

# Gram Equipment A/S

Aage Grams Vej 1, 6500 Vojens


CVR no. 21 27 42 08



## Annual report 2016

Approved at the annual general meeting of shareholders on *16 May 2017*

Chairman:



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## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Gram Equipment A/S for the financial year 1 January - 31 December 2016.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2016 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Vojens, 16 May 2017  
Executive Board:



Lasse Viegand Hansen



Jens Andersen



Anders Torbensen

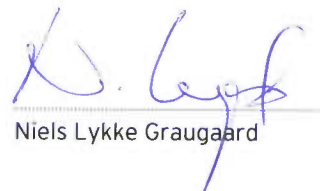
Board of Directors:



Bror Halvar Johannes  
Jonzon  
Chairman



Christian Bruno Cordsen  
Nielsen



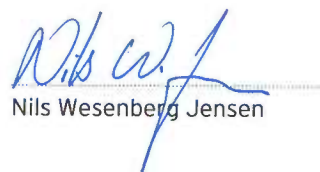
Niels Lykke Graugaard



Neal Edwin White



Tomas Håkan Therén



Nils Wesenberg Jensen



Kurt Overgaard Pedersen

## Independent auditors' report

To the shareholders of Gram Equipment A/S

### Opinion

We have audited the consolidated financial statements and the parent company financial statements of Gram Equipment A/S for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity, consolidated cash flow statement and notes, including a summary of significant accounting policies, for both the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

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

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and 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 company financial statements

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

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Parent Company 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 company financial statements

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

## Independent auditors' report

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

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

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

## Independent auditors' report

### Statement on Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Kolding, *16 May 2017*  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Henrik Kronborg Iversen  
State Authorised Public Accountant



Michael Vakker Maass  
State Authorised Public Accountant

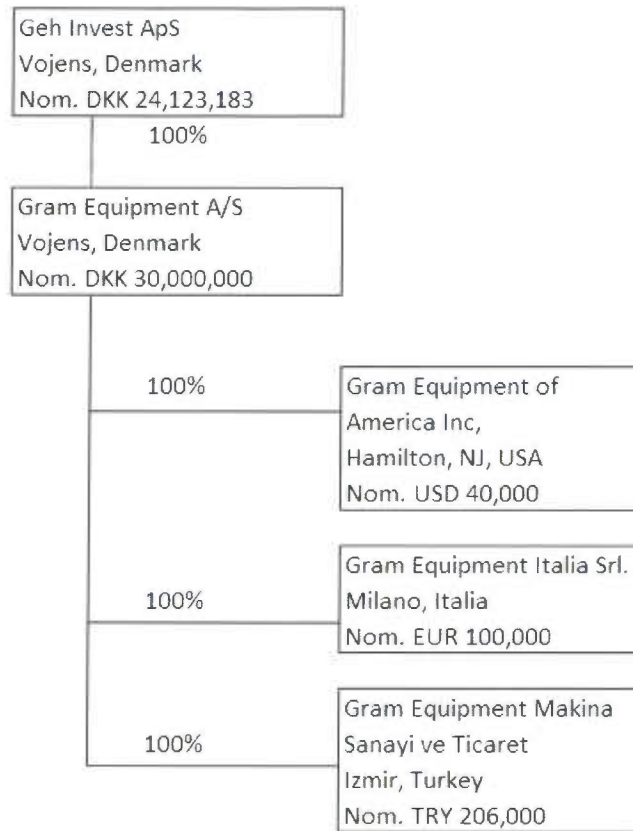
## Management's review

### Company details

Name	Gram Equipment A/S
Address, Postal code, City	Aage Grams Vej 1, 6500 Vojens
CVR no.	21 27 42 08
Established	1 November 1998
Registered office	Haderslev
Financial year	1 January - 31 December
Website	<a href="http://www.gram-equipment.com">www.gram-equipment.com</a>
E-mail	<a href="mailto:info@gram-equipment.com">info@gram-equipment.com</a>
Telephone	+45 73 20 17 00
Board of Directors	Bror Halvar Johannes Jonzon, Chairman Christian Bruno Cordsen Nielsen Niels Lykke Graugaard Neal Edwin White Tomas Håkan Therén Nils Wesenberg Jensen Kurt Overgaard Pedersen
Executive Board	Lasse Viegand Hansen Jens Andresen Anders Torbensen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Kolding Åpark 1, 3. sal, 6000 Kolding, Denmark

## Management's review

### Group chart





## Management's review

### Financial highlights for the Group

DKKm	2016	2015	2014	2013
<b>Key figures</b>				
Revenue	649	545	385	336
Gross profit	252	226	145	136
Profit before net financials	37	16	7	17
Net financials	-12	-8	-1	-3
<b>Profit/loss for the year</b>	<b>18</b>	<b>4</b>	<b>3</b>	<b>9</b>
<b>Total assets</b>				
<b>Equity</b>	<b>172</b>	<b>144</b>	<b>103</b>	<b>45</b>
<b>Investment in property, plant and equipment</b>				
<b>Total cash flows</b>	<b>-15</b>	<b>1</b>	<b>-25</b>	<b>-1</b>
<b>Financial ratios</b>				
Operating margin	5.7%	2.9%	1.8%	5.1%
Gross margin	38.8%	41.5%	37.7%	40.5%
Solvency ratio	28.5%	24.6%	20.0%	23.2%
Return on equity	11.4%	3.2%	4.1%	20.0%
<b>Average number of employees</b>				
	<b>346</b>	<b>312</b>	<b>331</b>	<b>194</b>

No consolidated financial statements were prepared for the Group before 2013. No cash flow statement was prepared before 2014.

## Management's review

### Management commentary

#### Business review

The Gram Equipment Group is an engineering organisation with design, installation and sale of equipment and production lines to the ice cream industry.

The mission of the Group is sale of machinery and service to the ice cream industry. The products are sold worldwide directly to the industry through its own sales and service organization and also through a network of agents.

The strategy is based on dynamic and continuous innovation of equipment for large and small ice cream producers, with the emphasis on quality, efficiency and service so that the Group continuously can maintain its market position as one of the world's leading producers with a wide product range.

#### Recognition and measurement uncertainties

Gram Equipment Group sells its products and services on the global market and invoices predominantly in EUR and USD.

The policy of the Company for undertaking credit risks requires individual assessment of the creditworthiness of all major customers and other collaborators. All sales orders, where a certain credit risk is expected, are covered through letters of credit, prepayments and/or other security.

#### Financial review

Profit before tax amounts to DKK 21,064 thousand for the parent company and DKK 24,615 thousand for the Group. The profit after tax amounts to DKK 18,084 thousand. Profit for the year is in line with Management's expectation.

An increasing part of the Company's customer contracts are at an individually larger volume and to a higher degree fulfilling the characteristics of work in progress for third parties (construction contracts). To ensure continuous revenue recognition, percentage of completion has been applied to these large projects.

The company has an increased focus on updating the product portfolio to meet customer requirements. During 2016, Gram Equipment Group has developed both customer-specific solutions as well as standardised products. These projects are expected to contribute to a positive profit for 2017 and going forward.

During 2016, the Gram Equipment of America has consolidated its operations in a new American headquarter in Hamilton, NJ. Other locations in the United States will be closed down in the 2nd quarter of 2017 at the latest. In Denmark, a similar relocation is planned for 2017, where operations in Aarhus and Vojens will consolidate in the future headquarter in Kolding.

The realised relocations in the United States and planned relocation in Denmark will contribute to a further positive development of profitability in 2017.

## Management's review

### Management commentary

#### Knowledge resources

The strategy of the Group is to utilize own staff in technical sales, design, purchase and assembly, with a solid technical background to cover the needs of the market.

In-house training with specialisation in the various machine groups is essential for quality work and service. Technical competence is the key to maintain a strong market position.

In peak situations, staff is expanded by persons hired on fixed-term arrangements.

#### Impact on the external environment

The activity of the Company relates to design, assembly, installation and sale of equipment for the ice cream industry. Therefore, we are working continuously with our customers at reducing the environmental impact.

#### Research and development activities

New technology is used in developing new equipment. The Company uses the most updated PLC and programming technology, which is continuously developed.

#### Statutory CSR report

Gram Equipment A/S takes social and environmental responsibility seriously. The Company was certified as a Responsible Business Partner by Green Network in December 2016, demonstrating a systematic approach towards the work with CSR in the 4 areas; Environment, Employment, Economy and Ethics. Furthermore, the Company joined Sedex and was certified according to the URSA standard in January 2017, after being audited in December 2016.

#### Human Rights and Business Ethics

Gram Equipment A/S is committed to respecting human rights, and has developed policies and procedures to guide employees, suppliers, partners and local communities. Furthermore, Gram Equipment A/S has developed a Supplier Code of Conduct (CoC), which is based on the eight core conventions of the ILO, and the ten principles of the UN Global Compact. The Company's employees are trained in applying the CoC, and suppliers are expected to demonstrate their commitment to the CoC by signing and implementing this accordingly. As a part of the Company's increased focus on CSR, the CoC was revised in November 2016.

Gram Equipment A/S recognises responsibility in respecting human rights, but also acknowledges the role in providing remediation, if the Company's business does lead to human rights violations. As part of the Company's aim of respecting human rights, a dedicated e-mail address has been created, to which business partners are encouraged to report any breaches of human rights including, among others, child labour and unsafe working conditions.

Gram Equipment A/S is not aware of any human rights violations or any breach or of the CoC in 2016.

#### Climate and Environment

## Management's review

### Management commentary

Gram Equipment A/S is aware of the impact that the business has on the climate and the environment, and has introduced policies and initiatives in 2016, with the aim of making the production more sustainable and minimizing the environmental impact of the Company.

Gram Equipment A/S wishes to keep the CO<sub>2</sub> emissions to a minimum, and has therefore chosen only to transport machines from facilities to clients by truck or cargo ship in 2016. Suppliers are also encouraged to reduce energy consumption and greenhouse gas emission in their production. As a result, the relative fuel consumption has decreased in 2016 compared to 2015. The aim of the Company is to further monitor fuel consumption, energy usage and CO<sub>2</sub> emissions in 2017.

Furthermore, in 2016, Gram Equipment A/S increased focus on sustainable waste management at the production facilities as well as in the office spaces, both in order to reduce waste, and to increase recycling. As this policy was only implemented in 2016, there are no results available for this area yet.

Apart from an increased focus on waste sorting, Gram Equipment A/S also became a member of Reefood, who collect their food waste with the aim of using it as manure at surrounding farms.

### Account of the gender composition of Management

It is company policy that the composition of the Board of Directors reflects the candidates best qualified, taking into consideration the managerial needs of the Company. It is a stated objective of the Company that the Board of Directors is represented by at least one of each gender no later than in 2018. The Company did not meet this objective in 2016 despite replacements in the Board of Directors. Currently, the Board of Directors consists of 7 members, all of which are male.

It is company policy that management positions are taken up by the best qualified candidates, and that the Company in connection with the filling of positions strives for a gender balance among the candidates. The intention is therefore always to consider at least one of each gender to each managerial position. The share of female managers has improved compared to the share at the end of 2015.

### Events after the balance sheet date

No significant events have occurred subsequent to the financial year.

### Outlook

The Management expects a continuously strong competition in the global market for ice cream machinery.

It is expected that global market for ice cream machinery will show a moderate growth in 2017. However, Management expects to pursue growth pockets and foresees further growth in the individual market areas and market segments.

The Company continuously evaluates its competitive capacity in the complete range of machinery and will continuously make the necessary initiatives to be able to offer a high technology and qualitative product portfolio and also competitive prices on the market. Initiatives for this are continuously anchored, aiming at securing a satisfactory business development also in 2017 and onwards.

Management expects an increase in revenue and profits in 2017.

**Consolidated financial statements and parent company financial statements for  
the period 1 January - 31 December**

**Income statement**

Note	DKK'000	Group		Parent company	
		2016	2015	2016	2015
2	<b>Revenue</b>	649,317	545,174	495,807	401,997
	Cost of sales	-305,344	-228,863	-281,129	-208,712
	Other external expenses	-92,436	-90,785	-60,158	-51,008
	<b>Gross profit</b>	<b>251,537</b>	<b>225,526</b>	<b>154,520</b>	<b>142,277</b>
3	Staff costs	-201,007	-198,206	-141,576	-136,633
6, 7	Amortisation/depreciation and impairment	-13,524	-11,409	-7,012	-3,657
	<b>Profit before net financials</b>	<b>37,006</b>	<b>15,911</b>	<b>5,932</b>	<b>1,987</b>
	Income from investments in group enterprises	0	0	6,517	-3,884
4	Financial income	20,197	28,129	30,092	41,945
5	Financial expenses	-32,588	-36,041	-21,477	-33,866
	<b>Profit before tax</b>	<b>24,615</b>	<b>7,999</b>	<b>21,064</b>	<b>6,182</b>
	Tax for the year	-6,531	-4,069	-2,980	-2,252
	<b>Profit for the year</b>	<b>18,084</b>	<b>3,930</b>	<b>18,084</b>	<b>3,930</b>
	<b>Proposed profit appropriation</b>				
	Net revaluation reserve according to the equity method			3,612	-8,721
	Reserve for development costs			10,134	0
	Retained earnings			4,338	12,651
				<b>18,084</b>	<b>3,930</b>

**Consolidated financial statements and parent company financial statements for  
the period 1 January - 31 December**

**Balance sheet**

Note	DKK'000	Group		Parent company	
		2016	2015	2016	2015
		<b>ASSETS</b>			
		<b>Fixed assets</b>			
6	<b>Intangible assets</b>				
	Acquired intangible assets	0	24	0	29
	Goodwill	113,979	118,100	20,209	22,000
	Development projects in progress and prepayments for intangible assets	23,520	12,747	23,519	12,744
		<u>137,499</u>	<u>130,871</u>	<u>43,728</u>	<u>34,773</u>
7	<b>Property, plant and equipment</b>				
	Plant and machinery	14,880	14,402	1,780	1,557
	Fixtures and fittings, other plant and equipment	1,203	1,295	1,203	1,294
	Leasehold improvements	338	144	338	144
		<u>16,421</u>	<u>15,841</u>	<u>3,321</u>	<u>2,995</u>
8	<b>Investments</b>				
	Investments in group enterprises	0	0	40,038	30,131
	Receivables from group enterprises	115,939	108,454	276,640	246,981
	Other receivables	1,251	1,201	1,251	1,201
		<u>117,190</u>	<u>109,655</u>	<u>317,929</u>	<u>278,313</u>
	<b>Total fixed assets</b>	<u>271,110</u>	<u>256,367</u>	<u>364,978</u>	<u>316,081</u>
	<b>Non-fixed assets</b>				
	<b>Inventories</b>				
	Raw materials and consumables	24,026	22,623	21,905	22,623
	Work in progress	53,382	69,918	33,063	69,918
	Finished goods and goods for resale	67,271	92,181	25,520	30,640
	Prepayments for goods	3,293	594	3,293	594
		<u>147,972</u>	<u>185,316</u>	<u>83,781</u>	<u>123,775</u>
	to be carried forward	147,972	185,316	83,781	123,775

**Consolidated financial statements and parent company financial statements for  
the period 1 January - 31 December**

**Balance sheet (continued)**

Note	DKK'000	Group		Parent company	
		2016	2015	2016	2015
	brought forward	147,972	185,316	83,781	123,775
	<b>Receivables</b>				
	Trade receivables	119,322	97,252	51,100	55,408
	Work in progress for third parties	22,352	0	22,352	0
	Receivables from group enterprises	5,791	0	112,923	32,506
	Corporation tax receivable	0	6,834	0	3,934
	Other receivables	3,697	11,831	1,389	7,180
	Prepayments	2,930	2,042	2,280	1,588
		<u>154,092</u>	<u>117,959</u>	<u>190,044</u>	<u>100,616</u>
	<b>Cash at bank and in hand</b>	<b>30,306</b>	<b>27,102</b>	<b>1,035</b>	<b>8,708</b>
	<b>Total non-fixed assets</b>	<b>332,370</b>	<b>330,377</b>	<b>274,860</b>	<b>233,099</b>
	<b>TOTAL ASSETS</b>	<b>603,480</b>	<b>586,744</b>	<b>639,838</b>	<b>549,180</b>

**Consolidated financial statements and parent company financial statements for  
the period 1 January - 31 December**

**Balance sheet**

Note	DKK'000	Group		Parent company	
		2016	2015	2016	2015
		<b>EQUITY AND LIABILITIES</b>			
		<b>Equity</b>			
9	Share capital	30,000	30,000	30,000	30,000
	Net revaluation reserve according to the equity method	0	0	6,160	0
	Reserve for development costs	10,134	0	10,134	0
	Retained earnings	132,330	114,464	126,170	114,464
	<b>Total equity</b>	<b>172,464</b>	<b>144,464</b>	<b>172,464</b>	<b>144,464</b>
	<b>Provisions</b>				
	Deferred tax	12,359	7,881	12,359	7,881
	Other provisions	8,258	13,443	8,258	11,163
10	<b>Total provisions</b>	<b>20,617</b>	<b>21,324</b>	<b>20,617</b>	<b>19,044</b>
	<b>Liabilities other than provisions</b>				
11	<b>Non-current liabilities other than provisions</b>				
	Bank debt	49,827	74,884	49,827	66,601
	Other credit institutions	104,822	89,588	104,822	97,871
		<b>154,649</b>	<b>164,472</b>	<b>154,649</b>	<b>164,472</b>
	<b>Current liabilities other than provisions</b>				
11	<b>Short-term part of long-term liabilities other than provisions</b>				
	Bank debt	38,659	8,283	38,659	8,283
	Prepayments received from customers	58,054	39,771	58,294	40,515
	Work in progress for third parties	50,315	58,106	24,982	43,169
	Trade payables	20,494	0	20,494	0
	Payables to group enterprises	54,497	105,640	57,201	74,336
	Corporation tax payable	0	0	63,670	21,863
	Other payables	3,865	2,523	863	2,489
		29,866	42,161	27,945	30,545
		<b>255,750</b>	<b>256,484</b>	<b>292,108</b>	<b>221,200</b>
	<b>Total liabilities other than provisions</b>	<b>410,399</b>	<b>420,956</b>	<b>446,757</b>	<b>385,672</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>603,480</b>	<b>586,744</b>	<b>639,838</b>	<b>549,180</b>

- 1 Accounting policies
- 12 Contractual obligations and contingencies, etc.
- 13 Collateral
- 14 Related parties
- 15 Fee to the auditors appointed by the Company in general meeting



**Consolidated financial statements and parent company financial statements for  
the period 1 January - 31 December**

**Statement of changes in equity**

DKK'000	Group			
	Share capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2016	30,000	0	114,464	144,464
Profit/loss for the year	0	10,134	7,950	18,084
Adjustment of investments through foreign exchange adjustments	0	0	9,916	9,916
<b>Equity at 31 December 2016</b>	<b>30,000</b>	<b>10,134</b>	<b>132,330</b>	<b>172,464</b>

DKK'000	Parent company				
	Share capital	Net revaluation reserve according to the equity method	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2016	30,000	0	0	114,464	144,464
Profit/loss for the year	0	3,612	10,134	4,338	18,084
Adjustment of investments through foreign exchange adjustments	0	2,548	0	7,368	9,916
<b>Equity at 31 December 2016</b>	<b>30,000</b>	<b>6,160</b>	<b>10,134</b>	<b>126,170</b>	<b>172,464</b>

**Consolidated financial statements and parent company financial statements for  
the period 1 January - 31 December**

**Cash flow statement**

Notes	DKK'000	Group	
		2016	2015
	Profit for the year	18,084	3,930
16	Adjustments	19,929	12,480
	Cash generated from operations (operating activities)	38,013	16,410
17	Changes in working capital	-42,690	11,537
	Cash generated from operations (operating activities)	-4,677	27,947
	Interest received, etc.	12,770	17,095
	Interest paid, etc.	-23,141	-23,801
	Income taxes paid	6,123	-9,349
	<b>Cash flows from operating activities</b>	<b>-8,925</b>	<b>11,892</b>
	Additions of intangible assets	-14,873	-9,543
	Additions of property, plant and equipment	-4,299	-10,213
	Loans, paid	-16,577	-6,295
	Repayments received, loans	9,042	0
	<b>Cash flows to investing activities</b>	<b>-26,707</b>	<b>-26,051</b>
	Proceeds of long-term liabilities	28,805	0
	Repayments, long-term liabilities	-8,252	-4,142
	Cash capital increase	0	18,656
	<b>Cash flows from financing activities</b>	<b>20,553</b>	<b>14,514</b>
	<b>Net cash flow</b>	<b>-15,079</b>	<b>355</b>
	Cash and cash equivalents at 1 January	-12,669	-13,024
18	<b>Cash and cash equivalents at 31 December</b>	<b>-27,748</b>	<b>-12,669</b>

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Gram Equipment A/S for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year. However, as to the presentation of the income statement, other external expenses are now included in gross profit.

#### Consolidation

The consolidated financial statements comprise the parent company, Gram Equipment A/S, and subsidiaries in which Gram Equipment A/S - directly or indirectly - holds more than 50% of the voting rights or otherwise has a controlling interest. Entities in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates.

The existence and impact of potential voting rights that are actually exercisable or convertible are taken into account when assessing whether control exists.

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains in so far as they do not reflect impairment.

Entities acquired or formed are recognised in the consolidated financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

Corporate acquisitions are accounted for using the purchase method, according to which the acquired entity's identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Restructuring costs recognised in the acquired entity before the date of acquisition and not agreed as part of the acquisition are part of the acquisition balance sheet and, hence, the calculation of goodwill. Restructuring costs decided by the acquiring entity must be recognised in the income statement. Allowance is made for the tax effect of revaluations made. Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill) is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset. Negative differences (negative goodwill) are recognised as income in the income statement at the time of acquisition when the general revenue recognition criteria are met. Goodwill and negative goodwill from acquired entities can be adjusted until 12 months after the year of acquisition.

Entities over which the Group has significant influence are considered associates. The Group is considered to have significant influence when it directly or indirectly holds between 20% and 50% of the voting rights or otherwise has or actually exercises significant influence. Associates are recognised in the consolidated financial statements at their net asset value.

#### Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, additions of assets and share conversions, etc. where the combined entities are controlled by the parent company, implying that the combination is considered complete at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquired entity are recognised in equity.

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

##### Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

##### Income statement

###### Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured ex. VAT and taxes charged on behalf of third parties. Some major sales orders are split into partial deliveries as per agreement with the customers. Revenue recognition takes place when each individual component of the order is completed and delivered to the customer.

Income from construction contracts involving a high degree of customisation is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the market value of the contract work performed during the year (percentage-of-completion method). This method is used where the total income and expenses and the degree of completion of the contract can be measured reliably.

Where income from a construction contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable from the counterparty.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

###### Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of non-current assets.

###### Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labor costs and indirect production costs such as maintenance and depreciation, etc., as well as operation and administration of technical, assembly, purchase and service departments.

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

##### Amortisation/depreciation and impairment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	5-7 years
Goodwill	20 years

The useful life of goodwill is based upon the Company's assessment of product technology and access to clients.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Plant and machinery	4-6 years
Fixtures and fittings, other plant and equipment	4-7 years
Leasehold improvements	8 years

##### Income from investments in group entities

The item includes the Company's proportionate share of the profit/loss for the year in subsidiaries after elimination of intra-group income or losses and net of amortisation and impairment of goodwill and other excess values at the time of acquisition.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The Danish income tax charge is allocated between profit making and loss making Danish entities in proportion to their taxable income).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Balance sheet

##### Intangible assets

Intangible fixed assets are valued at cost less accumulated amortisation.

Impairment write-downs are made when deemed necessary.

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 7 years.

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

##### Investments in subsidiaries

On initial recognition, investments in subsidiaries are measured at cost and subsequently at the proportionate share of the entities' net asset values calculated in accordance with the parent company's accounting policies minus or plus any residual value of positive or negative goodwill calculated in accordance with the purchase method of accounting. Subsidiaries with a negative net asset value are measured at DKK 0 (nil), and any amounts owed by such entities are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the entity's deficit. Net revaluations of investments in subsidiaries are transferred to the net revaluation reserve according to the equity method where the carrying amount exceeds the acquisition cost.

Newly acquired or formed entities are recognised in the financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised up to the date of disposal.

Corporate acquisitions are accounted for using the purchase method according to which the acquired entity's identifiable assets and liabilities are measured at fair value at the date of acquisition. In connection with the acquisition, a provision is made for expenses related to adopted plans to restructure the acquired entity. The tax effect of revaluations made is taken into account.

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the sales price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

##### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

##### Work in progress for third parties

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Equity

###### *Reserve for net revaluation according to the equity method*

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

###### *Reserve for development costs*

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

###### *Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

##### Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.



## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

##### Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

##### Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

##### Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Gross profit ratio	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$

**Consolidated financial statements and parent company financial statements for the period 1 January - 31 December**

**Notes to the financial statements**

DKK'000	Group		Parent company	
	2016	2015	2016	2015
<b>2 Segment information</b>				
Breakdown of revenue by geographical segment:				
Denmark	1,824	2,165	1,824	2,165
Exports	647,493	543,009	493,983	399,832
	<u>649,317</u>	<u>545,174</u>	<u>495,807</u>	<u>401,997</u>
<b>3 Staff costs</b>				
Wages/salaries	181,840	177,839	128,946	124,272
Pensions	12,623	12,574	7,869	7,651
Other social security costs	4,601	5,566	2,819	2,483
Other staff costs	1,943	2,227	1,942	2,227
	<u>201,007</u>	<u>198,206</u>	<u>141,576</u>	<u>136,633</u>
Average number of full-time employees	<u>346</u>	<u>312</u>	<u>214</u>	<u>200</u>

**Group**

Total remuneration to the Executive Board: DKK 9,166 thousand.

**Parent company**

Total remuneration to the Executive Board: DKK 9,166 thousand.

DKK'000	Group		Parent company	
	2016	2015	2016	2015
<b>4 Financial income</b>				
Interest receivable, group entities	12,584	11,034	27,430	25,816
Exchange adjustments	7,427	15,461	2,475	15,461
Other financial income	186	1,634	187	668
	<u>20,197</u>	<u>28,129</u>	<u>30,092</u>	<u>41,945</u>
<b>5 Financial expenses</b>				
Other interest expenses	20,220	17,135	20,220	17,135
Exchange adjustments	9,447	12,458	291	12,458
Other financial expenses	2,921	6,448	966	4,273
	<u>32,588</u>	<u>36,041</u>	<u>21,477</u>	<u>33,866</u>

Consolidated financial statements and parent company financial statements for  
the period 1 January - 31 December

Notes to the financial statements

6 Intangible assets

DKK'000	Group			
	Acquired intangible assets	Goodwill	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2016	9,669	142,563	17,128	169,360
Foreign exchange adjustments	0	2,767	0	2,767
Additions	0	0	14,873	14,873
Cost at 31 December 2016	9,669	145,330	32,001	187,000
Impairment losses and amortisation at 1 January 2016	9,645	24,463	4,381	38,489
Foreign exchange adjustments	0	207	0	207
Impairment losses	0	0	1,881	1,881
Amortisation for the year	24	6,681	2,219	8,924
Impairment losses and amortisation at 31 December 2016	9,669	31,351	8,481	49,501
Carrying amount at 31 December 2016	0	113,979	23,520	137,499

DKK'000	Parent company			
	Acquired intangible assets	Goodwill	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2016	9,669	35,826	17,126	62,621
Additions	0	0	14,875	14,875
Cost at 31 December 2016	9,669	35,826	32,001	77,496
Impairment losses and amortisation at 1 January 2016	9,640	13,826	4,382	27,848
Impairment losses	0	0	1,881	1,881
Amortisation for the year	29	1,791	2,219	4,039
Impairment losses and amortisation at 31 December 2016	9,669	15,617	8,482	33,768
Carrying amount at 31 December 2016	0	20,209	23,519	43,728

Consolidated financial statements and parent company financial statements for  
the period 1 January - 31 December

Notes to the financial statements

7 Property, plant and equipment

DKK'000	Group			Total
	Plant and machinery	Fixtures and fittings, other plant and equipment	Leasehold improvements	
Cost at 1 January 2016	52,947	6,475	155	59,577
Ajustments	293	582	0	875
Foreign exchange adjustments	-786	0	0	-786
Additions	3,492	593	214	4,299
Cost at 31 December 2016	55,946	7,650	369	63,965
Impairment losses and depreciation at 1 January 2016	38,545	5,180	11	43,736
Ajustments	281	595	0	876
Foreign exchange adjustments	-121	0	0	-121
Depreciation	2,361	672	20	3,053
Impairment losses and depreciation at 31 December 2016	41,066	6,447	31	47,544
Carrying amount at 31 December 2016	14,880	1,203	338	16,421

DKK'000	Parent company			Total
	Plant and machinery	Fixtures and fittings, other plant and equipment	Leasehold improvements	
Cost at 1 January 2016	20,763	6,475	155	27,393
Ajustments	293	582	0	875
Additions	610	593	214	1,417
Cost at 31 December 2016	21,666	7,650	369	29,685
Impairment losses and depreciation at 1 January 2016	19,206	5,181	11	24,398
Ajustments	281	594	0	875
Depreciation	399	672	20	1,091
Impairment losses and depreciation at 31 December 2016	19,886	6,447	31	26,364
Carrying amount at 31 December 2016	1,780	1,203	338	3,321

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 8 Investments

DKK'000	Group		
	Receivables from group enterprises	Other receivables	Total
Cost at 1 January 2016	108,454	1,201	109,655
Additions	16,527	50	16,577
Disposals	-9,042	0	-9,042
Cost at 31 December 2016	115,939	1,251	117,190
<b>Carrying amount at 31 December 2016</b>	<b>115,939</b>	<b>1,251</b>	<b>117,190</b>

DKK'000	Parent company			
	Investments in group enterprises	Receivables from group enterprises	Other receivables	Total
Cost at 1 January 2016	24,486	246,981	1,201	272,668
Foreign exchange adjustments	0	-1,171	0	-1,171
Additions	0	32,103	50	32,153
Disposals	0	-1,273	0	-1,273
Cost at 31 December 2016	24,486	276,640	1,251	302,377
Value adjustments at 1 January 2016	5,645	0	0	5,645
Foreign exchange adjustments	2,548	0	0	2,548
Profit/loss for the year	7,114	0	0	7,114
Amortization of goodwill	-596	0	0	-596
Investments with a negative net asset value written down over receivables	841	0	0	841
Value adjustments at 31 December 2016	15,552	0	0	15,552
<b>Carrying amount at 31 December 2016</b>	<b>40,038</b>	<b>276,640</b>	<b>1,251</b>	<b>317,929</b>

Investments in group entities of DKK 40,038 thousand, include goodwill with a carrying amount of DKK 10,530 thousand at 31 December 2016 (2015: DKK 11,128 thousand).

	Legal form	Domicile	Interest
<b>Subsidiaries</b>			
Gram Equipment of America	Inc.	Hamilton, NJ	100.00 %
Gram Equipment of Italia	S.R.L.	Milano, Lombardia	100.00 %
Gram Equipment Makina Sanayi ve Ticaret	Ltd.	Izmir, Turkey	100.00 %

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Notes to the financial statements

DKK'000	Parent company	
	2016	2015
<b>9 Share capital</b>		
Analysis of the share capital:		
60 shares of DKK 500,000.00 nominal value each	30,000	30,000
	<u>30,000</u>	<u>30,000</u>

The parent's share capital has remained DKK 30,000 thousand over the past 5 years.

### 10 Provisions

#### Group

The provision for deferred tax primarily relates to timing differences in respect of intangible assets, property, plant and equipment and other provisions.

Other provisions comprise provisions for warranty commitments, totaling DKK 8,258 thousand. Warranty provisions relate to expected warranty expenses in accordance with usual guarantee commitments applicable to the sale of goods. The obligation is expected to be settled over the warranty period, which is one year.

#### Parent company

The provision for deferred tax primarily relates to timing differences in respect of intangible assets, property, plant and equipment and other provision.

Other provisions comprise provisions for warranty commitments, totalling DKK 8,258 thousand. Warranty provisions relate to expected warranty expenses in accordance with usual guarantee commitments applicable to the sale of goods. The obligation is expected to be settled over the warranty period, which is one year.

### 11 Long-term liabilities

DKK'000	Group			
	Total debt at 31/12 2016	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Bank debt	88,486	38,659	49,827	0
Other credit institutions	104,822	0	104,822	0
	<u>193,308</u>	<u>38,659</u>	<u>154,649</u>	<u>0</u>
	Parent company			
DKK'000	Total debt at 31/12 2016	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Bank debt	88,486	38,659	49,827	0
Other credit institutions	104,822	0	104,822	0
	<u>193,308</u>	<u>38,659</u>	<u>154,649</u>	<u>0</u>

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 12 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

##### Group

The Company has through a guarantee company and bank issued guarantees for DKK 25,094 thousand against DKK 44,259 thousand in 2015 primarily regarding pending and finished customer orders.

##### Other financial obligations

Other rent and lease liabilities:

DKK'000	Group		Parent company	
	2016	2015	2016	2015
Rent and lease liabilities	80,488	18,205	61,651	13,297

##### Parent company

The Company is jointly taxed with other Danish group entities. As a wholly-owned subsidiary, the Company is liable together with other companies in the joint taxation for all corporate taxes, etc. in the joint taxation.

#### 13 Collateral

##### Group

The Group has as securities for the credit facilities in the bank issued a floating charge of DKK 30,000 thousand (2015: DKK 30,000 thousand) secured on the Group's property, plant and equipment, inventories and receivables with a carrying amount of approx. DKK 346,000 thousand (2015: DKK 312,000 thousand).

The Company has placed receivables from Green Magnum S.S. and Gram Equipment of America Inc. as collateral for credit facilities in the bank.

The Company has placed the shares in Gram Equipment of America Inc. as collateral for credit facilities in the bank.

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 14 Related parties

##### Parent company

Gram Equipment A/S' related parties comprise the following:

##### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Geh Invest ApS	Vojens, Denmark	www.cvr.dk
Green Magnum S.A.	Luxembourg	The consolidated financial statements of Green Magnum S.A. are available at the company's address 17 Boulevard Prince Henri, L-1724 Luxembourg

##### Group enterprise transactions not carried through on normal market terms

There are no group enterprise transactions that have not been carried through on normal market terms.

##### Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

Name	Domicile
Geh Invest ApS	Aage Grams Vej 1, 6500 Vojens, Denmark

	Group		Parent company	
	2016	2015	2016	2015
DKK'000				
15 Fee to the auditors appointed by the Company in general meeting				
Statutory audit	260	354	260	259
Tax assistance	278	574	203	574
Other assistance	264	195	101	170
	802	1,123	564	1,003



**Consolidated financial statements and parent company financial statements for  
the period 1 January - 31 December**

**Notes to the financial statements**

DKK'000	Group	
	2016	2015
<b>16 Adjustments</b>		
Amortisation/depreciation and impairment losses	13,524	11,409
Financial income	-20,196	-28,129
Financial expenses	32,588	36,041
Tax for the year	6,531	4,069
Other adjustments	-12,518	-10,910
	<u>19,929</u>	<u>12,480</u>
<b>17 Changes in working capital</b>		
Change in inventories	37,344	-58,216
Change in receivables and prepayments from customers	-43,425	47,639
Change in trade and other payables	-36,609	22,114
	<u>-42,690</u>	<u>11,537</u>
<b>18 Cash and cash equivalents at year-end</b>		
Cash according to the balance sheet	30,306	27,102
Short-term debt to banks	-58,054	-39,771
	<u>-27,748</u>	<u>-12,669</u>