.187	300.000
Ordinary dividend paid	0	0	0	(300.000)
Exchange rate adjustments	0	(3.646.515)	0	0
Other entries on equity	0	(357.516)	0	0
Dividends from group enterprises	0	(20.000.000)	20.000.000	0
Dividends from associates	0	(1.019.886)	1.019.886	0
Transfer to reserves	0	375.881.367	(375.881.367)	0
Profit/loss for the year	0	0	330.992.146	42.000.000
Equity end of year	200.000	353.526.032	121.689.852	42.000.000
				Total DKK
Equity beginning of year				148.727.769
Ordinary dividend paid				(300.000)
Exchange rate adjustments				(3.646.515)
Other entries on equity				(357.516)
Dividends from group enterprises				0
Dividends from associates				0
Transfer to reserves				0
Profit/loss for the year				372.992.146
Equity end of year				517.415.884

Notes to parent financial statements

	2017 DKK	2016 DKK
1. Revenue		
Revenue EU	5.210.637	5.318.326
	5.210.637	5.318.326
2. Staff costs		
Wages and salaries	1.640.183	1.347.310
Pension costs	151.087	191.455
Other social security costs	10.872	11.312
	1.802.142	1.550.077
Average number of employees	3	3
	Remunera- tion of manage- ment 2017 DKK	Remunera- tion of manage- ment 2016 DKK
Total amount for management categories	454.318	447.513
	454.318	447.513
3. Other financial income		
Financial income arising from group enterprises	99.491	120.288
Other interest income	1.027.552	1.078.178
Exchange rate adjustments	0	197.522
Other financial income	2.895	0
	1.129.938	1.395.988

Notes to parent financial statements

	2017 DKK	2016 DKK
4. Other financial expenses		
Financial expenses from group enterprises	138.352	28.164
Other interest expenses	2.607.448	1.845.176
Exchange rate adjustments	576.625	0
Fair value adjustments	0	93.160
Other financial expenses	0	58.319
	3.322.425	2.024.819
	2017 DKK	2016 DKK
5. Tax on profit/loss for the year		
Change in deferred tax	173.000	(170.098)
Refund in joint taxation arrangement	(373.142)	(311.182)
	(200.142)	(481.280)
	2017 DKK	2016 DKK
6. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	42.000.000	300.000
Retained earnings	330.992.146	34.702.417
	372.992.146	35.002.417
	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK
7. Property, plant and equipment		
Cost beginning of year	85.574.966	112.200
Additions	1.450.288	0
Cost end of year	87.025.254	112.200
Depreciation and impairment losses beginning of year	(4.588.180)	(64.500)
Depreciation for the year	(1.330.958)	0
Depreciation and impairment losses end of year	(5.919.138)	(64.500)
Carrying amount end of year	81.106.116	47.700

Notes to parent financial statements

	Investments in group enterprises DKK	Investments in associates DKK	Receivables from associates DKK	Other investments DKK
8. Fixed asset investments				
Cost beginning of year	176.040.544	23.071.535	50.238.711	1.869.300
Additions	1.000.000	0	5.334.029	32.075.000
Disposals	0	0	(500.000)	0
Cost end of year	177.040.544	23.071.535	55.072.740	33.944.300
Revaluations beginning of year	0	21.421.127	0	(610.700)
Addition through business combinations etc	0	293.344	0	0
Exchange rate adjustments	0	(3.646.515)	0	0
Adjustments on equity	0	(357.485)	0	0
Amortisation of goodwill	0	(83.883)	0	0
Share of profit/loss for the year	331.363.965	5.431.271	0	0
Dividend	0	(1.019.886)	0	0
Revaluations end of year	331.363.965	22.037.973	0	(610.700)
Impairment losses beginning of year	(18.752.545)	0	0	0
Impairment losses on goodwill	(24.246.840)	0	0	0
Share of profit/loss for the year	62.999.385	0	0	0
Dividend	(20.000.000)	0	0	0
Impairment losses end of year	0	0	0	0
Carrying amount end of year	508.404.509	45.109.508	55.072.740	33.333.600

Notes to parent financial statements

	Other receivables DKK
	<u>DKK</u>
8. Fixed asset investments	
Cost beginning of year	4.505.495
Additions	0
Disposals	0
Cost end of year	<u>4.505.495</u>
Revaluations beginning of year	0
Addition through business combinations etc	0
Exchange rate adjustments	0
Adjustments on equity	0
Amortisation of goodwill	0
Share of profit/loss for the year	0
Dividend	0
Revaluations end of year	<u>0</u>
Impairment losses beginning of year	0
Impairment losses on goodwill	0
Share of profit/loss for the year	0
Dividend	0
Impairment losses end of year	<u>0</u>
Carrying amount end of year	<u>4.505.495</u>

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

	Registered in	Corpo- rate form	Equity inte- rest %
Investments in associates comprise:			
Graintec A/S	Vejle	A/S	38,5
Graintec Holding ApS	Vejle	ApS	33,3
Engsko A/S	Randers	A/S	42,5
Danagri 3S Ltd.	Shropshire, England	Ltd.	33,3
DUI Holding A/S	Sønderborg	A/S	33,3
Fortin Madrejon A/S	Hjørring	A/S	35,7
Scandinavian Farms Invest A/S	Sønderborg	A/S	20,0
Wohnen am See Zerndorf GmbH	Königs Wusterhausen, Deutschland	GmbH	22,5

Notes to parent financial statements

	2017 DKK
9. Deferred tax	
Changes during the year	
Beginning of year	321.715
Recognised in the income statement	(173.000)
End of year	148.715

Tax assets comprises tangible fixed assets, current investments and tax losses carried forward.

Deferred tax asset is recognized as a result of the management' expectation that the tax loss can be used within a short period of time.

10. Prepayments

Prepayments comprise incurred cost relating to subsequent financial year. Prepayments is prepaid insurance and other prepaid costs.

	Number	Par value DKK	Nominal value DKK
11. Contributed capital			
A-shares	56	1000	56.000
B-shares	144	1000	144.000
	200		200.000

	Due within 12 months 2017 DKK	Due within 12 months 2016 DKK	Due after more than 12 months 2017 DKK	Outstanding after 5 years DKK
12. Liabilities other than provisions				
Mortgage debt	641.476	184.717	52.855.056	45.177.832
Deposits	0	0	1.350.918	0
Other payables	0	7.000.000	0	0
	641.476	7.184.717	54.205.974	45.177.832

13. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

Notes to parent financial statements

14. Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties. The mortgage also comprises the plant and machinery deemed part of the property.

Mortgage debt of DKK 53,5m. nominal is secured by way of mortgage on properties with a book value of DKK 81,1m.

The group has towards financial institutions supplied guarantees for a part of bank engagements with subsidiary and associated companies for an amount of up to DKK 48,4m. The actual guarantee comprises DKK 47,2m at the balance day.

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on plant of DKK 43m nominal.

As security for bank loans in the associated company Engsko A/S, Thoraso ApS has as collateral, supplied security in stocks. There are no bank loans in Engsko A/S at the balance sheet day. Thoraso ApS has supplied a limited collateral for Engsko A/S and United Millings Systems ApS. The limitation consists of 50%.

Thoraso ApS has supplied unlimited guarantee towards DK-Tec A/S.

15. Related parties with controlling interest

Principal shareholder Thoraso Holding ApS, Skaarupgaard 59, Tolne, 9870 Sindal has controlling interest.

16. Transactions with related parties

The annual report discloses transactions with related parties that are not conducted on market terms. All transactions were made on terms equivalent to arm's length principles.

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 (large).

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

Non-comparability

The consolidated financial statements is not comparable due to the disposal of Skiold A/S. The profit from disposal of Skiold A/S is presented in note 5 in the consolidated financial statements.

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 the 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' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

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

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 rate 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. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at

Accounting policies

the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

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.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Revenue from rent is recognised in the income statement when the rent matures. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

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 writedowns 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

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the

Accounting policies

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.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Income from investments in group enterprises

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

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.

Income from other fixed asset investments

Income from other fixed asset investments comprises gains in the form of interest, dividends, etc on fixed asset investments which are not investments in group enterprises or associates.

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 or exchange 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.

Impairment losses on financial assets

Impairment losses on financial assets comprise impairment losses on financial assets which are not measured at fair value on a current basis.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange 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

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether

Accounting policies

the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile, and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 5-10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

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 question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

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

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. The amortisation periods used are 2-7 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc 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. For self-manufactured assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs.

Accounting policies

Indirect production costs in the form of indirect attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

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 (residual value: 0-50%)	25 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment (residual value: 0-20%)	3-10 years
Leasehold improvements	5 years

For leasehold improvements the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

In the parent financial statements, 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 value plus unamortised goodwill and plus or minus unrealised intra-group profits and losses.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

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

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 enterprises' equity values plus unamortised goodwill and plus or minus unrealised pro rata intra-group profits and losses.

Associates with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant associate, and it is probable that such obligation is imminent, a provision is recognised that is measured at present of the costs deemed necessary to incur to settle the obligation.

Accounting policies

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.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

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 writedowns 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 and unlisted investments measured at the lower of cost and net realisable value.

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. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

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

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Accounting policies

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as finance costs are recognised in the income statement as incurred.

Deferred tax

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

Deferred tax assets, including the tax base of tax loss carry forwards, 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.

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Minority interests

Minority interests consist of non-controlling interests' share of equity in subsidiaries not 100% owned by the Parent.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Accounting policies

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

On acquisition of enterprises and investments in group enterprises, provisions are made for costs relating to restructuring in the acquired enterprise that were decided and published at the acquisition date at the latest.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

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.

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.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Income tax receivable or payable

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

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

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,

Accounting policies

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.

Cash and cash equivalents comprise cash less short-term bank loans.