Gram Equipment A/S

Aage Grams Vej 1, 6500 Vojens

CVR no. 21 27 42 08

Annual report 2015

Approved at the Company's annual general meeting on 8 March 2016

Chairman:

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Michael Thomsen

Contents

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 2015.

The annual report has been 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 2015 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 2015.

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

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

Vojens, 8 March 2016
Executive Board:

Nis C. Philipsen

Board of Directors:

Bror Halvar Johannes Jonzon Chairman	Christian Bruno Cordsen Nielsen	Niels Lykke Graugaard
Mikael Carl Anders Ahlström	Håkon Tomas Therén	Niels Wesenberg Jensen
Kurt Overgaard Pedersen		

Independent auditors' report

To the shareholders of Gram Equipment A/S

Independent auditors' report on the consolidated financial statements and the parent company financial statements

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 2015, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the parent company and consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that 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.

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

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 parent company's financial position at 31 December 2015 and of the results of the Group's and the parent company's operations and consolidated cash flows for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Independent auditors' report

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Kolding, 8 March 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Henrik Kronborg Iversen	Michael Vakker Maass
State Authorised	State Authorised
Public Accountant	Public Accountant

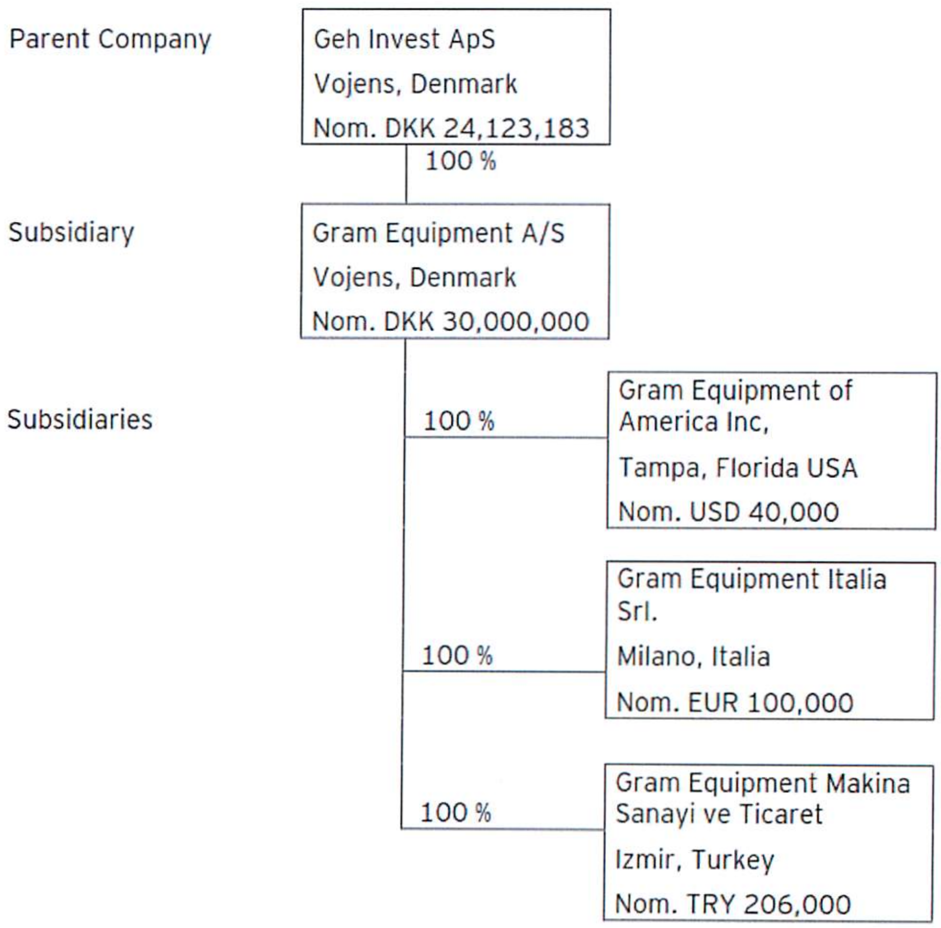
Management's review

Company details

Name	Gram Equipment A/S
Address, zip 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	www.gram-equipment.com
E-mail	info@gram-equipment.com
Telephone	+45 73 20 17 00
Board of Directors	Bror Halvar Johannes Jonzon, Chairman Christian Bruno Cordsen Nielsen Niels Lykke Graugaard Mikael Carl Anders Ahlström Håkon Tomas Therén Niels Wesenberg Jensen Kurt Overgaard Pedersen
Executive Board	Nis C. Philipsen
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	2015	2014	2013
Key figures			
Revenue	545,174	385,356	336,286
Gross profit*	316,311	208,052	56,429
Operating profit	15,911	7,236	16,889
Net financials	-7,912	-1,379	-2,867
Profit/loss for the year	3,930	3,468	8,969
Total assets	586,744	514,927	193,945
Equity	144,464	103,459	44,536
Investment in property, plant and equipment	10,213	4,023	-
Total cash flows	355	-24,623	-
Financial ratios in %			
Operating margin	2.9 %	1.9 %	5.0 %
Gross margin	58.0 %	54,0 %	16.8 %
Solvency ratio	24.6 %	20.1 %	23.0 %
Return on equity	3.2 %	4.7 %	18.9 %
Average number of full-time employees	312	331	194

No consolidated financial statements were prepared for the group before 2013. No cash flow statement was prepared before 2014.
* For 2014 and 2015 presentation of P&L changed from expenditure classified by function to classification based on type of expenditure.

Management's review

Financial highlights for the parent company

DKKm	2015	2014	2013	2012	2011
Key figures					
Revenue	401,997	315,709	308,268	307,274	287,070
Gross profit*	193,285	147,007	44,178	56,395	67,939
Operating profit	1,987	212	11,947	25,461	33,532
Net financials	8,079	3,013	-2,262	732	-659
Profit/loss for the year	3,930	3,468	8,969	19,785	24,855
Total assets	549,181	469,901	170,603	236,403	210,919
Equity	144,464	103,459	44,536	50,577	60,333
Investment in property, plant and equipment	1,700	204	1,321	99	1,579
Financial ratios in %					
Operating margin	0.5 %	0.1 %	3.9 %	8.3 %	11.7 %
Gross margin	48.1 %	46.6 %	14.3 %	18.4 %	23.7 %
Solvency ratio	26.3 %	22.1 %	26.1 %	21.4 %	28.6 %
Return on equity	2.7 %	4.7 %	18.9 %	35.7 %	45.1 %
Average number of full-time employees	200	182	166	155	148

*For 2014 and 2015 presentation of P&L changed from expenditure classified by function to classification based on type of expenditure.

Management's review

Operating review

The Group's business review

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

The Company's main activity is holding of ownership interests in Gram Equipment A/S.

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 own sales and service organization and also through a network of agents.

The strategy is based on a 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 program.

Recognition and measurement uncertainties

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

It is the foreign currency hedging policy of the Company to hedge currency risks in other currencies than DKK and EUR. The hedge takes place primarily through forward transactions and similar instruments.

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 letter of credits, prepayments and/or other security.

Financial review

Profit before tax amounts to DKK 6,182 thousand for the parent company and DKK 7,999 thousand for the Group. After tax the profit amounts to DKK 3,930 thousand.

With effect from January 2015, the group legal structure has been further optimized through the legal merger of the two Danish companies Gram Equipment A/S (the Parent company) and WCB Ice Cream ApS (Denmark) and furthermore the two Italian companies Gram Equipment Italy Srl and WCB Ice Cream Italy Srl. For details on the resulting group legal structure please refer to the overview at page 6.

As per September 2014 Gram Equipment A/S has, through a tax free contribution from the parent company, acquired 100% of the shares in the WCB Group, consisting of WCB Ice Cream ApS (Denmark), WCB Ice Cream Italy Srl. (Italy) and WCB Ice Cream (USA). In 2014 results from the WCB Group has been included from September to December.

As stated in the 2014 annual report, the Group profit for 2015 was expected to be significantly affected by costs related to the merger with WCB Group. The costs are related to both the merger carried out as the ongoing integration activities. Taking into account the effect of merger activity the Group's results is considered as satisfactory.

As the initial integration activities have been completed in 2015, the result for 2016 is expected to positively supersede 2015.

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 specialization 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 the staff is extended with persons hired on fixed term appointments.

Management's review

Impact on the external environment

The activity of the Company is related to design, assembly, installation and sale of equipment for the ice cream industry. Therefore, we are working continuously with our customers with reducing the environment 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.

CSR report

At the date of presentation of the annual report, the GE Group had not prepared any formal written policies for CSR, including human rights and the Group's impact on the climate. Management of the Company aims at ensuring that the Company through its operation in all respects acts responsibly considering the Company's global corporate social responsibility.

Account of the gender of management

It is company policy that the composition of the Board of Directors reflects the candidate's 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. The Company did not meet this objective in 2015 which is attributable to the fact that no new members were elected for the Board of Directors in 2015.

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 share of female leaders is unchanged compared to the share at the end of 2014.

Post balance sheet events

No significant events have occurred subsequent to the financial year.

Outlook

The management expects a continuously strong competition in the world market between the ice cream machinery producers. Hereto the management expects the Company development will be influenced by the uncertainty in the specific market areas due to the regional economic recession and global situation in general.

It is the estimation of the management that the market for 2016 will show a moderate development in the demand. However the management of the Company is seeing good possibilities of 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 program and also competitive prices on the market. Initiatives for this are continuously anchored, aiming at securing a satisfactory business development also in 2016 and onwards.

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

Income statement

		Consolidated		Parent company	
Note	DKK'000	2015	2014	2015	2014
2	**Revenue**	545,174	385,356	401,997	315,709
	Cost of sales	-228,863	-181,038	-208,712	-168,702
	Other operating income	0	3,734	0	0
	Gross profit	316,311	208,052	193,285	147,007
	Other external expenses	-90,785	-60,800	-51,008	-41,457
3	Staff costs	-198,206	-134,385	-136,633	-101,948
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-11,409	-5,631	-3,657	-3,390
	Operating profit	15,911	7,236	1,987	212
	Income from investments in group enterprises	0	0	-3,884	725
4	Financial income	28,129	11,855	41,945	12,240
5	Financial expenses	-36,041	-13,234	-33,866	-9,227
	Profit before tax	7,999	5,857	6,182	3,950
	Tax for the year	-4,069	-2,389	-2,252	-482
	Profit for the year	3,930	3,468	3,930	3,468
	Proposed profit appropriation				
	Net revaluation reserve according to the equity method			-8,721	7,773
	Retained earnings/accumulated loss			12,651	-4,305
				3,930	3,468

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

Balance sheet

Note	DKK'000	Group 2015	Group 2014	Parent company 2015	Parent company 2014
	ASSETS				
	Non-current assets				
6	**Intangible assets**				
	Development projects in progress and prepayments for intangible assets	12,747	3,818	12,744	3,818
	Goodwill	118,100	116,306	22,000	23,790
	Acquired intangible assets	24	62	29	59
		130,871	120,186	34,773	27,667
7	**Property, plant and equipment**				
	Plant and machinery	14,402	1,914	1,557	322
	Fixtures and fittings, other plant and equipment	1,295	3,292	1,294	2,192
	Leasehold improvements	144	101	144	0
		15,841	5,307	2,995	2,514
8	**Investments**				
	Investments in group enterprises	0	0	30,131	30,417
	Receivables from group enterprises	108,454	82,717	246,981	194,230
	Other receivables	1,201	1,070	1,201	1,070
		109,655	83,787	278,313	225,717
	Total non-current assets	256,367	209,280	316,081	255,898
	Current assets				
	Inventories				
	Raw materials and consumables	22,623	14,888	22,623	14,888
	Work in progress	69,918	48,137	69,918	47,582
	Finished goods and goods for resale	92,181	63,738	30,640	18,537
	Prepayments for goods	594	337	594	337
		185,316	127,100	123,775	81,344
	Receivables				
	Trade receivables	97,252	145,180	55,408	87,041
	Receivables from group enterprises	0	0	32,506	32,774
	Corporation tax receivables	6,834	1,576	3,934	0
	Other receivables	11,831	10,366	7,180	6,704
	Prepayments	2,042	3,218	1,588	771
		117,959	160,340	100,616	127,290
	Cash	27,102	18,207	8,708	5,369
	Total current assets	330,377	305,647	233,099	214,003
	TOTAL ASSETS	586,744	514,927	549,180	469,901

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

Balance sheet

Note	DKK'000	Consolidated 2015	Consolidated 2014	Parent company 2015	Parent company 2014
	EQUITY AND LIABILITIES				
	Equity				
	Share capital	30,000	30,000	30,000	30,000
	Net revaluation reserve according to the equity method	0	0	0	8,721
	Retained earnings	114,464	73,459	114,464	64,738
	Total equity	144,464	103,459	144,464	103,459
	Provisions				
	Deferred tax	7,881	6,504	7,881	5,605
	Other provisions	13,443	24,722	11,163	15,597
	Total provisions	21,324	31,226	19,044	21,202
	Liabilities other than provisions				
	Non-current liabilities other than provisions				
	Bank debt	74,884	73,964	66,601	73,964
	Other credit institutions	89,588	82,861	97,871	82,861
		164,472	156,825	164,472	156,825
	Current liabilities other than provisions				
	Short-term part of long-term liabilities other than provisions	8,283	4,470	8,283	4,470
	Bank debt	39,771	31,231	40,515	25,279
	Prepayments received from customers	58,106	57,273	43,169	52,359
	Trade payables	105,640	64,121	74,336	52,161
	Payables to group enterprises	0	0	21,863	9,485
	Corporation tax payable	2,523	3,922	2,489	2,489
	Other payables	42,161	62,400	30,545	42,172
		256,484	223,417	221,200	188,415
	Total liabilities other than provisions	420,956	380,242	385,672	345,240
	TOTAL EQUITY AND LIABILITIES	586,744	514,927	549,180	469,901

1 Accounting policies
10 Collateral
11 Contractual obligations and contingencies, etc.
12 Related parties
13 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

	Group		
DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2015	30,000	73,459	103,459
Capital increase	0	18,656	18,656
Profit/loss for the year	0	3,930	3,930
Adjustment of investments through foreign exchange adjustments	0	18,419	18,419
Equity at 31 December 2015	30,000	114,464	144,464

Capital increase relates to a tax free contribution from the parent company

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

	Parent company			
DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
Equity at 1 January 2015	30,000	8,721	64,738	103,459
Capital increase	0	0	18,656	18,656
Profit/loss for the year	0	-8,721	12,651	3,930
Adjustment of investments through foreign exchange adjustments	0	0	18,419	18,419
Equity at31 December 2015	30,000	0	114,464	144,464

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

Cash flow statement

Note	DKK'000	Group 2015	Group 2014
	Profit for the year	3,930	3,468
14	Adjustments	12,480	8,590
	Cash generated from operations (operating activities)	16,410	12,058
15	Changes in working capital	11,537	-43,122
	Cash generated from operations (operating activities)	27,947	-31,064
	Interest received, etc.	17,095	11,855
	Interest paid, etc.	-23,801	-13,234
	Income taxes paid	-9,349	-10,871
	Cash flows from operating activities	11,892	-43,314
	Additions of intangible assets	-9,543	-111,422
	Additions of property, plant and equipment	-10,213	-4,023
	Disposals of property, plant and equipment	0	175
	Loans	-6,295	-67,455
	Cash flows from investing activities	-26,051	-182,725
	Contracting of other long-term liabilities	0	161,295
	Repayments, long-term liabilities	-4,142	-6,721
	Cash capital increase	18,656	46,842
	Cash flows from financing activities	14,514	201,416
	Net cash flow	355	-24,623
	Cash and cash equivalents at 1 January	-13,024	11,847
	Foreign exchange adjustments	0	-248
	Cash and cash equivalents at 31 December	-12,669	-13,024

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

Notes

1 **Accounting policies**

The annual report of Gram Equipment A/S for 2015 has been prepared in accordance with the provisions applying to reporting class C enterprises under the Danish Financial Statements Act.

Change in accounting policies

The Company has changed the format in the P&L from expenditure classified by function to classification based on type of expenditure. The reason for the change is due to the nature of the Company and the format of the internal reporting.

The financial statements have otherwise been presented in accordance with the same accounting policies as were applied last year.

Comparative figures have been restated to reflect the policy change and the merger with WCB Ice Cream ApS. In this process also minor reclassifications between balance sheet items were made.

Consolidation

The consolidated financial statements comprise the parent, and entities controlled by the parent. Control is presumed to exist when the parent owns, directly or indirectly, more than half of the voting power of an entity. Control may also exist by virtue of an agreement or articles of association or when the parent otherwise has a controlling interest in the subsidiary or actually exercises controlling influence over it.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether control exists.

The consolidated entities' financial statements are prepared in accordance with the accounting policies applied by the parent. The consolidated financial statements are prepared on the basis of the financial statements of the consolidated entities by adding together like items. Intra-group income, expenses, gains, losses, investments, dividends and balances are eliminated. Investments in consolidated entities are set off by the parent's proportionate share of the consolidated entity's fair value of assets and liabilities at the time of acquisition.

Recently acquired or sold subsidiaries are recognised in the consolidated income statement for the period in which the parent controls such entities. Comparative figures are not restated for recently acquired or sold entities.

The purchase method of accounting is applied to the acquisition of subsidiaries. The cost is made up at the net present value of the consideration agreed plus directly attributable expenses. Conditional payments are recognised at the amount expected to be paid. Identifiable assets and liabilities in the acquired entities are recognised at the fair value at the time of acquisition. Provisions for restructuring expenses relating to the acquired entity are recognised if the restructuring has been decided at the time of acquisition. Allowance is made for the tax effect of revaluations of assets and liabilities. Any residual difference between the cost and the group's share of the fair value of the identifiable assets and liabilities is recognised as goodwill or negative goodwill.

Entities over which the group exercises significant influence are considered associates. Significant influence is presumed to exist when the group 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.

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

Notes

1 Accounting policies (continued)

Intra-group business combinations

Intra-group mergers are treated according to the pooling-of-interests method where the acquiror recognises the acquiree's assets and liabilities at the former carrying amounts. Comparatives are restated as if the two entities have always been combined.

Currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at 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 rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest 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 payables, respectively.

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognized 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.

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

Other operating income

Other operating income comprise items of a secondary nature relative to the entity's core activities, including gains or losses on the sale of fixed 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.

Financial statements for the period 1 January - 31 December

Notes

1 Accounting policies (continued)

Other external expences

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

Amortisation/depreciation and impairment of intangible assets and property, plant and equipment

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

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 are as follows:

Completed development projects	5-7 years
Goodwill	20 years

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 are as follows:

Leasehold improvements	8 years
Plant and machinery	4-6 years
Other fixtures and fittings, tools and equipment	4-7 years

Income from investments in group entities

The item includes the entity'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 entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current 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

1 Accounting policies (continued)

Balance sheet

Intangible assets

Goodwill is measured at cost less accumulated amortisation and impairment losses.

Development costs and internally accumulated rights are recognised in the income statement as costs in the year of acquisition.

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 group entities

On initial recognition, investments in subsidiaries and associates are measured at cost and subsequently at the proportionate share of the enterprises' net asset values calculated in accordance with the parent company's accounting policies less or plus any residual value of positive or negative goodwill determined in accordance with the acquisition method. Subsidiaries and associates with a negative net asset value are measured at DKK 0 (nil), and any amounts owed by such enterprises 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 enterprise's deficit. Net revaluations of investments in subsidiaries and associates are transferred to the net revaluation reserve according to the equity method in so far as the carrying amount exceeds the acquisition cost.

Enterprises acquired or formed during the year are recognised in the financial statements from the date of acquisition or formation. Enterprises disposed of are recognised up to the date of disposal.

Acquisitions of new subsidiaries and associates are accounted for using the purchase method, according to which the assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of revaluations made is taken into account.

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 costs necessary 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.

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.

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

Notes

1 **Accounting policies (continued)**

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

Receivables

Receivables are measured at amortised cost.

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

Receivables with no objective indication of individual impairment are tested for objective indication of impairment on a portfolio basis. The portfolios are primarily composed on the basis of debtors' domicile and credit ratings in accordance with the Company's risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Write-downs 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.

Equity

Proposed dividends

Dividends proposed for the financial year are presented as a separate item under '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 may be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Provisions

Provisions comprise expected expenses relating to guarantee commitments, losses on work in progress, restructurings, etc. Provisions are recognised when the company has a legal or constructive obigation as a result of a past event at the balance sheet date 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 concerned is expected to be settled far into the future.

Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value 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.

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Notes

1 **Accounting policies (continued)**

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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the 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 liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the entity's net cash flows, broken down by operating, investing and financing activities, the year's changes in cash and cash equivalents and the entity's 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 corporation tax paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises 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 costs as well as the 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 marketable securities which are subject to an insignificant risk of changes in value.

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 in the survey of financial highlights have been calculated as follows:

Operating margin	$\frac{\text{Operating profit x 100}}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$
Results for analytical purposes	Profit from ordinary activities after tax less non-controlling interests' share
Return on equity	$\frac{\text{Profit/loss for the year after tax x 100}}{\text{Average equity}}$

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Notes

DKK'000	Group 2015	Group 2014	Parent company 2015	Parent company 2014
2 Revenue				
Geographical segmentation of revenue:				
Denmark	2,165	4,209	2,165	4,209
Exports	543,009	381,147	399,832	311,500
	545,174	385,356	401,997	315,709
3 Staff costs				
Wages/salaries	177,839	118,836	124,272	91,902
Pensions	12,574	12,143	7,651	8,116
Other social security costs	5,566	2,443	2,483	967
Other staff costs	2,227	963	2,227	963
	198,206	134,385	136,633	101,948
Average number of full-time employees	312	331	200	166

Group

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to the group management is not disclosed.

DKK'000	Group 2015	Group 2014	Parent company 2015	Parent company 2014
4 Financial income				
Interest receivable, group entities	11,034	3,193	25,816	7,292
Exchange gain	15,461	6,798	15,461	3,733
Other financial income	1,634	1,846	668	1,215
	28,129	11,855	41,945	12,240
5 Financial expenses				
Other interest expenses	12,256	3,554	12,256	3,554
Exchange adjustments	12,458	4,296	12,458	678
Other financial expenses	11,327	5,384	9,152	4,995
	36,041	13,234	33,866	9,227

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

Notes

6 Intangible assets

	Group			
DKK'000	Development projects in progress and prepayments for intangible assets	Goodwill	Acquired intangible assets	Total
Cost at 1 January 2015	7,362	132,984	12,100	152,446
Adjustments to cost at 1 January 2015, including exchange rate adjustments	223	9,579	-2,431	7,371
Additions	9,543	0	0	9,543
Disposals	0	0	0	0
Cost at 31 December 2015	17,128	142,563	9,669	169,360
Impairment losses and amortisation at 1 January 2015	3,544	16,678	12,038	32,260
Adjustments to impairment losses and amortisation at 1 January 2015	221	181	-2,428	-2,026
Amortisation for the year	616	7,604	31	8,251
Amortisation and impairment losses of disposals for the year	0	0	0	0
Impairment losses and amortisation at 31 December 2015	4,381	24,463	9,645	38,489
Carrying amount at 31 December 2015	12,747	118,100	24	130,871

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

Notes

6 Intangible assets (continued)

	Parent company			
DKK'000	Development projects in progress and prepayments for intangible assets	Goodwill	Acquired intangible assets	Total
Cost at 1 January 2015	7,290	15,950	11,661	34,901
Adjustments to cost at 1 January 2015	293	0	-1,992	-1,699
Additions through mergers and business combinations	0	19,876	0	19,876
Additions	9,543	0	0	9,543
Disposals	0	0	0	0
Cost at 31 December 2015	17,126	35,826	9,669	62,621
Impairment losses and amortisation at 1 January 2015	3,472	12,638	11,602	27,712
Adjustments to impairment losses and amortisation at 1 January 2015	293	-950	-1,992	-2,649
Additions through mergers and business combinations	0	347	0	347
Impairment losses for the year	617	0	0	617
Amortisation for the year	0	1,791	30	1,821
Amortisation and impairment losses of disposals for the year	0	0	0	0
Impairment losses and amortisation at 31 December 2015	4,382	13,826	9,640	27,848
Carrying amount at 31 December 2015	12,744	22,000	29	34,773

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

Notes

7 Property, plant and equipment

	Group			
DKK'000	Plant and machinery	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2015	25,510	13,082	5,705	44,297
Adjustments to cost at 1 January 2015, including foreign exchange adjustments	18,900	-3,031	-5,705	10,164
Additions	9,940	118	155	10,213
Disposals	-1,403	-3,694	0	-5,097
Cost at 31 December 2015	52,947	6,475	155	59,577
Impairment losses and depreciation at 1 January 2015	23,596	9,790	5,604	38,990
Adjustments to impairment losses and depreciation at 1 January 2015, including foreign exchange adjustments	14,574	-1,864	-5,604	7,106
Depreciation for the year	2,372	948	11	3,331
Reversal of prior year impairment losses	-594	0	0	-594
Reversal of accumulated depreciation and impairment of assets disposed	-1,403	-3,694	0	-5,097
Impairment losses and depreciation at 31 December 2015	38,545	5,180	11	43,736
Carrying amount at 31 December 2015	14,402	1,295	144	15,841

	Parent company			
DKK'000	Plant and machinery	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2015	20,076	10,094	0	30,170
Adjustments to cost at 1 January 2015	-859	-3,152	0	-4,011
Additions regarding merger	928	3,109	0	4,037
Additions	1,427	118	155	1,700
Disposals	-809	-3,694	0	-4,503
Cost at 31 December 2015	20,763	6,475	155	27,393
Impairment losses and depreciation at 1 January 2015	19,825	8,467	0	28,292
Adjustments to impairment losses and depreciation at 1 January 2015	-926	-3,085	0	-4,011
Accumulated impairment losses regarding merger	857	2,544	0	3,401
Depreciation	259	949	11	1,219
Depreciation and impairment of disposals	-809	-3,694	0	-4,503
Impairment losses and depreciation at 31 December 2015	19,206	5,181	11	24,398
Carrying amount at 31 December 2015	1,557	1,294	144	2,995

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8 Investments

	Parent company			
DKK'000	Investments in group enterprises	Receivables from group enterprises	Other receivables	Total
Cost at 1 January 2015	61,196	194,230	1,070	256,496
Foreign exchange adjustments	0	14,144	0	14,144
Additions	0	38,607	131	38,738
Disposals regarding mergers of subsidiaries	-36,710	0	0	-36,710
Cost at 31 December 2015	24,486	246,981	1,201	272,668
Value adjustments at 1 January 20105	11,349	0	0	11,349
Foreign exchange adjustments	-2,372	0	0	-2,372
Profit/loss for the year	-3,012	0	0	-3,012
Reversal of prior year revaluations	-2,628	0	0	-2,628
Amortization of goodwill	-872	0	0	-872
Reversal of value adjustments regarding mergers of subsidiaries	-5,371	0	0	-5,371
Investments with a negative net asset value written down over receivables	8,551	0	0	8,551
Value adjustments at 31 December 2015	5,645	0	0	5,645
Carrying amount at 31 December 2015	30,131	246,981	1,201	278,313

Subsidiaries	Legal form	Domicile	Interest
Gram Equipment of America	Inc.	Tampa, Florida	100.00 %
Gram Equipment of Italia	S.R.L.	Milano, Lombardia	100.00 %
Gram Equipment Makina Sanayi ve Ticaret	Ltd.	Izmir, Turkey	100.00 %

9 Provisions

Group

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, totaling DKK 13.443 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

Other provisions comprise provisions for warranty commitments, totalling DKK 11.163. 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.

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

Notes

10 **Collateral**

Group

The Group has as securities for the credit facilities in the bank issued a floating charge of DKK 30,000 thousand (2014: DKK 30,000 thousand) with security in the Group's property, plant and equipment, inventories and receivables with a carrying amount of approx. DKK 303,000 thousand (2014: DKK 277,000 thousand).

The Company has placed receivables from Green Magnum S.A. 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.

11 **Contractual obligations and contingencies, etc.**

Other contingent liabilities

The Company has through a guarantee company and bank issued guarantees for DKK 44,259 thousand against DKK 37,421 thousand in 2014 for pending and finished customer orders and received VAT refund from the Italian authorities.

Other financial obligations
Other rent and lease liabilities:

	Group		Parent company	
DKK'000	2015	2014	2015	2014
Rent and lease liabilities	18,205	7,274	13,297	5,899

Parent company

The Company is jointly taxed with other Danish group companies. 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.

12 **Related parties**

Related party transactions not carried through on normal market terms

There are no related party transactions that have not been carried through on normal market terms.

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent's consolidated financial statements
Geh Invest ApS	Vojens, Denmark	The consolidated financial statements of GEH Invest ApS are available at the Company's address Aage Grams Vej 1, 6500 Vojens, Denmark

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Notes

DKK'000	Group 2015	Group 2014	Parent company 2015	Parent company 2014
13 Fee to the auditors appointed by the Company in general meeting				
Fee regarding statutory audit	354	901	259	363
Tax assistance	574	281	574	115
Other assistance	195	83	170	62
	1,123	1,265	1,003	540
14 Adjustments				
Amortisation/depreciation etc.			11,409	10,934
Financial income			-28.129	-11,670
Financial expense			36.041	13.455
Tax for the year			4,069	2,002
Other adjustments			-10,910	-6,131
			12,480	8,590
15 Changes in working capital				
Change in inventories			-58,216	-70,090
Change in receivables			47,639	-67,012
Change in prepayments and trade and other payables			22,114	86,418
Other adjustments in working capital			0	7,562
			11,537	-43,122